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# Security for Apparel Workers: **Alternative Models**

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## Introduction

The Covid-19 pandemic has brought to center stage the precarity that apparel workers face currently and have faced for decades. The COVID crisis has prompted some degree of soul-searching nationally as well as globally amongst all stakeholders in the global apparel industry. This moment may well give rise to a sustainable method of alleviating the precarity that global apparel workers face. The proposal regarding a global severance fund to compensate apparel workers who have lost their jobs and income—the subject of this paper—is a first step in this direction.<sup>1</sup>

This paper places proposals for a severance fund (or ‘welfare’ fund in similar proposals) against the background of existing approaches that attempt to provide apparel workers globally with some degree of income security. The draft proposal takes as its point of departure the notion that the current business model and the mobility of supply chains means that employers and governments risk pricing themselves out of the market once they start investing in social protection systems, including unemployment and severance benefits. The key idea is that because apparel and footwear workers in many countries do not have well-funded and democratically-administered social protection schemes for unemployment and often denied legally required severance payments from employers, the provision of these types of temporary income security for apparel workers requires concerted action by the industry’s stakeholders—brands and retailers, employers, labor unions, government and civil society organizations. Sharing responsibility for ensuring welfare payments for apparel workers is a win-win solution that protects workers, and can prevent reputational damage and reduce legal liability to the industry.

In what follows, we first briefly describe national governmental systems for income security for workers in leading apparel-exporting countries, and the responses of these governments and systems to the COVID crisis. We then assess supra-national models, (models in which there is participation by international actors) to provide some form of security for supply chain workers generally. Against this background, we assess possible models for a global severance fund for apparel and footwear workers. Note that we do not prescribe a program, but lay out the important elements, options and outstanding questions for unions including IndustriALL—the global union that represents apparel workers—fashion brands and retailers and their suppliers, regulators and labor rights organizations as they design programs for the COVID crisis and those to come.

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## SECTION 1: National Models of Social Protection and the Covid Response

The best practice arrangement or ‘gold standard’ to help workers deal with sudden loss of employment is comprehensive national unemployment benefits model accompanied by severance requirements that cover all workers regardless of sector. Severance payments and public unemployment insurance programs, funded by employer (and often employee) contributions and taxation, are integrated with broader social protections such as access to health care, sickness benefits, old-age pensions, disability benefits and so forth, as found in the ILO’s social security Conventions. These national systems are general—that is, not sector specific—and require political will to enact the enabling legislation, build stable sources of funding and ensure that benefits are paid.<sup>2</sup>

The ILO has long been helping national governments with the design of social protection systems, but the road to implementation of effective systems can be very long. The ITUC argues that the ILO social security instruments, its 2011 Bachelet Report, “Social protection floor for a fair and inclusive globalization”, and a prominent place for social protection systems in the UN’s Sustainable Development Goals have not much moved the needle for workers:

*“Despite these global milestones, today less than half of the world’s population have access to any form of social protection, and less than one third of the world’s people benefit from comprehensive systems in line with international labour standards—leaving the vast majority of the world’s people unprotected in times of need, from national or global economic shocks or the devastation of a global pandemic or extreme weather events (ITUC, 2020).”*

The COVID pandemic has acted as a ‘stress test’ for these systems and has revealed the inadequacy or absence of national social protection systems in the major apparel exporting countries. Hence, the building or strengthening of these programs is the main focus of the recent efforts by the constituents of the ILO-convened Call to Action who endorse “support [for] the development of social protection floors and to extending social protection for workers and employers in the garment industry, consistent with ILO’s Recommendation 202 [regarding Social Protection Floors, 2012] with a view to establishing over time the responsibilities of all parties to contribute for sustainable systems” (ILO, 2020a).<sup>3</sup> In the now-familiar language of public health protections, the national model is meant to provide

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<sup>2</sup> Most prominent among the ILO Conventions and Recommendations is the Social Security (Minimum Standards) Convention, 1952 (No. 102). The ILO Termination of Employment Convention, 1982 (No. 158) explains in Art. 12 how unemployment and severance programs are expected to fit together: “1. A worker whose employment has been terminated shall be entitled, in accordance with national law and practice, to: (a) a severance allowance or other separation benefits, the amount of which shall be based inter alia on length of service and the level of wages, and paid directly by the employer or by a fund constituted by employers’ contributions; or (b) benefits from unemployment insurance or assistance or other forms of social security, such as old-age or invalidity benefits, under the normal conditions to which such benefits are subject; or (c) a combination of such allowance and benefits.” See [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C102:NO](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C102:NO) and [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C158](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C158).

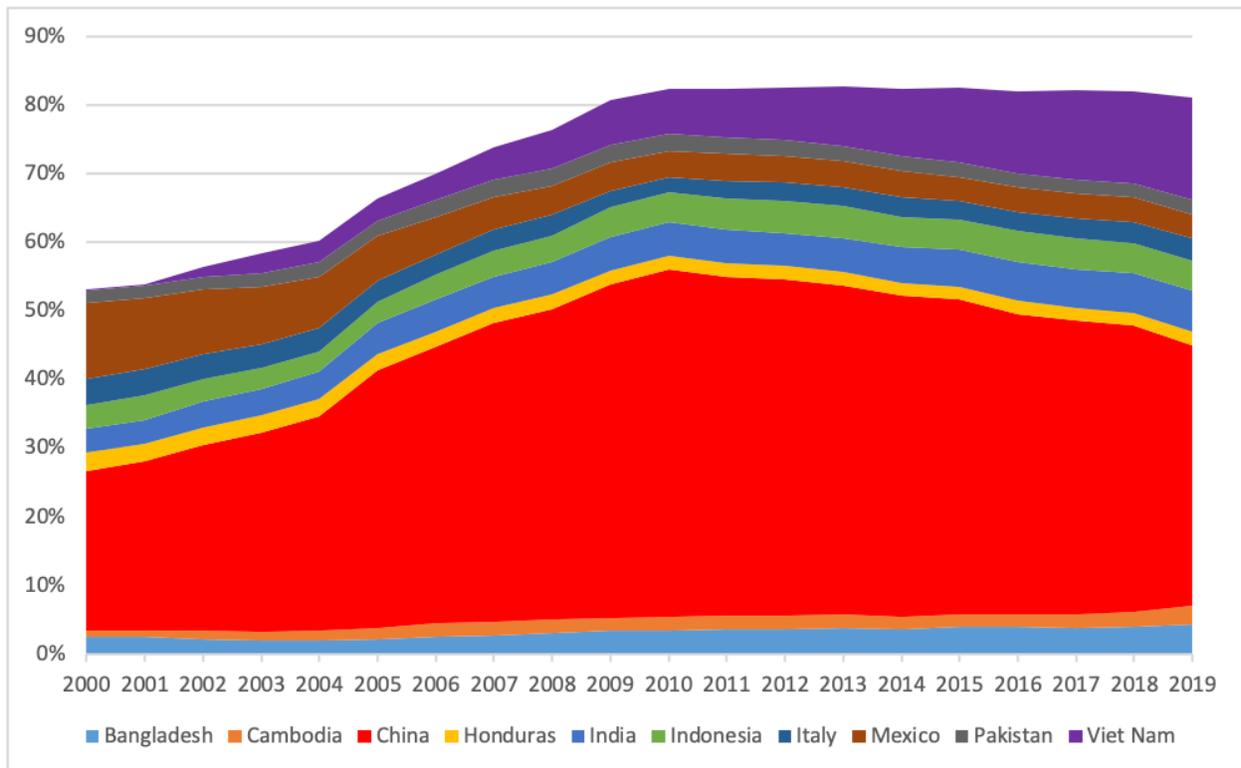
<sup>3</sup> See also other relevant ILO instruments: Social Security Convention (No. 102, 1959) and Protection of Wages Convention (No. 95, 1949)

a kind of herd immunity where protection in crises is effectively universal and outbreaks are easily managed.

### National Systems for Social Protection for Apparel Workers

We confine our discussion to major apparel exporting countries. In 2020, the 10 countries shown in Figure 1 and Figure 2 made up 81 percent of the United States' and 86 percent of the European Union's total apparel and footwear imports.<sup>4</sup>

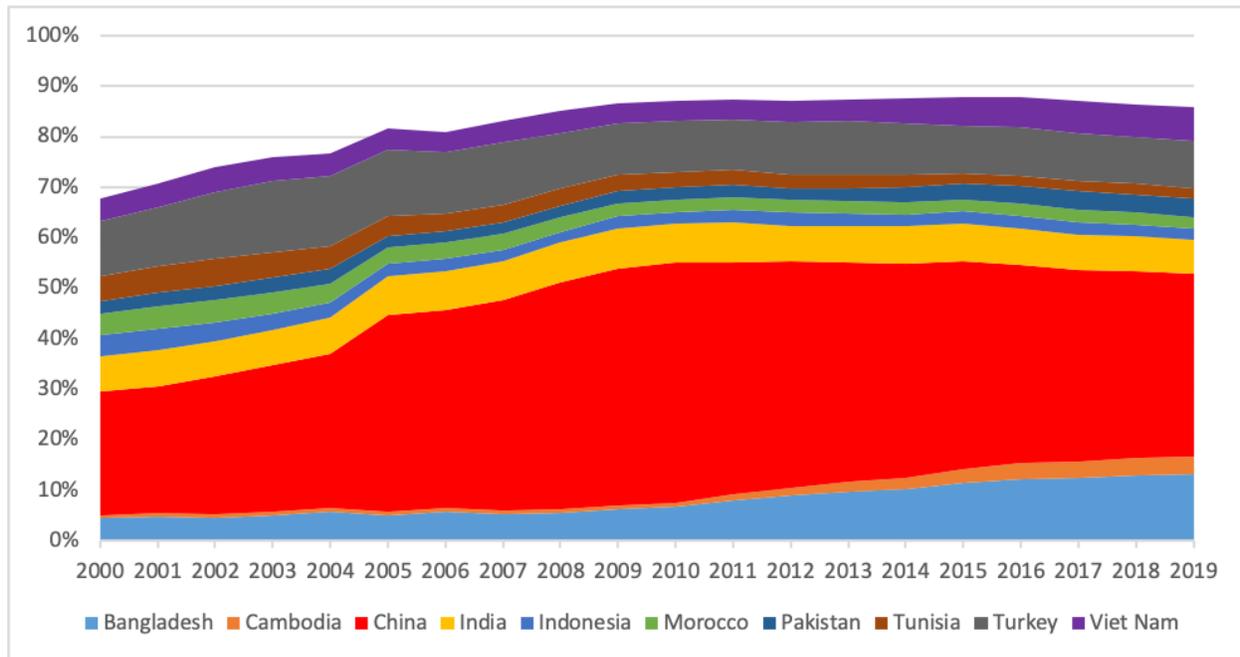
Figure 1: United States Apparel, Footwear, and Textile Imports, 2000-2019, shares of Top 10 Sourcing Countries by Trade Value



Source: UN Comtrade HS Codes 42, 43, 57, 58, 60, 61, 62, 63, 64, 65, 66

<sup>4</sup> Calculated using trade data from UN Comtrade and ITC, HS codes 61, 62, 63, and 64.

Figure 2: European Union Apparel, Footwear, and Textile Imports 2000-2019, shares of Top 10 Sourcing Countries by Trade Value



Source: UN Comtrade HS Codes: 42, 43, 57, 58, 60, 61, 62, 63, 64, 65, 66

Policies regarding unemployment insurance and severance pay vary greatly across these countries, but in general, severance requirements are set by national governments and dictate employers' responsibilities and amounts to be paid to workers by employers based on years of service. Unemployment provisions are paid by the government and are designed to tide workers over between jobs. They are tied in with state social insurance programs and their systems for fund collection and disbursement. While all of the top garment and footwear exporters have severance provisions enshrined in legislation, unemployment protections are less prevalent. Five major garment-producing countries—Bangladesh, Cambodia, Indonesia, Sri Lanka, and Pakistan—do not provide statutory unemployment benefits.<sup>5</sup> These five countries account for 15.4 percent of US apparel and footwear imports and 21.1 percent of apparel and footwear imports for the EU, and 12.8 percent of global apparel and footwear exports.

Social protection experts interviewed for this paper noted that—in countries with only severance or only unemployment provisions—employers tend to treat them not as a matched pair but as interchangeable, and they are generally resistant to paying for the other. Employers feel as though adding (or improving) unemployment provisions, for example, where they are already legally obligated to pay severance is 'paying the same bill twice'. Indonesia's new November 2020 Omnibus Law on Job Creation,

<sup>5</sup> Cambodia: an unemployment benefit was promised in 2019 revisions to the Law on Social Security but the system was not operating in the COVID crisis. See <https://www.phnompenhpost.com/national/private-sector-pensions-step-closer> and <http://www.nssf.gov.kh/default/?lang=en>. Indonesia: an Omnibus Job Creation Bill passed in November 2020 includes provisions for a new unemployment insurance scheme. The legislation's implementing regulations were made public in late February 2021 (Kadir et al., 2021).

in response to objections from employers, includes new unemployment insurance provisions which are solely government- and worker-funded (ILO representatives, interview).<sup>6</sup>

Table 1 details unemployment and severance provisions for workers in these 14 countries. Although all have severance pay provisions, they vary significantly. Workers in Sri Lanka are entitled to a half-month's full wages for each year of service while workers in Indonesia are entitled to a full month's salary. In China, Indonesia, and Jordan, the number of full months' salary a worker can receive is capped.

State unemployment provisions, where they exist as part of social protection systems, likewise vary in level and length. In India, workers are entitled to only 50 percent of their average monthly salary for up to one year. Meanwhile, in Turkey, workers can receive up to 80 percent of their average monthly salary for up to 300 days.

**Table 1: Unemployment and Severance Provisions by Country**

Country	Unemployment	Level	Duration	Severance	Severance Amount
China	Yes	70 - 80% min. wage	1 - 2 years	Yes	1 mo. full wages per year of service
Bangladesh	No	NA	NA	Yes	30 - 45 days per year of service
Vietnam	Yes	60% mo. wage	3 - 12 months	Yes	15 days wages plus one mo./yr of service
Turkey	Yes	50 - 80% mo. wage	180 - 300 days	Yes	1 mo. full wages per year of service
India	Yes	50% mo. wage	1 year	Yes	15 days full wages per year of service
Cambodia	No	NA	NA	Yes	15 days full wages per year of service
Indonesia	No*	NA	NA	Yes	1 mo. full wages per year of service
Sri Lanka	No	NA	NA	Yes	0.5 mo. wages per year of service
Poland	Yes	80 - 120% 'base' rate	6 - 18 months	Yes	1 - 3 mos. full wages
Pakistan	No	NA	NA	Yes	1 mo. full wages per year of service
Jordan	Yes	45 - 75% mo. wage	6 months	Yes	12 days plus seniority allowance per year
Mexico	No**	NA	NA	Yes	3 mos. wages plus 20 days per year
Myanmar	Yes	50% mo. wage	2 months	Yes	15 days - 13 mos. depending on seniority

Source: WageIndicator Decent Work Check. See Annex 1 for additional details.

\*Indonesia passed an Omnibus Bill in November 2020 and released implementation regulations in February 2021. The bill includes a lump sum 'unemployment' payment equivalent to 6 months' wages from a government-funded unemployment social security insurance fund.

<sup>6</sup> See also Wiranto, 2020.

\*\* Workers in Mexico are not entitled to statutory unemployment insurance, but individuals with 5 years of contributions may withdraw the lesser of 90 days' wages or 11% of the balance from their retirement account early.

**Evaluation:** All countries have severance pay provisions for the average worker, and in some cases these are more generous than the minimum three months of pay suggested, for example, by global 'severance guarantee fund' proposals.<sup>7</sup> However, there are major gaps between the laws and their implementation, and several loopholes in legislation. One loophole concerns the formula of 15 days' pay for every year of service—common to many countries—which leaves workers with only one or two years' employment, for example, at a severe disadvantage. Another allows employers to avoid severance payments to migrant workers, those without direct contracts or employed by labor agencies, for example. Yet another loophole is a lack of clear requirements and remedy for workers denied severance payments in cases of bankruptcy or closures of factories, as witnessed in the COVID crisis.

In practice, apparel and footwear factory audit data indicate high levels of non-compliance with severance requirements. In Bangladesh, the ILO's Better Work program found that in 2019 fully 28 percent of member factories did not pay severance for termination or did not pay the correct amounts (Better Work, 2019a). Better Work Vietnam assessments found the same: 28 percent of member factories there were not compliant with severance requirements in 2019 (Better Work, 2019b). The drumbeat of claims for unpaid severance continued through the pandemic. Providing a glimpse of the larger problem, the U.S.-based Worker Rights Consortium reported in April 2021 that 31 export garment factories across nine countries failed to pay workers their legally-owed severance payments in the months following the start of the COVID crisis. These payments totaled USD 39.8 million for a total 37,637 workers. This amount translates to approximately USD 1,000 per worker, or approximately five months' wages for a typical garment worker (WRC, 2021).<sup>8</sup>

Popular pressure and the manifest inadequacies of national unemployment insurance and social security systems in the pandemic prompted governments to introduce *ad hoc* policies to support garment workers and suppliers. A summary of these national COVID responses can be found in Table 2.

**Table 2: National COVID-19 Ad-Hoc Social Protection Responses**

County	Additional Worker Benefit?	Amount (monthly unless noted)	Duration	Employer assistance?
Bangladesh	No.	NA	NA	Yes. Govt. loans for wage subsidies.
Cambodia	Yes, for workers in the garment and tourism sectors.	USD 70 (40 from govt. 30 from employer)		Yes. Deferred social contribution; tax breaks.

<sup>7</sup> See for example <https://cleanclothes.org/campaigns/pay-your-workers/covid-19-wage-assurance>.

<sup>8</sup> Extrapolating from these 31 cases, the WRC estimates that the total amount of legally-owed severance not paid to workers totals between USD 500 to 800 million. See <https://www.workersrights.org/wp-content/uploads/2021/04/Fired-Then-Robbed.pdf>

China	No.	NA	NA	Yes. Deferred social contributions.
India	No.	NA	NA	Yes. Business relief stimulus package.
Indonesia	Yes, for furloughed workers. Additional special assistance cash transfer programs.	USD 84	Every 2 months to a total 4 mo. period.	Yes. Tax cuts and financing for SMEs.
Jordan	Yes, national aid fund.	USD 100	Every 2 weeks for 1 mo.	Yes. Reduced interest rates and loan payment deferrals.
Mexico	No.	NA	NA	Yes. Govt. wage subsidy loans to SMEs
Myanmar	Yes, for furloughed workers.	USD 55	April – June 2020	Yes. Govt. subsidized low interest loans.
Pakistan	Yes, for dismissed workers.	USD 76	Lump sum payment	Yes. Govt. loan deferrals.
Portugal	Yes, adjustment to existing provisions.	Guarantee that workers receive at least 88% of salary.	Through Dec. 2020	Yes. Employers receive subsidy covering 70% employee compensation.
Poland	No.	NA	NA	Yes. Provisions for companies to cut hours and receive subsidies.
Sri Lanka	Yes, for furloughed workers.	Garment workers receive 50% base wage (~USD 78)	May – June 2020	Yes. EPZs exempted from lockdowns.
Turkey	Yes, 'social support' for families and a short-term work allowance (SWA).	Social support program one-time USD 143. SWA is 60% of min. wage	SWA benefit is for 3 months.	Yes. Economic stimulus and deferred social contributions.
Vietnam	Yes, for dismissed workers.	USD 43	3 months	Yes. Tax breaks and deferred social contributions.

Source: [ILO Social Protection Responses to COVID-19 Crisis around the World](#). See Annex 2 for additional details.

The prompt expansion or extension of COVID crisis benefits to workers and employers was notable but a lack of reliable data and reporting to date on COVID-related responses has made it difficult to evaluate their impacts.<sup>9</sup> Unions and labor rights organizations describe problems with the sufficiency, scope, and implementation of these policies, both pre-COVID and in response to factory closures and unemployment caused by the pandemic. Union leaders in Bangladesh reported that many workers did not

<sup>9</sup> Governments in several apparel production centers used the crisis to pass legislation limiting worker rights. In India, state governments in Uttar Pradesh and Madhya Pradesh issued ordinances suspending all labor laws for three years. The central government also took the crisis as an opportunity to pass comprehensive labor law reform without consultations with central trade union confederations which vehemently opposed the reforms (Pratap, 2021). In Indonesia, the 2020 Omnibus Law on Job Creation mentioned above included provisions expanding use of temporary contracts for workers, allowing for more types of work to be outsourced, and increasing weekly overtime hours among other changes. (Tjandraningsih, 2021).

receive their wages and bonuses on time (Hossain & Akter, 2021). In Indonesia, labor rights organizations found that Kartu Pra Kerja—a program which sought to help furloughed workers in every sector via a payment of USD 228 over four months—was “marred by inefficiency and corruption”. By June 2020, the subset of workers that received payment had been paid only USD 39, just 32 percent of the USD 123 minimum wage in West Java (Barradas et al., 2020). In Cambodia, the monthly USD 70 promised by the government to furloughed workers in the garment and tourism sector made up only 37 percent of the garment industry’s minimum wage. However, a February 2021 report by CENTRAL, a labor rights NGO in Cambodia, found that the Cambodian Ministry of Labor and Vocational Training (MoLVT) had processed over 560,000 payments to workers and that the success of the program structure could “be taken to inform and support further social protection programs in Cambodia” (CENTRAL, 2021).

A November 2020 Workers Rights Consortium (WRC) survey of 396 garment workers across nine countries including Bangladesh, Cambodia, India, Indonesia, and Myanmar found that “garment workers’ declining incomes are leading to widespread hunger among workers and their families, as they are increasingly unable to obtain adequate food and nutrition” (Kyritsis et al., 2020).<sup>10</sup> Of the workers surveyed, 38 percent reported that they no longer had jobs and 60 percent reported a 21 percent drop in income: pre-pandemic take-home pay averaged USD 187 per month while their income fell to an average USD 147 per month. More than three-quarters (77 percent) of workers surveyed reported that they or a family member had gone hungry since the beginning of the pandemic (Kyritsis et al., 2020). A 2021 report from the Clean Clothes Campaign estimated income and severance losses for apparel workers in the first twelve months of the COVID crisis at USD 11.85 billion (Clean Clothes Campaign, 2021).

In summary, while ad hoc support was offered, major gaps in legal frameworks for social protection yawned wider in the COVID crisis in several of the countries covered in this paper, and low levels of support and enforcement were allowed to persist. Closing these gaps in law and between *de jure* and *de facto* functioning of severance and social protection systems are necessarily priorities for the national committees envisaged in the ILO-convened Call to Action and Severance Guarantee Fund proposals.

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<sup>10</sup> Bangladesh, Cambodia, El Salvador, Ethiopia, Haiti, India, Indonesia, Lesotho, and Myanmar.

## Social Protection in International Law

International labor standards call for unemployment protections. ILO Convention 102 on Social Security (1952) delineates minimum standards for medical care, sickness, unemployment, old age, employment injury, family, maternity, invalidity, and survivors' benefits. The Convention calls on members to adopt at least three of these eight types of benefits, one of which must be unemployment, old age, invalidity, or survivor benefits. For unemployment, the Convention calls for periodic payments up to 13 weeks (or 26 weeks in some cases) in a 12-month period. For a standard beneficiary—a worker, spouse, and two children—the minimum benefit is 45 percent of a worker's wages that, along with other benefits, "[is] sufficient to maintain the family of the beneficiary in health and decency" (Article 65). Furthermore, the Convention states that social security schemes be administered on a tripartite basis (ILO, n.d.).

The ILO Convention on Employment Promotion and Projection against Unemployment (No. 168, 1988) provides that States must extend protection to temporary suspension of work and provide benefits to part-time workers seeking full-time work. Periodic payments should correspond to at least 50 percent of the reference wage.

ILO Recommendation 202 on Social Protection Floors (2012) reiterates that social security is a human right and that ILO members should "maintain their social protection floors comprising basic social security guarantees" including "basic income security [...] for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, [and] maternity and disability" (ILO, 2012). The Recommendation states that these benefits should extend to workers in the formal and informal economy and should be developed through effective social dialogue and social participation.

Five of the top fourteen garment exporting countries have ratified C. 102 while none have ratified C. 168, and only Portugal has accepted Part IV of C. 102 on Unemployment Benefits. Notably, the seven of the top 14 garment exporting countries that have national unemployment programs meet the 45 percent benefit threshold stipulated in C. 102.

*Table 3 : Ratifications of ILO Conventions 102 and 168 by country*

Country	C. 102	C. 168
Bangladesh	No	No
Cambodia	No	No
China	No	No
India	No	No
Indonesia	No	No
Jordan	Yes*	No
Mexico	Yes*	No
Myanmar	No	No
Pakistan	No	No
Poland	Yes*	No
Portugal	Yes	No
Sri Lanka	No	No
Turkey	Yes*	No
Vietnam	No	No

*\*While these countries have ratified the Convention, they have not accepted Part IV on Unemployment Benefits. Source: ILO Normlex.<sup>1</sup>*

## **SECTION 2: International Models: From Voluntary Participation To Binding Agreements**

We evaluate here models that attempt to provide some measure of income security for workers in global supply chains. Although these are not all connected with the issue of social protection or even the apparel industry, there are lessons germane to the design of an industry-wide severance mechanism and hence are included here.

At one end of the spectrum are voluntary severance payments by apparel buyers to workers in a single factory. These are guided loosely by code of conduct requirements and some examples of this can be seen in Appendix 3. At the other end of the spectrum are bi-partite agreements covering workers *globally in one sector* that create a *permanent system* of security for workers. The leading example of this is the International Bargaining Forum (IBF), the industry-wide framework for collective bargaining between the seafarers' union, the International Transport Workers Federation (ITF), and a consortium of shipping vessel owners and shipping management firms. In between are models that mix and match scope (coverage of workers) and the relative stringency (whether voluntary or binding) of the obligations of lead firms and employers. These models include the Rana Plaza 'Arrangement', the COVID Call to Action, International Framework Agreements, the Bangladesh Accord and its successor, the International Accord on Health and Safety in the Textile and Garment Industry.

### **2.1. Corporate Codes of Conduct**

Corporate codes of conduct for supply chain factories have been around since the early 1990s when they were adopted by Levi-Strauss, Nike, Wal-Mart, Gap Inc, Reebok and others. Since then codes of conduct have proliferated to multiple industries and constitute the main form of private voluntary regulation of work in global supply chains. The provision regarding workers' income security typically includes severance pay and is part of the wages and benefits section in most codes. In general, suppliers are required to pay all legally mandated benefits to their workers. The PVH program, for example, requires suppliers to "provide all legally mandated paid/ public holidays, annual leave, sick leave, severance payments and 13th month payments and bonuses" (PVH, 2019).

Whether supplier factories adhere to these requirements in buyers' private regulation systems is an open question. Most apparel brands and retailers do not publish violations data on their websites, and where they do it is rarely at the level of detail necessary to gauge compliance with severance (or other) requirements. Over the last decade—a period book-ended by the Rana Plaza disaster and China's forced labor regime in Xinjiang—scholars have not been able to find much evidence that working conditions have improved in the aggregate as a result of private regulation. The general conclusion is that there is some minor improvement on the issues of child labor and health and safety but little or no improvement on enabling rights such as freedom of association. New theory and comprehensive evidence from Kuruvilla (2021) suggest that there has been no sustainable improvement generally for workers under apparel's voluntary regulation programs.

We lack specific evidence regarding the extent of compliance with severance pay in corporate codes of conduct, but note the emergence of work-arounds to reduce suppliers' severance costs. Mexican apparel producers, for example, commonly negotiate severance payments via friendly unions or directly with workers for less than what workers are entitled to by law. Those negotiated amounts are then approved by Local Conciliation and Arbitration Boards (Labor rights advocates, interview). In Cambodia and Central America, severance is typically paid out on an annual basis to workers, some of them on roll-over contracts, in order to reduce the amount owed to workers when factories close. Workers now count on these payments as part of their annual income.

There are notable exceptions, particularly where codes of conduct of global buyers intersect with monitoring and accountability systems such as independent unions and collective bargaining, and the ILO's Better Work program which mixes independent factory assessments, public disclosure of key findings and intensive coaching for workers and management on improvement plans. Even in the ILO program, non-compliance with legal severance requirements was particularly high in Vietnam and Cambodia, as Table 4 suggests.

*Table 4 : Better Work Non-compliance Regarding Severance Pay, 2017-2018.*

Country	Year	No. of Audits	No. of Non-compliances	Rate of Non-compliance
Vietnam	2017	289	95	32.9%
	2018	271	50	18.5%
Cambodia	2017	423	104	24.6%
	2018	392	96	24.5%
Indonesia	2017	174	16	9.2%
	2018	177	12	6.8%
Nicaragua	2017	23	2	8.7%
	2018	24	2	8.3%
Jordan	2017	75	6	8.0%
	2018	76	3	3.9%

*Source: ILO Better Work data, calculations by Cornell NCP*

The other source of evidence regarding the failure of supplier factories to make required severance payments is complaints made by workers in global supply chains, dozens of which have been the subject of severance campaigns. Table 5 below highlights eleven significant cases between 2007 and 2020 in which workers, unions, and labor rights organizations campaigned for payment of compensation due to workers after closures of supplier factories. (This review is not comprehensive as many severance agreements include confidentiality provisions. Appendix 3 catalogs twenty-one cases as reported by the Worker Rights Consortium).

Table 5 : Worker Severance Campaign Cases

Year	Country	Factory	Brands	Amount Owed	Resolved?	Summary
2007	Guatemala	Estofel S.A.	Gear for Sports, Hanesbrands, PVH, Team Edition	\$535,000	Yes	Estofel agreed to provide workers with the full compensation due.
2010	Honduras	Hugger & Vision Tex	Nike	\$2 million	Yes	Nike paid \$1.54 million, which made workers whole after factory liquidation.
2010	Indonesia	Kwangduk Langgeng	Fruit of the Loom, Inditex, J.C. Penney, Nike, S. Oliver	Not available	Yes	Workers received 125% of the severance benefits normally payable when an employer is bankrupt.
2011	Indonesia	PT Kizone	Nike, Adidas	\$3.4 million	Yes	Nike and Adidas paid the full amount owed in 2013 (2 years after).
2011	Cambodia	June Textile Company	Carter's, Gap, H&M, OshKosh, Russell, Under Armour, Vantage Custom Classics	\$2.6 million	Yes	June Textile committed to pay all legally mandated severance benefits of \$2.6 million.
2015	Indonesia	Jaba Garmino	Fast Retailing (Uniqlo), Jack Wolfskin, H&M	\$10.8 million	No	Uniqlo has not paid.
2016	Honduras	Rio Garment	Tailgate, Gap, Gildan	\$1.3 million	Yes	Buyers paid \$1 million which in combination with liquidated assets made workers whole.
2018	Indonesia	PT Kahoindah Citragarment	Nike, Under Armour, Gap, Fanatics	\$9 million	Yes	South Korean owner, Hojeon LLC, paid workers \$4.5 million in two tranches in August and November 2019
2019	El Salvador	LD El Salvador	Levi Strauss, PVH, Ralph Lauren, Wal-Mart	\$2.4 million	Partial	Global Brands Group (intermediary agent) provided \$600,000 (26% owed) to workers
2019	Indonesia	PT Kukdong International	Nike, Fanatics	\$9 million	Yes	Factory promptly paid the full severance.
2020	El Salvador	Industrias Florenzi	Barco Uniforms, Disney	>\$1 million	Yes	Barco Uniforms contributed more than \$1 million in December 2021.

Source: Worker Rights Consortium

Taken together, these cases—which represent a fraction of the global total—mark a steady drumbeat of factory closures and severance crises but do not reveal other patterns. Labor rights advocates note that campaigns for payment of severance often require long and multi-faceted campaigns but, with success, create precedents for future campaigns calling on suppliers and their buyers to pay severance. The International Labor Rights Forum (ILRF) noted that success in securing worker severance at PT Kizone in Indonesia in 2011 “paved the way to a much easier and swifter resolution for the Rio Garment Workers in Honduras” in 2016 where workers received the full amount of severance owed to them with “no protracted campaign, and no severed contracts nor financial or reputational harm done to a brand” (Rosazza & Newell, 2017). The success of these campaigns has depended in large part on the collaboration of NGOs such as the WRC and Maquila Solidarity Network (MSN) with local trade unions in receiving and filing complaints, conducting and supporting investigations, organizing protests in both garment-producing and garment-consuming countries to pressure international brands.

But many cases do not appear to build on precedent and brand and retailer resistance to severance aid for workers, whether direct or indirect, is still prevalent. The Jaba Garmindo case in Indonesia—begun in 2015—is still unresolved. (In this case, Jack Wolfskin made a small contribution for severance payments to workers in the factory but the major buyer Uniqlo/Fast Retailing has not).

**Evaluation:** What lessons do these cases hold for the design of a global severance program?

First, decoupling between brands’ sourcing practices and a factory’s labor conditions underlie many of these factory closures. The WRC references the 2007 case of BJ&B in the Dominican Republic and the 2007 Lian Thai case in Thailand where despite breakthroughs in union organizing and violation remediation, reductions in brand orders resulted in factory closures (WRC, 2006).

Second, the practice of multiple brands sourcing from the same factory results in free-ridership but also in conspiracies. The 2011 Confecciones Gama case in El Salvador illustrates this. After the supplier agreed to partially pay workers’ severance, Fruit of the Loom covered the remaining amount while Wal-Mart reportedly played no role in resolving the case. The 2012 Hawkins Apparel case in Honduras likewise saw VF refuse to contribute to a worker severance while Jerry Leigh contributed over USD 250,000. These cases illustrate the free-rider problem, but representatives from labor rights NGOs note that brands in some cases not only refuse to contribute but discourage other brands from contributing to avoid establishing a precedent.

Third, some of these cases hint at possible systemic solutions. The volume and regularity of severance cases prompted the Coalition for Decent Work for Women (CEDM), a coalition of El Salvador trade unions and women’s organizations, to propose a “Guarantee of Faithful Compliance with Labor and Social Security Obligations” in 2015: “workers will be fully compensated for all their legal entitlements in the event of a factory closure or partial closure, suspension of payments or bankruptcy” (CEDM proposal). Companies operating in Free Trade Zones would be required to pay into a bond to be drawn upon in cases of factory closures. Labor rights advocates involved in the campaign remarked that the

proposal lacked political support beyond the CEDM coalition; brands and suppliers were supportive in principle but did not back a systemic solution.<sup>11</sup>

Fourth, an agreement must incorporate temporary workers and be cognizant of some employers' use of temporary contracts to deny workers benefits to which they would be legally entitled as full-time employees. In fact, conversion to short-term contract status preceded factory closure in the case of Kwangduk Langgeng where employers pressured workers into signing severance agreement with benefits far below the legal amount so that these workers would be replaced or rehired as contract workers—another violation of local law (WRC, 2011).

To conclude, this section demonstrates that despite requirements that suppliers pay severance in accordance with national legislation, the private regulation model does not guarantee it and—as codes of conduct only extend to the factories where and when the corporations are sourcing—makes no provision for sustainable and systemic coverage for workers.

## 2.2. The Rana Plaza Arrangement

This multi-donor arrangement—known formally as the “Understanding for a Practical Arrangement on Payments to the Victims of the Rana Plaza Accident and their Families and Dependents for their Losses”—was a 2013 – 2018 collaboration among stakeholders to establish, in the absence of a ready mechanism in Bangladesh, “a credible, transparent and independent system for delivering support to the victims of Rana Plaza, their families and dependents” (Duval, 2018).

A Rana Plaza Coordination Committee (RPCC) was formed with the ILO acting as chair and providing technical assistance to the group as it designed the scheme, organized funds and made payments for deaths and injuries at Rana Plaza.<sup>12</sup> The Committee included not only the customary constellation of government, employers and unions including IndustriALL, but four global apparel brands and retailers, the Clean Clothes Campaign (CCC) and a Bangladeshi labor research center, the Bangladesh Institute of Labour Studies.

At the request of the Committee, the ILO set up an independent Trust Fund for the sole purpose of receiving third-party donations for the Rana Plaza victims and disbursing the funds. The funding was to come from three different sources: the Rana Plaza Donor Trust Fund, which was established to collect donations primarily from brands and retailers that had been supporting factories in Rana Plaza; the Prime Minister's Fund which collected donations primarily from within Bangladesh, including from the employers' organization Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and

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<sup>11</sup> The Dominican Republic, along with governments in the Caribbean region, have established national 'redundancy funds' to which employers pay a percentage of their wage bill to cover severance payments for workers whose employers are insolvent. However, social protection experts note that despite these presence of redundancy provisions, many employers do not report cases of insolvency and mass dismissals, which has prevented some workers from receiving payment from redundancy funds (ILO representatives, interview).

<sup>12</sup> Members included representatives of the Ministry of Labour and Employment; Bangladesh Garment Manufacturers' and Exporters' Association (BGMEA); Bangladesh Employers Federation (BEF); National Coordination Committee for Workers' Education (NCCWE); IndustriALL Bangladesh Council (IBC); Bangladesh Institute of Labour Studies (BILS); IndustriALL Global Union; and nominated brands (Bonmarché, El Corte Ingles, Loblau, Primark) and the Clean Clothes Campaign.

garment workers themselves; and Primark, which insisted that workers from their supplier, New Wave Bottoms, should be paid through a private Primark scheme (Diller, 2020).

It took nearly two years and active campaigning by unions and labor rights organizations for the Fund to reach its goal of USD 30 million, revised downward from an initial USD 40 million. The Arrangement's key problem was that there was no obligation for corporations to pay. Some brands made contributions that were dramatically lower than those calculated for them by the Committee. The final funding gap was bridged by anonymous donations as a result of a 2015 appeal made by the German government, the then-president of the Group of Seven (G7) countries. (The G7 leaders called for the establishment of a "Vision Zero Fund" to support work-related injury insurance funds and compensate victims in the case of similar disasters in the future. It was envisaged then that such a fund would be "administered in conjunction with the International Labour Organisation, and require contributions from trade associations in developed countries represented at the G7 (Wintour, 2015)).

The Committee decided on methods for the calculation and distribution of benefits and set up an expert Claims Administration to process victims' claims in as individualized an assessment as possible. The Committee also appointed local legal NGOs to provide pre-claims counselling and assistance, and to verify claimants' informed consent. Local medical doctors assessed the disability of injured workers and their future needs. Three independent Commissioners recommended awards to be endorsed by the Committee which authorized disbursement of the awards according to the financing available. Claimants were able to request corrections of clerical, computational or factual errors in the awards.

**Evaluation:** In the absence of a ready government-led compensation scheme, the Arrangement created a replicable model that has and can be used in similar cases to make workers and their families 'whole' for damages—physical and economic—resulting from their work in the apparel industry. The Arrangement also helped to create both an interest in and political support for the creation of public national workplace injury schemes in countries where there are none (ILO, 2015).

Despite the demonstrated need, and extensive technical support from the ILO, the Bangladesh government and apparel industry failed to build out a permanent safety and health compensation program. Scholars note that the urgency of the Rana Plaza victims' needs mitigated against conditioning the launch of the Arrangement on legal reform or financial requirements that would have delayed its implementation. The Arrangement failed to include "a separate follow-up option for the RPCC to remain functioning... [and] to establish a permanent fund which is an ongoing focus of ILO advisory and technical assistance" (Diller, 2020).

But the 'opt-in' design of the scheme and its inability or refusal to specify and compel payments by apparel brands and retailers left it under-funded until the German government closed the gap. In short, the Arrangement was a voluntary scheme in which there was no formal accountability for commitments made by global brands. The Arrangement however broke new ground in terms of governance; it is one of the first examples of a governance system that included government, employers, unions, global brands, labor rights organizations, and an academic institution in its governing body. The Arrangement also was

the first industry-wide scheme in which participating buyers made compensation payments to workers and their families through an intermediary body.

### 2.3. COVID Call to Action

Recognizing the inadequacy of emergency support for apparel workers and employers in the 2020 COVID economic crisis, the ILO, IOE and the ITUC convened a 'Call to Action' designed chiefly to organize appeals to donor governments and international financial institutions for funds that can "accelerate access" to credit for apparel industry manufacturers, and to unemployment insurance and income support for workers (ILO, 2020a). The Call to Action leaves room for direct support of brands to their suppliers but it is not central to the initiative and there are no known instances of this.

Mention is also made of the need for social protection systems "[for workers and employers] with a view to establishing over time the responsibilities of all parties to contribute for sustainable systems." The ITUC's 2020 proposal for a Global Social Protection Fund makes clear what an urgent program would require, but this proposal met with opposition from the International Organization of Employers and therefore could not be backed by the ILO (ITUC, 2020).

The group is governed by a tripartite international working group and its broad-based group of endorsees numbered 132 organizations in early 2021 including buyers, supplier associations and unions as well as multi-stakeholder initiatives and UN agencies.<sup>13</sup> Some endorsees bring little in the way of funding, institutional power or representativeness. (Cornell NCP, for example, was a Call to Action participant).

National-level iterations of the Call to Action formed in Bangladesh, Cambodia, Ethiopia, Haiti, India, Indonesia, Myanmar and Pakistan. These national working groups are convened by the ILO and include employers and workers organizations, as well as brands and manufacturers which have endorsed the Call to Action. It was envisaged that the national working groups would work closely with relevant government departments and international financial institutions and donors.

What specific actions does the Call to Action call for? The endorsing brands and retailers committed to pay their suppliers for finished goods and those still in production, "consider paying direct support to suppliers", and promote respect for ILO core labor standards and safe and healthy workplaces. Clearer, stronger language on the obligations of brands and retailers was debated in the design of the scheme but rejected.

The Call to Action had not raised funds independently by March 2021. It has collaborated with existing EU and German government funding initiatives by organizing national tripartite working groups to determine how to disburse funds. The German Federal Ministry of Economic Cooperation and Development (BMZ) 'Income Protection for Workers in the RMG Sector' program allocated EUR 2 million

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<sup>13</sup> International Working Group members are the IOE, the Bangladesh Employers Federation, Under Armour, Inditex, the International Apparel Federation, ITUC, Co-Chairs of the IndustriALL TGSL sector from Imoglobal, UA Zensen, and the Coalition of Cambodian Apparel Workers Union. Government organizations such as the German Federal Ministry of Economic Cooperation and Development (BMZ) and the Ethiopian Ministry of Labour and Social Affairs, have observer status.

to Bangladesh, EUR 1.95 million to Cambodia, EUR 4.9 million to Ethiopia, and EUR 2.2 million to Indonesia (ILO, 2020c). In Bangladesh, the EU and German Government provided EUR 113 million for temporary cash assistance for garment workers (European Commission, 2020). In 2021, ILO representatives involved with the BMZ initiative were working with the Call to Action to develop a combined proposal covering all of the Call to Action’s priority countries that would seek emergency relief funds for workers and fund projects to develop and expand social insurance programs and capacity (ILO representatives, interview).

Table 6: EU, BMZ and Call to Action Activities (As of March and October 2021)

Country	Activities
<b>Bangladesh</b>	Drawing from a EUR 115 Million EU- and German government- funded (BMZ) garment worker cash transfer program, EUR 2.9 million was provided to help secure the jobs of approximately 90,000 workers in SMEs where employers are less able to make wage payments in the short term. A subsidy of BDT 3,000 (EUR 31) per worker is paid and employers commit to retain the workers for at least one month after receipt. Manufacturer associations have proposed roughly 200 factories as meeting the criteria of the scheme. Lessons learnt from the scheme were published and government is to now conduct feasibility analysis for a pilot unemployment insurance scheme for selected formal sectors.
<b>Cambodia</b>	Using BMZ funds, an income support program has been established to provide 1.75 million USD to 18,738 suspended workers from 859 factories, who took maternity leave between March 2020 - June 2021. The support is in the form of a one-off USD 90 training stipend for these workers to participate in soft skills and OSH training programs. Disbursements will be made by February 2022. The scheme is also intended to strengthen relationships between workers, employers and the National Employment Agency.
<b>Ethiopia</b>	The National Working Group, established by the Ethiopian Ministry of Labor and Social Affairs (using BMZ funds) developed and supervised implementation of a wage subsidy scheme to protect jobs and incomes. Up to 5 monthly payments of full salaries are paid to the employer and passed via electronic disbursement to each registered worker. As of October 2021, a total of USD 3 million had been transferred to 14,300 workers. When completed the program would have covered 20,000 workers at a cost of USD 4.5 million. The Ministry reported that it was focused on the strengthening of social protection databases and registries of vulnerable populations, improving capacity of government agencies to implement social protection systems including the design of an unemployment insurance scheme for garment sector and employment injury schemes for other sectors.
<b>Haiti</b>	No progress reported for apparel sector.
<b>Indonesia</b>	BMZ provided funds to complement fiscal support from Indonesian government (see Section 1 above). Initially the scheme offered payments for each day furloughed to workers who had lost income during the furlough period. A total of 8,684 workers (95% female) received payments totaling USD 73,000. This scheme failed to attract employer participation and hence USD 1.7 million was transferred as cash payments to 20,000 unemployed workers. Three trade union confederations mobilized workers to register for these benefits in a transparent way. Government report that it is exploring measures to provide workers with public employment services including re-skilling/upskilling during unemployment spells, establishment of a one-stop support mechanism for unemployed workers, measures to extend coverage of social security schemes.
<b>Myanmar</b>	A National Working Group meeting held in August 2020 reported plans to development a cash transfer delivery system and wage subsidies for garment industry but the February 2021 military coup has put an effective halt to participation in the Call to Action.

<b>Pakistan</b>	Unions and employers' associations met in September 2020 to assess priority financial needs. ILO is supporting the National Working Group.
<b>India</b>	Employers and unions met in September 2020 to develop a process in determining shared priorities.

Source: ILO, 2020b

**Evaluation:** The Call to Action appeared to take on all or much of the weight of the global response to the pandemic's impacts on apparel workers and their employers. Its expectations for endorsees, structure and authority appear to be no match for the weight of its ambitions. Note that the Call to Action program is:

- a. based on voluntary participation
- b. without enforcement provisions
- c. without obligation for parties—beyond payment by buyers for their orders—to contribute money
- d. without a dedicated secretariat, and largely dependent on ILO technical assistance and the donated time and expertise of endorsees, working groups
- e. short of funds to meet its stated goals (governmental, worker or employer needs)
- f. limited to the COVID crisis, but a work-in-progress designed to stimulate the building of national social protection systems to deal with future crises

Lacking financial commitments from key parties, the Call to Action resembles the Rana Plaza Arrangement model applied across several countries. The primary funder for the COVID initiative has been BMZ, an extension of its collaboration with the ILO on social protection programs, the Better Work initiative and the Vision Zero Fund—an outgrowth of the Arrangement. And like the Arrangement, the Call to Action notes the need for permanent and effective social protection systems.

But these models separate at three important points. First, brands and retailers met more than 75 percent of the Arrangement's estimated need, but brand and retailer financial contributions via the COVID multi-country effort are effectively nil in March 2021. Second, the Arrangement's participating buyers made payments to workers and their families through an intermediary body. Third, the Arrangement included detailed obligations and rigor in its governance, its calculations and its funding expectations that the grander Call to Action, more of a platform than a defined program, lacks. But in the four countries where there was some progress—Indonesia, Ethiopia, Bangladesh and Cambodia—there is a clear future orientation with pilot projects and feasibility studies to expand labor market and social protection schemes for garment industry workers.

## 2.4. International Framework Agreements in Apparel

Moving along the spectrum toward global binding agreements, we examine elements of international framework agreements signed by some global unions and global brands—chiefly European companies—such as those by IndustriALL and UNI with H&M and Inditex. While the agreements, negotiated at the global level, provide a framework for the advance of union rights for workers in the

global supply chains of these companies, they have not readily translated into concrete organizing and collective bargaining gains in apparel and footwear production. The Inditex agreement was signed in 2007 and followed by negotiated changes that included addition of a union expert to monitor implementation of the agreement in 2016 and a global union committee in 2019.

The important question is, what is lost in translation from the global to local levels? This requires multi-level research on the corporation and this may flow from the Inditex-IndustriALL committee but two problems are evident. First, suppliers are not party to these agreements so enforceability at the factory level depends heavily on the supplier and the willingness of global brands, unions including IndustriALL affiliates, and national unions to 'make it stick'. Second, the extant literature on global framework agreements notes the need for ground-level organizing among workers and national campaigns in the countries covered by the agreement to engage workers—the intended beneficiaries—and activate the agreements (See McCallum, 2013; Thomas, 2011, Sarkar and Kuruvilla, 2019).

**Evaluation:** On the one hand, these are global bi-partite agreements with the right kind of enabling language about commitments to respect worker rights but they aim to protect worker organizing where there is little of it. These agreements can be useful (but not necessary) preludes to the kind of global collective bargaining required for the creation of a global severance agreement. Although these broader 'rules-of-the-game' agreements are of a different type, they contain two elements relevant for design of a global program. First, they are global and apply across dozens of major apparel-producing countries. Second, their terms and mechanisms are available to workers (and their representatives) producing for the participating brands. The accountability connection, broadly defined, between workers and their organizations, on one hand, and brands and retailers on the other is clear.

## 2.5. The Bangladesh Accord

Much has been written about the Accord on Fire and Building Safety in Bangladesh (see for example, Diller 2020, Bair et al 2013 and 2020) so we will not replicate descriptions here but instead note several elements of the Accord important for this paper. First, the Accord was a relatively focused and binding agreement between 200 apparel brands and retailers, two global union federations, IndustriALL and UNI Global Union, and eight Bangladeshi garment federations with the ILO serving as a neutral chair of a Steering Committee. Four global labor rights NGOs (CCC, WRC, Maquila Solidarity Network and International Labor Rights Forum) serve as 'witness signatories' to the agreement. The Accord was more specific and hence, enforceable, than any apparel industry agreement that preceded it and covered much of the apparel production in the global industry's second-largest producer (Reuters, 2014). The government, apparel manufacturers, and local labor rights organizations had advisory roles. (The Accord infrastructure coordinated separately with the Government and national tripartite committee overseeing the National Action Plan on Fire Safety).

Second, brands made financial commitments to remain in Bangladesh for five years (under the first Accord) and committed to provide funds for supplier improvements. These requirements go to the sustainability of the scheme and provided some operational funding during a difficult transition. Third, to ensure compliance by the brands (Diller 2020), the Accord included a dispute mechanism allowing for

appeal via a binding arbitration process. Fourth, suppliers submitted to independent safety inspections and public disclosure of findings and were bound to make the necessary improvements or lose orders.

Debate continues about the pace of factory remediation and the future of the initiative, but there is consensus that the Accord was successful in building a (figurative) floor for worker safety in many Tier 1 apparel factories. It was renewed for a further three-year period in 2017 on the condition that control of the program move to the newly-established Ready-made Garment Sustainability Council (RSC). In September 2021, the parties agreed to a new international accord that builds upon the principles of the 2013 and 2018 Accords, and will be valid until October 2023. The International Accord for Health and Safety in the Textile and Garment industry expands the scope of the Bangladesh Accord to include worker health issues and contains a provision committing signatories to expand beyond Bangladesh, including the development of Country-Specific Safety Programs (CSSPs) following a 2022 feasibility (International Accord, 2021).

**Evaluation:** One standout feature of the Accord—displaying the unusual supply chain power dynamics that drove its design—is the legal obligation of participating brands to help fund factory safety improvements. This has strengthened the connection—conceptually and concretely, if not legally—between the world’s largest apparel buyers and millions of workers who make their products. The Accord’s dispute resolution provision states that “upon request of either party, the decision of the [Steering Committee] may be appealed to a final and binding arbitration process. Any arbitration award shall be enforceable in a court of law of the domicile of the signatory against whom enforcement is sought...” (Accord, 2013).

The undertaking of thousands of inspections combined with disclosure of the findings and a compulsion to comply with their findings was also ground-breaking in a country where building safety standards (and worker protections more generally) were rarely applied or enforced.

Another standout feature is the agreement’s governance structure. Governance of the Accord, like the Arrangement, includes transnational industry and both global and national labor representatives. But unlike the Arrangement, the Accord excluded from its Steering Committee the host State and Bangladeshi apparel suppliers which led to serious frictions with the government and industry leaders (Diller 2020). However, the RMG sustainability council does include Bangladesh industry representatives.

What does the model tell us about the design of and prospects for a global severance program? First, it shows that concerted action by global brands and retailers is possible given the right catalyst. But workers and their organizations cannot rely on large-scale death and disaster to motivate companies to collaborate and bear a greater share of the costs and risks of their business model. So it is necessary to think of alternative catalysts. There is progress here: the generalization of the scheme built into the 2021 International Accord promises to catalyze agreements in other countries and to broaden its scope to include health.

Second, it highlights the value of specific and binding agreements, particularly in its fixed funding and sourcing requirements. Participant brands and retailers committed to continue to source from Bangladesh at 2012 levels for at least two years was crucial in keeping brands engaged in the process.

Finally, the model hangs a lantern on governance design. The Accord governance structure and practices had to attempt to right the chronic power imbalances in the global apparel industry and support thoroughgoing change in an industry that has historically resisted both. Governance cannot compensate for fundamental power imbalances between buyers, suppliers and workers and, more generally, in the societies on which the industry depends. The fundamental rights of workers—to organize themselves, speak out against exploitation and negotiate changes with employers—almost always take a back seat to other issues such as safety and health issues in the Accord or severance compensation in the COVID era. This problem has no ready solution but, like the unglamorous work of building national social protection systems, it must be central to a serious severance program. In Bangladesh, as well as in Cambodia, Indonesia and a dozen other apparel industry sources, successful governance of programs will depend in large part on organized workers and their allies.

The ACT (Action, Collaboration, Transformation) collaborations organized by IndustriALL in Bangladesh and Cambodia following the Rana Plaza disaster and the killing of five wage protestors in Phnom Penh in 2014 reflect some of the Accord’s lessons—a focus on sectoral (national) bargaining and meaningful protections for worker freedom of association in pre-coup Myanmar (ACT, 2020)—but have yet to yield binding wages agreements.

## **2.6. Seafarers and the International Bargaining Forum**

The likeliest match for the goals of a global severance mechanism is not new—its origins pre-date the globalization of the apparel trade—and comes from another sector altogether: maritime shipping. The International Bargaining Forum is the industry-wide framework established in 1999 for collective bargaining between the global seafarers’ union, the International Transport Workers Federation (ITF) now representing nearly 150,000 seafarers, and a consortium of European vessel owners and shipping management firms. ITF campaigns brought Japanese, Korean and Taiwanese firms into the agreement by 2003 which governs working conditions and labor practices on approximately 8,300 vessels (ITF, 2021).<sup>14</sup> The ITF has effectively imposed basic IBF framework terms on non-IBF firms where seafarers have taken industrial action. The ITF role in the agreement is funded in part by a per capita seafarer ‘tax’ paid annually by IBF firms for support of ITF inspection costs and the Seafarers’ (Welfare) Trust (ITF Seafarers’ Trust, 2021).

This agreement was the product of a nearly 50-year campaign by seafarers working aboard vessels from high-income countries to prevent the collapse of wages and working standards as vessel owners sought seafarers and lax regulatory regimes (‘Flags of Convenience’) in lower-income countries. The integration of seafarer campaigns in the Global North and South—a decades-long process—and the power of ITF affiliates to apply economic pressure at ports around the world made the agreement possible. The agreement is supported by a handful of legal instruments and receives important technical support from the ILO, but it is important to note that the ILO Maritime Labour Convention of 2006 (MLC) which established minimum standards for ratifying countries followed the ITF’s victory.

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<sup>14</sup> See also Lillie, 2004

The scope of this global collective bargaining system is wider than a severance fund for apparel workers,<sup>15</sup> but elements of the arrangement of interest for this paper are its:

- transnational scope
- detailed global framework (or CBA) for national- and company-level agreements
- binding obligations on lead firms (as employers) and managers/intermediaries
- setting of compensation levels across many countries
- dispute resolution process
- direct funding from lead firms for a centrally administered ITF worker welfare fund
- union access for workplace inspection to verify compliance
- extensive technical assistance from the ILO (including support for global minimum wages-setting process)

It is not always smooth sailing. The COVID pandemic and the abuse of seafarer rights by some maritime shipping firms—an estimated 300,000 seafarers were unable to disembark in December 2020—illustrates this dynamic.

Non-compliant vessels are the target of campaigns led by the ITF with support from leading firms in the IBF and some of the shipping industry’s largest customers including BP, Shell, Unilever and Rio Tinto (See Almendral, 2020; Josephs & Russon, 2021). These campaigns build on ITF successes in extending the IBF agreement to other vessels. Global shipping giant Maersk in 2016 committed to ensure that—in addition to the vessels it owns—all vessels it charters has an ITF agreement.

Sometimes referred to as Tier 0, the transport of goods along global supply chains is typically left out of the apparel industry’s labor codes of conduct. But TFG, an apparel brand based in South Africa and the U.K., reported in its 2020 submission under the U.K. Modern Slavery Act that it has requested that its shipping agent “accept the MLC of 2006 and cascade it down to its own partners along the supply chain” (TFG, 2020).

**Evaluation:** Of all the agreements and mechanisms reviewed above, we see this as the strongest in that it is specific and binding, covers multiple countries and is global in scope, includes industry funding for independent enforcement and work welfare, and has a governance structure rooted in collective bargaining. All of these elements could figure in a global severance agreement, beginning with its form: a transnational collective bargaining agreement between unions such as IndustriALL and its affiliates, buyers and suppliers.

Also important are the global/national interactions between a closely negotiated global framework and its national-level iterations. The variations in national legal requirements for worker severance, for example, would require ground-level decisions made within the bounds set by the global framework.

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<sup>15</sup> See the current IBF Framework CBA at <https://www.itfseafarers.org/sites/default/files/node/resources/files/IBF%20FRAMEWORK%20CBA%202019-2022.pdf>

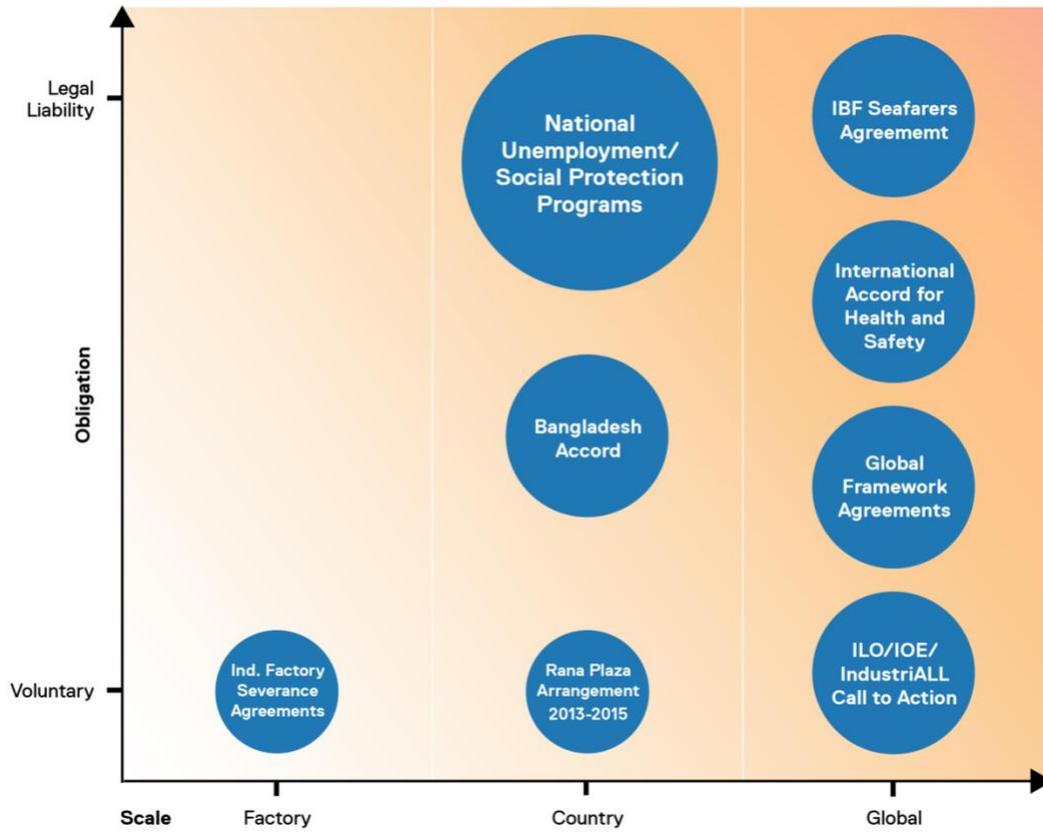
Finally, the union's inspection role is the kind of co-governance that helps to build trust among the partners and ensure that the deal works as intended.

But the application of the IBF model for creation of a global severance agreement in the apparel industry requires both considerable leverage and counter-parties for global unions such as IndustriALL and its member unions. At the national level, apparel and footwear manufacturer associations already play this counter-party role as part of national tripartite bodies, for example. Buyers and their suppliers negotiate with unions in a few sectoral initiatives including the 2019 Myanmar Freedom of Association Guideline and Bangladesh Accord-related schemes such as the RSC. A growing coalition of apparel employer organizations could act as a counter-party for negotiations on the setting of a floor for sourcing and labor practices. In January 2021, the STAR Network (Sustainable Textile of the Asian Region) launched a new initiative aimed at securing collectively better purchasing practices for the sector. And the largest global brands come together globally in dozens of different combinations across labor and ESG initiatives but—with the possible exception of the Industry Summit incorporated in 2020—there is no stable counter-party.

## Summary

We have reviewed above a variety of models that provide some degree of income security for workers. They range from purely voluntary arrangements at one end of the spectrum to legally binding agreements at the other end. And they also range in terms of coverage from, at one end of the spectrum, covering workers in a single factory and, at the other end, workers in a whole sector across the globe. And these systems take into account a variety of income security arrangements, from well-established to effectively absent. The various models are represented in Figure 3 below. Where a future global severance program would fit in this graph depends quite heavily on its design.

Figure 3: National and global worker income security models



## **SECTION 3: Global Severance Program Proposal**

This paper leaves the leverage and counter-party questions—as well as countless technical and administrative issues—to unions including IndustriALL affiliates and their allies but examines here the options in shaping a global severance program (fund) that has three goals:

1. Compensate apparel and footwear workers for income lost as a result of buyer, employer and government responses to the pandemic in select countries
2. Cover workers caught up in future severance failures in apparel supply chains in select countries
3. Strengthen, supplement and incentivize government social protection schemes, to be managed nationally.

With reference to the models described above and an amalgam of recent severance and social protection proposals (exemplified by the Pay Your Workers/Respect Labour Rights plan summarized here in Appendix 4), we examine here choices that unions including IndustriALL and allies will confront—the scope of beneficiaries and benefits, its funding, its governance and enabling conditions—in shaping an effective program. The analysis and proposal here are focused chiefly on severance payments but the program elements discussed could figure in wider proposals for global social protection systems.

### **3.1 What is the program (fund) for?**

A consensus objective of the program is to compensate workers for income and income security lost due to the COVID crisis. The second objective—to compensate workers in a variety of future severance episodes—will need definition. How should a severance episode be defined? Does it include, for example, mass terminations and factory closures? Cancellations or fall-offs in orders caused by political strife and factory closures of the kind witnessed in Myanmar and Ethiopia in 2021? (See Paton, 2021; Paul et al., 2020). Experience and data provided above show the failure of some apparel and footwear producers to meet their financial obligations to workers, including severance payments. In some cases these arise because global brands cut orders. Should a fund cover all of these instances? What about collective dismissals or furloughs (where there is no other short-term support for workers) in which a factory does not close?

Our view is that is that any separation of employment that is governed by usual severance obligations should be covered by a program. The alternative to this is a mire of factory- and industry-level exceptions and calculations. The costs of adjudicating these could in some cases exceed the benefits to be paid. A second argument for following usual severance obligations is the obvious moral hazard for buyers and suppliers that would flout responsible sourcing practices, good production habits or legal severance requirements if those costs were covered by others.

### 3.2 Who are the beneficiaries?

Which workers must be included? That textile and Tier 1 apparel and footwear workers would be included is uncontroversial. Is the intent to include only workers employed in the supplier factories of participating brands and retailers? What about temporary workers, migrant workers, and those working in subcontract factories whether authorized or unauthorized? Would workers in laundry or embroidery facilities, or home-workers be included? What about Tier 2 workers in dye plants or textile mills? When could a program include these workers and those working at upstream suppliers of cotton, leather and more? Drawing appropriate boundaries is vital for an effective severance program.

A plan that covers all suppliers and workers in an industry without regard for buyer participation in a program (fund) would resemble the publicly-funded national social protection programs described in Section 1. Full funding and effective functioning of these systems are long-term goals of any serious proposal, but they are obviously not the starting place for apparel workers in almost all (eleven) of the 14 countries studied in this paper. So workers of suppliers to the program's participating buyers is an obvious demarcation point. As in all of the models examined above, any agreement and program must draw a clear line between brands and retailers and production workers in order to win and maintain support from the lead firms. A program that is not limited to participating buyers and their suppliers and workers in this way will be top-heavy with beneficiaries who will depend on a narrow base of buyer good-will.

At the factory level, a program that covers all workers in a supplier factory regardless of the share of production that belongs to participating buyers presents, on one hand, a serious fairness problem—an invitation for non-participating buyers to ride for free. On the other hand, it is in most instances impossible (and unwise) to direct benefits only to the ten percent, for example, of the workforce in a factory that works on a participating brand's production. Where the other 90 percent of that factory's capacity is dedicated to non-participating brands, those workers too should be covered by the program. As in living wage debates and past discussions over buyer shares of severance costs for individual factory closures, unions will likely err on the side of generosity for workers in crisis.

We recognize that this issue presents a fairness problem from the perspective of buyers. Their long pattern of shared production both drives this and mitigates it: global brands buying from the same factories are accustomed to collaboration on factory-level issues, including past factory closures in which a minority of brands have succeeded in levering other brands into participation in severance payments. The radical consolidation by buyers of their supplier bases over the last 15 years, and its possible acceleration after COVID, may also make this problem easier to deal with.

In the longer run, a global severance program that results in an industry-wide agreement at the national level between global brands and national unions might serve as stimulus for domestic-market only buyers or buyers from other countries (e.g., China) to match severance standards (and other terms and working conditions), thus raising the floor for all workers. The same could be said of extension of a severance agreement to cover upstream apparel and footwear workers in cotton, leather and other inputs.

### 3.3 Which countries should be included?

One option is to limit the program to a group of leading apparel-producing countries in which social protections are weakest—a subset of the 14 countries considered in this report, such as Cambodia, Pakistan and Bangladesh, for example. The argument for this is that running a global program with national-level apparatuses for 50 or more apparel-producing countries would be complex. But there are two considerable risks in limiting participation by country. First, a lot of workers who need social protection will be left out of a program limited to countries with the weakest legal frameworks or enforcement regimes. Immigrant apparel workers in Italy or Malaysia, if these countries are excluded from access to a delimited program, may be ineligible for or unable to seek state-mandated aid. An inclusive global program that calibrates benefits at the national level based on the unmet needs of workers allows for flexible responses to crises and is consistent both with approaches at both ends of the spectrum shown in Figure 3: buyers' obligations under their codes of conduct are global as are the existing enforceable schemes such as the IBF seafarers agreement.

Second, buyers may treat a program focused on a subset of apparel and footwear industries as a tax and shift production away from 'severance fund' countries. A program that fills a known gap for workers should be seen as a good thing—it corrects a negative externality—but in global supply chains buyers, suppliers and their governments typically treat this kind of consideration for workers as costs that hurt competitiveness.

Third, a global program can likely respond more quickly and equitably to unexpected failures of social protection systems than the existing uneven patchwork of national systems. A guiding principle here for unions and their allies should be that it is better to have excess capacity than to attempt to build relationships and systems in the midst of crises.

The superior option is a global severance program that operates in all countries where the participating buyers source and where national social protection systems are inadequate or workers cannot access them. This inclusive approach adds scale and complexity but addresses the fairness, scope and competitiveness problems outlined above that would follow from a more limited program.

### 3.4 What is the benefit? How is it delivered to workers?

Beneficiaries can appeal to the program where verifiable gaps in the legal frameworks, enforcement or delivery systems mean that workers go without adequate severance, unemployment benefits and short-term health care costs. As noted above, the program would calibrate payments to workers based on the minimum requirements in national law or collective bargaining agreements where those apply.

Severance requirements across the countries studied here provide on average a months' wages per year of service, and unemployment benefits last for at least 2 months at a minimum 50 percent of actual (or minimum) monthly wages. (See Table 51 above). These standards should be revisable based on the nature of the crisis. A single-factory failure or a minor change in one country's trade posture that results in layoffs, and a global economic shock have very different impacts. Where severance

requirements (and unemployment benefits) are patently inadequate or absent—the absence of minimum wages for seafarers in the IBF model is a close analogue (ITF-IMEC, 2019)—the global parties could set a floor in the form of a formula for benefits to be applied at the national level. In contrast, workers in countries with well-designed and well-enforced severance systems would receive little and, conceivably, nothing from a severance fund. However, as noted above, migrant or temporary workers in such countries may not be eligible for severance payments.

Delivery of payments to workers from a fund would vary by country, factory and workers' circumstances. One option for delivery of funds to (former) workers is via employers where employers are still in business or otherwise capable of delivering payments. But where employers have gone out of business or 'cut and run', an alternative delivery system is required. A global fund can make and verify payments via national-level committees, and those payments can be made directly where mobile payment systems—Wave in Myanmar or Wing in Cambodia, for example—are in wide use. The EU-funded Myan Ku assistance funds paid more than MMK 8.1 billion (USD 5.7 million) in 2020 to laid off garment workers via electronic direct cash transfer (SMART Myanmar, 2021). However, the governance arrangements at the national level—discussed below—will have to interact with the fund at the global level to make this work effectively. A third option is payments via government systems but this raises fairness issues for non-participating factories and sectors, and a lack of accountability for public actions directed by a private agreement.

One final benefit decision to be taken by unions such as IndustriALL and its affiliates is a cut-off or transition date (or dates) for retroactive payments to workers who lost income or jobs in the COVID pandemic. Just as countries experienced drops in orders at different times, their respective recoveries have been uneven and some may extend beyond 2021.

### **3.5 How should it be funded?**

Private regulation systems designed to substitute for missing or inadequate public regulation and enforcement are typically funded by the lead firms. Without exception, the models outlined above all rely on contributions by lead firms for private compliance systems. And some, including the one-factory severance agreements and the Rana Plaza Arrangement include contributions made by lead firms explicitly (if indirectly) for worker welfare. This principle is now well-established.

But models including the International Accord and global IBF seafarers agreement go further: funding of the program is a legal obligation for participants. In the IBF model, the per capita obligation of lead firms is based on a negotiated funding formula that incorporated the (variable annual) value of international maritime shipping. Receipt, administration and distribution of the funds by the ITF and related governance bodies is controlled centrally.

In apparel, the freight on board (FOB) value of participating buyers (or another volume-value standard) would be the analogue measure. It is worth noting that this is how the ILO's Better Factories Cambodia program calculates the employer shares of the program's costs: the employer association's annual obligation is calculated as a (very small) share of the total value of all apparel and footwear

exported in the previous year. Individual suppliers do not 'ride for free' but pay their share of the program's costs via fees paid to the association.

There are at least three options for buyer funding formulas in a global severance program. First, the program's costs could be incorporated in FOB. That is, buyers would make 'top-up' payments via prices paid to their suppliers who would pass a defined severance share through to the program's national-level body. This arrangement might resemble the Fair Trade 'living wage' premium paid by buyers into a factory-level, worker-directed welfare fund. From the buyers' perspective, it has the advantage of avoiding or appearing to avoid two important precedents: a global and enforceable agreement in the IBF mold, and direct responsibility for payment of severance costs. This method brings with it, however, a raft of complications for all parties—buyers, employers, workers and the program's would-be administrators. Lines of accountability would be difficult to establish and hold in this decentralized version of a severance program. Suppliers interviewed for this paper noted that given the historical downward pressure by buyers on supplier prices, the buyers' share of program costs would in effect be borne by suppliers.

Second, buyers could purchase private severance insurance. An estimate of the costs and complexities of this method is beyond the scope of this paper but obvious obstacles would be the lack of uniformity in dozens of programs that would likely vary by buyer, by country and by insurer. Like the 'pass-through' proposal above, private insurance poses immediate problems of quality control, accountability for program administration and governance. A recent experiment—the Primark private insurance experiment in the Rana Plaza Arrangement—was regarded as an expedient and was not adopted by others (Butler, 2014).

Finally, a severance funding formula based on a percentage of FOB and paid directly by buyers into a fund (or funds) could support severance payments and administration of the program around the world. This option resembles most closely the Accord and IBF models. It has the obvious benefit of a centralized and relatively simple funding mechanism which would almost certainly improve traceability, accountability and impacts of funds. (Governance issues are taken up below). The formula and amounts from buyers and any participating suppliers could vary over time as participation in the program grows and costs of disbursements to workers and administration of the program become clear. The formulas for global contributions, the mix between buyers and suppliers' contributions, and the funding levels for the secretariat and national-level committees can be re-opened regularly. The IBF convenes every two years at the ILO for negotiations over minimum wages levels.

The Pay Your Workers/Respect Labor Rights 2020 proposal sets a funding formula of 1.5 percent of FOB to be paid annually by participating buyers based on their global purchases (Pay Your Workers, 2020). This proposal also includes one-time 1.5 percent payment by brands to enable retroactive payments and to fund start-up administrative expenses. We do not analyze here estimates of a proposal's possible costs as, without closer definitions of the scope of the proposed program, we have little sense of the size of the problem. A key principle worth considering in the set-up of a program like this is how participating brands contribute to start-up costs when they begin sourcing from a new country. For example, a participating buyer which begins to source from Ethiopia or Honduras in 2024 could be obligated to pay a start-up fee, possibly depreciated, followed by the annual share of FOB.

What about supplier contributions? Given the stated long-term goal of the proposed program to aid in the reform or standing-up of effective social protection systems for workers, employers should expect—whatever the funding mechanism—to contribute to severance. The typical formula is a fixed percentage of the total wage bill of the employer. For suppliers who join a global severance program, the costs to their buyers of participation could be reduced. This shift could be an explicit goal of the program and could ease the transition from global to national and from buyers to suppliers, and finally to the effectively-enforced severance requirements and sustainable public social protection systems that most observers and players in the apparel industry name as the ultimate goal. Analysis of the relative shares of apparel industry income between leading buyers and their suppliers might be the basis for an initial cost-sharing formula but this is beyond the scope of this paper.

Sharing of these costs presents at least three challenges. First, many suppliers contend with pricing squeezes from their buyers and some already make unemployment insurance contributions to their national governments. They are unlikely to agree to support a private severance fund unless their global buyers provide a premium. Second, unions and allies' leverage with suppliers is in general less than with global buyers so winning supplier participation would depend first on participation of buyers, and then on their willingness to induce suppliers to join.

Several variations on the proposed severance program also include room for contributions by international institutions and donor governments. While this is generally welcome, IFI and non-industry contributions to the fund should, in our view, follow and fit with the terms of a negotiated agreement between global brands and global unions. International financial institutions are more likely contribute funds for national governments as they develop expand and reform (public) social security systems, than to supplement a (private) severance program agreement.

A final funding design choice for global unions and their affiliates is how to 'sunset' a severance program as national-level social protection requirements and enforcement improve and contribute reliably to income security for workers. One option is to set a timeline that is predicated on the effective functioning of appropriate severance and social protection programs by national governments. The costs borne by global buyers for support of the severance program can be reduced based on the progress of each country in establishing functioning and adequate social protections, and severance payment, specifically.

Then, How is national progress to be evaluated? Who will do the evaluation? What will motivate governments and apparel industry leaders to act? A potential challenge might be the reduced motivation of national governments for enforcement of severance requirements, and for reform of social protection systems more generally given the existence or possibility of private alternatives. This can be off-set by the setting of clear timetables for progress by governments (and employers) and clear consequences for national governments (and industries) which fail to make called-for improvements in both law and practice on social protection and other standards—freedom of association, worker safety and health, minimum wage-setting systems—over time. Benchmarks for (individual) action by buyers to shift sourcing away from these suppliers and countries are consistent with the terms of the Accord which

balanced commitments to continued sourcing against clear expectations and measures of progress, and the IBF agreement which can both reward compliance with and punish violations of the contract.<sup>16</sup>

### 3.6 How should it be governed?

Governance is perhaps the most complicated of the design issues for a global severance program and there are several important choices for unions including IndustriALL, its affiliates and allies concerning global, national and local control of the program. Global programs, including the Pay Your Workers/Respect Labor Rights proposal, call for the creation of a global fund with a global governance structure and nationally-based committees. The ILO Call to Action shares duties along similar lines: a global body organizes money and national bodies decide on its uses.

A plausible argument could be made that severance funds can be created nationally with global brands and retailers paying directly into national-level funds in the countries from which they source. However, given the ease of mobility of global brands and their supply chain intermediaries, this may result in funds being exhausted at the national level if there is an exodus of brands from that country. (A global pandemic tests any system, but even in 2020 we saw apparel industries losing and regaining orders at different rates and times). This risk, and the risk of proliferating funds and protocols, argue instead for a central, global fund capable of backstopping national funds, pooling risk and maintaining protocols followed by the global program's national iterations.

Since a fund would likely come into existence as a result of a bi-partite agreement between global unions and global brands—like the IBF agreement—it makes sense that the brands and unions should have the overwhelming majority of votes in the governing body. We would also recommend that the governing body include a small number of seats (voting or observing) for the ILO, national governments, a representative of an international financial institution, and NGOs which are active in the apparel supply chain sphere. The inclusion of seats for international agencies and non-governmental organizations provides alternate perspectives and important skills, and also gives those institutions a stake in the process and activities of the fund. Since the life of the fund is temporary—i.e. until national governments enforce sufficient severance requirements and, more generally, gear up their social protection systems—there is a legitimate role for the ILO and other international agencies (which may well be providing funding and assistance to national governments). The governing body could also include members from the national governance arrangements described below.

This proposed make-up roughly resembles the Call to Action's Working Group but with one important difference: brands and retailers in the governance structure would act as representatives of other brands. Is the Call to Action is the right vehicle for negotiation or governance of a global severance agreement? This is beyond our brief but we think the answer to the question depends on the union's goal: a binding global agreement between lead firms, employers and unions, or a platform for voluntary collaboration.

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<sup>16</sup> This is also a lesson from the U.S. experience with NAFTA, reflected in the ultimate design of its successor USMCA in which trade benefits are tied to evidence of changes in labor relations systems and practices. See for example Polaski et al (2020), at <https://www.bu.edu/gdp/2020/09/15/how-trade-policy-failed-us-workers-and-how-to-fix-it/>.

As the goal of a program is to ensure that workers in different countries can make claims, there will be a need for national governance mechanisms in each country covered by the agreement. One key role at the national level would be to monitor the process of establishing, improving national social security systems and, potentially, a role in disbursing funds nationally. An important role for national committees would be to advise regarding how loopholes in national systems can be fixed, and how the systems can be improved. A second key role of the national governance structure would be to ensure that workers in their country are given the necessary information and means to file claims. A third role, mentioned above, could be disbursement of funds to workers where employers cannot do this. These various functions mean that there are roles for government, employers, unions and non-governmental organizations in national governance arrangements. Given the articulation between global and national governance it also makes sense for the global signatories of the agreement to be active in national arrangements. Thus, at the risk of being unwieldy, a global union could propose that governance at the national level consist of national tripartite actors plus relevant local unions and NGOs, and brands and international unions which have signed the global agreement.

Another key governance decision relates to how funds should be distributed from the global to national levels, and for what purposes the funds can be used, if any, other than payment of claims for severance. We must remember that the administrative costs of operating a central fund, with its attendant 'secretariat' and verification functions can be a costly endeavor. And national governance arrangements would need funding to cover not only administrative costs of their work but also to pay for information campaigns among workers and for capacity building and other expenses related to the development of wider national social protection systems. A global governing body would have to determine the relative amounts of money, i.e. a formula to allocate funds to the national governance mechanism, based on the roles of the national bodies. It is not envisaged that this program subsidize the funding of national social protection systems; that should be the responsibility of apparel-exporting countries.

Two more governance elements—one from the IBF and one from the Accord—are must-haves. The IBF agreement includes an inspection function in which the union participates across dozens of countries, using funds from the lead firms under the agreement, to verify compliance with the terms of the agreement. This protects workers but also industry competitiveness and the integrity of the agreement. From the experience of the Accord we know that a global severance program needs to include a time-limited and affordable means to challenge parties to the agreement—lead firms, suppliers, and unions. UNI and IndustriALL are negotiating 'International Labor Conciliation and Arbitration Rules' with the Permanent Court of Arbitration. These rules would modify the Hague Rules for Business and Human Rights arbitration in order to achieve a streamlined process which aims to be completed within six months.<sup>17</sup>

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<sup>17</sup> Similar to the U.S. labor arbitration system, the proposal would require that the case go to a hearing after the notice of arbitration is filed, and there would not be any requirement that the parties submit extensive documentary evidence in a pre-hearing phase. The default option is that there will be one arbitrator, not three, and the ambition would be that each agreement would establish a panel of arbitrators from which to draw, in order to limit the time involved for the selection of arbitrators. Rather than negotiate the arbitration rules with each new agreement, these Rules will already be in place and the Permanent Court of Arbitration will administer them. The WRC and partners published in 2020 a related proposal, 'Model Arbitration Clauses for the Resolution of Disputes under Enforceable Brand Agreements', also reflecting lessons learned in the Accord. <https://www.workersrights.org/wp-content/uploads/2020/07/Model-Arbitration-Clauses-for-the-Resolution-of-Disputes-under-Enforceable-Brand-Agreements.pdf>

### 3.7 What are the necessary enabling conditions for an effective program?

A number of enabling and facilitating conditions are necessary for a system like this to work. First, providing severance pay and income security is part of a bundle of policies and practices at the national and factory levels that are germane to improving lives of apparel workers. Thus, the following would need to be part of the global agreement, drawing on best practices gleaned from various other arrangements discussed in this paper.

**a. Worker voice and collective bargaining.** Global companies must do more to ensure that freedom of association rights are protected and encouraged in their supply chains, and obtain employers' commitment to respect worker organizing and collective bargaining rights. We see the importance of these rights in the contrasts—in terms of scope, longevity and impact—between the Accord and IBF models. Ideally, these protections and practices would be negotiated at the industry level in each of the countries via industry-wide bargaining that can be integrated with the program's national-level governance arrangements. This threshold issue opens up several key questions. One, what would effective brand and retailer support for freedom of association and bargaining look like? Two, how could a global severance agreement mandate industry-level bargaining at the local level? And three, would industry-wide bargaining regimes affect brands' country-level sourcing decisions positively or negatively? Worker organizing and bargaining also depend on strong commitments from global unions and allies to strengthen local worker organizations to get into position for industry-wide bargaining.

**b. Decent work purchasing practices.** Brand accountability for responsible purchasing practices including fair prices and 'responsible exits' can help ensure that factories are able to meet global standards in all respects. Global companies must do more to ensure that their private regulation policies are integrated with their sourcing practices. Squeezing suppliers on price and related terms are partly responsible for supplier inability or reluctance to pay severance. And it no longer goes without saying that global brands and retailers must pay for orders that are in-process or have been completed.

**c. Long-term commitments.** The risk of buyer flight would be alleviated for workers by a central, 'ever-green' program but as in the Bangladesh Accord long-term sourcing commitments by buyers to suppliers can improve the stability of a new program. If funds were national-level only, instead of global, and suppliers were to bear a larger share of the programs' costs, the argument for sourcing commitments would be clearer, and more analogous to the Accord.

**d. Ability to pay.** A thorough-going analysis of possible costs of a program and the capacity of leading global brands and retailers to fund it is beyond our brief. However, we note that while aggregate net profits of 20 top brands and retailers in the global fashion industry—identified by McKinsey in 2018 as 'Super Winners' (McKinsey, 2020) fell in 2020 over 2019 levels, nine of these 20 firms increased net profits in 2020. By the end of 2021, ten of the 17 brands and retailers for which data is available had increased net profits over their pre-COVID 2019 levels, some of them by very large margins. Aggregate net profits for these 17 firms were up 21 percent in 2021 to USD 44.9 billion over the 2019 baseline (USD 36.9 billion).

Table 7: Net Profit of Top 20 'Super Winners' Fashion Brands (McKinsey), 2018 - 2021 (USD, millions)

Apparel brand/ retailer	2018	2019	2020	2021	% Change 2019 vs 2020	% Change 2019 vs 2021
Nike	1,933	4,029	2,539	5,727	-37%	42%
Inditex	3,368	3,444	3,639	2,957	6%	-14%
LMVH	6,354	7,171	4,702	15,024	-34%	110%
TJX Companies	2,608	3,060	3,272	90	7%	-97%
Kering	1,729	2,631	2,167	3,747	-18%	42%
Hermes	1,222	1,406	1,528	2,885	9%	105%
Fast Retailing*	1,395	1,528	858	2,061	-44%	35%
Adidas	1,351	1,707	1,917	1,132	12%	-34%
Ross	1,363	1,587	1,661	1,720	5%	8%
VF	1,045	870	629	408	-28%	-53%
Pandora	5,045	2,945	1,938	4,160	-34%	41%
Richemont	1,385	3,192	1,023	1,521	-68%	-52%
Anta Sports	3,561	4,860	6,060	N/A	25%	N/A
Next	592	599	610	287	2%	-52%
L Brands	983	644	366	N/A	-43%	N/A
HLA	3,329	3,455	3,211	N/A	-7%	N/A
H&M	1,393	1,406	146	1,216	-90%	-14%
Lululemon	259	484	646	629	33%	30%
Hanes	64	540	601	797	11%	48%
Burberry	294	339	122	517	-64%	53%

Sources: Wall Street Journal Income Statements and Orbis; calculations by Cornell NCP

Several of these firms engaged in stock buybacks and increased CEO base salaries. Firm financials are often primed to impress investors but the relative health of these leading apparel and footwear buyers is a sharp contrast with the pandemic experience of many of their workers—both direct employees and those in their supplier factories—and their suppliers.

**e. Bona fide partners.** All of the participants in this discussion about severance, social protections and the larger debate about fair distribution of costs and risks in apparel supply chains want to see progress on social protections at the national level. This can be a long and winding road, made longer and more winding where employers and governments are unable or unwilling to engage in the design, building and funding of fair systems. Good faith by these parties and credible incentives and threats from buyers in support of this fundamental element of decent work, should not be assumed. Timelines and flexible-but-focused progress toward specific social protection goals are enabling and necessary conditions for effective public severance programs.

## **SECTION 4: Conclusion**

The debate about severance and worker income security generally increased dramatically in volume in the pandemic after years at a low hum, chiefly by buyers' cancellation of completed orders. The debate must also account for another change brought by the pandemic: accelerated market concentration by both buyers and suppliers, and consolidation of supplier bases by brands and retailers. (Judd and Jackson, 2021). The combination of these two forces—if demand remains flat or falls—means there will be more factory closures and lost jobs in apparel as supply chain relationships are reordered.

In some of apparel's favorite sourcing locations—Bangladesh, Cambodia, India, Indonesia, and so on—the national social protection systems are inadequate. While all countries have severance legislation, not all countries have unemployment insurance and loopholes in the laws and gaps in enforcement mean that work and income are precarious. These national systems are built slowly and piece-by-piece, even where they are priorities. This puts a premium on negotiation of a fair and reliable alternative system that can deal with the costs for workers of coming dislocations, both expected and unexpected. This reliable alternative system must also at the same time prompt governments (and industries) to close loopholes in national legislation and fill gaps in enforcement.

In this paper, we have identified the elements from previous efforts that can be combined to create such a system. These elements are familiar to IndustriALL affiliates and, importantly, increasingly familiar to buyers and suppliers. The most important of these elements can be found in the seafarer's agreement with vessel owners. Its appeal to and the parallels with the needs of apparel workers are obvious: the twenty-year old IBF collective bargaining agreement is a global framework for national- and company-level agreements that includes binding and detailed obligations on lead firms and their managers/intermediaries. The terms include compensation levels across many countries and direct funding from vessel owners for a centrally administered ITF worker welfare fund. The arrangement includes extensive technical assistance from the ILO, including support for a global minimum wage-setting process, and regular re-openings of the agreement to update terms. This is not a wish-list but a list of must-haves that—together with the enabling conditions described above—an agreement must include in order to meet the goals of global unions including IndustriALL and its affiliates.

There are countless technical details to be worked out in implementation of the global severance program that we have outlined in this paper. In particular, we want to highlight how the design must overcome moral hazard on the part of employers who may successfully 'punt' on paying severance to their workers given the existence of a national fund. We also wish to highlight the mix of different interests. National governments' interests are to create social protection systems for all workers whereas a global apparel severance program focuses on the obligations of one sector's lead firms and employers to their workers. That said, the evolution and testing of models over the last 25 years makes it clear that a workable global system with national iterations can be built. The barriers are chiefly political: how can unions and allies win such an agreement with buyers and their suppliers?

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## Appendix 1: Unemployment and Severance Provisions in Garment-Producing Countries

Country	Unemployment	Severance
China	Insured persons eligible for 70-80% of the local minimum wage for 12-24 months depending on seniority. <sup>18</sup>	Calculated at one month's salary for each full year of service, capped at three times the local average monthly salary. <sup>19</sup>
Bangladesh	N/A	Workers paid at the rate of 30-45 days' wages for every completed year of service, based on seniority.
Vietnam	Unemployment allowance is 60% the average monthly salary for 3-12 months depending on years of contributions.	Workers paid 15 days of full salary, plus payment of one month's salary for each year of service.
Turkey	Workers entitled to 50-80% of average monthly salary for 180-300 days, based on seniority. Persons must have contributed to unemployment insurance for more than 600 days in the 3 years prior, including the last 120 days of employment.	Paid at the rate of 30 days' full wages for each completed year of service. <sup>20</sup>
India	Workers entitled to 50% of average monthly salary for up to 1 year, given the insured individual has paid contributions for at least 3 years.	Payment is equal to 15 days' full wages for each year of service completed, contingent on the worker having served 5 years of continuous employment.
Cambodia	N/A	Workers paid either 7 days' full wages for employment between 6-12 months, or 15 days' wages for each year of employment.
Indonesia	N/A	Workers paid 1 month's full wages for each year served, up to 9 months total.
Sri Lanka	N/A	Workers who receive pay monthly receive ½ month's full wages for each year of service completed. All other workmen paid 14 days of full wages for each year of service.
Poland	Workers entitled to 80%-120% of the following base amount, depending on seniority <sup>21</sup>	Workers paid 1-3 month's full wages, depending on seniority. This level of pay may not exceed 15x the monthly minimum wage.
Pakistan	N/A	Workers paid 30 days' full wages for each year of service completed.
Portugal	Workers entitled to 65% of average monthly salary for a period based on the insured's age and years of contributions. Workers must have had continuous employment during the previous year.	Workers paid 12 days' basic remuneration plus a seniority allowance for each year of service at the discretion of the employer. Payment may not exceed 12 months or 240x the monthly minimum wage. <sup>22</sup>

<sup>18</sup> (Vodopivec & Tong, 2008)

<sup>19</sup> (Zhong Lun Law Firm, 2019)

<sup>20</sup> (Gün+Partners, 2020)

<sup>21</sup> (ISSA, 2018)

<sup>22</sup> (KPMG, 2020)

<b>Jordan</b>	Workers who qualify for the unemployment insurance fund entitled to 6 months of benefits, at the rate of 75% average monthly salary during the first month, 65% for month 2, 55% for month 3, 45% for months 3-6. <sup>23</sup>	Workers paid 1 month's wages for each year of service, up to 20 months. <sup>24</sup>
<b>Mexico</b>	Workers not entitled to statutory unemployment insurance, but individuals with 5 years of contributions may withdraw the lesser of 90 days' wages or 11% of the balance from their retirement account early.	Workers paid 3 month's wages, plus 20 days of salary for every year of service completed.
<b>Myanmar</b>	Workers contributing at least 36 months entitled to 50% of average monthly salary for 2 months, plus up to 4 months for each 12-month period exceeding 36 months.	Workers paid 15 days'-13 months' wages, depending on seniority.
<i>Source: WageIndicator Decent Work Check unless noted otherwise.</i>		

Appendix 2: COVID-19 Wage Relief Policy Responses	
Country	COVID-Specific Policies
<b>China</b>	<ul style="list-style-type: none"> <li>• 49.51 million employees (~45% of urban workers) covered under 22.2 billion yuan (USD 3.1 billion) in additional stimulus for unemployment insurance from Feb-June 2020<sup>25</sup></li> <li>• Enterprises may apply for deferred payment of social insurance premiums for 6 months</li> </ul>
<b>Bangladesh</b>	<ul style="list-style-type: none"> <li>• 60% wage payments paid to furloughed workers in April-July 2020 (USD 57 per month)<sup>26</sup></li> <li>• Workers who resume work after April 26 to earn 65% wage for 25 days, full for 5 days after<sup>27</sup></li> <li>• Estimates that workers received 80% of their average wages in May 2020<sup>28</sup></li> </ul>
<b>Vietnam</b>	<ul style="list-style-type: none"> <li>• Furloughed workers receive VND 1.8 million (USD 77 per month)<sup>29</sup> as additional stimulus</li> <li>• Dismissed workers receive VND 1 million (USD 43 per month) for 3 months<sup>30</sup> as additional pandemic stimulus</li> </ul>
<b>Turkey</b>	<ul style="list-style-type: none"> <li>• USD 15.4 billion stimulus package<sup>31</sup></li> </ul>
<b>India</b>	<ul style="list-style-type: none"> <li>• Relief policies differed by state: workers in Bangalore received, on average, 50% of their regular wages or 3.16 billion INR (USD 42 m.) as additional stimulus; workers in NCR and Tirupur did not receive any of their wages<sup>32</sup></li> <li>• Cash transfers of Rs 500 (USD 6.5) for 3 months from April to June to 200 m. women with a Pradhan Mantri Jan Dhan Yojana (PMJDY) (financial inclusion) account as additional stimulus</li> </ul>

<sup>23</sup> (AI Sondos, 2019)

<sup>24</sup> (ILO, 2019)

<sup>25</sup> (Lu et al., 2020)

<sup>26</sup> (ILO, 2020d)

<sup>27</sup> (Barradas, Bienias, Begum, Foxvog, et al., 2020)

<sup>28</sup> (Barradas, Bienias, Begum, Foxvog, et al., 2020)

<sup>29</sup> (ILO, 2020d)

<sup>30</sup> (ILO, 2020d)

<sup>31</sup> (Kozok & Koc, 2020)

<sup>32</sup> (Collins et al., 2020)

<b>Cambodia</b>	<ul style="list-style-type: none"> <li>15,000 workers suspended from jobs in Feb 2020 were paid about 50% of their average wages during this time<sup>33</sup> Government promised 60% wage payments or USD 114 in March 2020</li> <li>Additional severance payments supposed to be: USD 70 per month (\$40 from gov't, \$30 from employers) or 37% of minimum wage payments<sup>34</sup></li> <li>Actual payments: workers received only 40% owed by employers, but nothing from gov't (75% of 34,000 workers received USD 76 instead of USD 114)<sup>35</sup></li> </ul>
<b>Indonesia</b>	<ul style="list-style-type: none"> <li>Social Security agency to pay wages for 3 months depending on province (i.e., West Java pays 55% of wages, or USD 68)<sup>36</sup></li> <li>10% or 260,000 workers furloughed in March, increasing to 50% or 1.3M workers in April and 80% or 2.1 m. workers in May &amp; June; &gt;40% of the furloughed workers received no wages, the remaining 60% received half their wages<sup>37</sup></li> <li>Gov't introduced Kartu Pra Kerja program as additional stimulus to provide 600,000 IDR per household for 3 months.<sup>38</sup> By June 2020, 361,000 laid off workers received 600,000 IDR (USD 39) each, or just 7% of minimum wage<sup>39</sup></li> </ul>
<b>Sri Lanka</b>	<ul style="list-style-type: none"> <li>Tripartite task force reached agreement: workers called back on rotational basis and paid 50% basic salary, up to LKR 14,500</li> <li>Employees' Provident Fund and Employees' Trust Fund contributions ensure minimum monthly salary of LKR 14,500, encourage employers keep workers on payroll</li> <li>Gov't committed a monthly relief payment of LKR 5,000 (USD 26) in additional stimulus, but many unable to return home to receive allowance before curfew<sup>40</sup></li> </ul>
<b>Poland</b>	<ul style="list-style-type: none"> <li>A "solidarity benefit" of PLN 1, 200 - 2,600 (min. wage)<sup>41</sup></li> <li>3 months of PLN 1,400 (EUR 316) per month from June to August 2020 as additional stimulus<sup>42</sup></li> </ul>
<b>Pakistan</b>	<ul style="list-style-type: none"> <li>National government issued "no lay-off" order and full salary payments during closure/lockdown</li> <li>Gov't ordered PKR 3,000 (USD 19) to dismissed workers as additional stimulus, falling short of minimum wage</li> <li>Gov't later expanded this to PKR 12,000 (USD 75) per month for 3 months<sup>43</sup></li> </ul>
<b>Portugal</b>	<ul style="list-style-type: none"> <li>Gov't allocated over EUR 600 m. per month for those temporarily furloughed<sup>44</sup></li> <li>Gov't spent EUR 18 m. on extending unemployment benefits as additional stimulus<sup>45</sup></li> <li>Either 1. lump sum maximum of EUR 635, or 2. EUR 1,270 per employee, paid in 6 monthly installments<sup>46</sup></li> <li>Recovery package: Aug-Sept, 100% of normal hours covered, plus 66.67% of normal wage for non-working hours; Oct-Dec, covered 80-88% normal wage<sup>47</sup></li> </ul>

<sup>33</sup> (Barradas, Bienias, Begum, Foxvog, et al., 2020)

<sup>34</sup> (Apparel Resources, 2020)

<sup>35</sup> (Barradas, Bienias, Begum, Foxvog, et al., 2020)

<sup>36</sup> (ILO, 2020d)

<sup>37</sup> (Barradas, Bienias, Begum, Foxvog, et al., 2020)

<sup>38</sup> (Gentilini et al., 2020)

<sup>39</sup> (ILO, 2020d)

<sup>40</sup> (Barradas, Bienias, Begum, Foxvog, et al., 2020)

<sup>41</sup> (Ciesielska-Klikowska, 2020)

<sup>42</sup> (Ciesielska-Klikowska, 2020)

<sup>43</sup> (ILO, 2020d)

<sup>44</sup> (ILO, 2020b)

<sup>45</sup> (ILO, 2020b)

<sup>46</sup> (KPMG, 2020)

<sup>47</sup> (Ferreira et al., 2020)

	<ul style="list-style-type: none"> <li>• Employers received subsidy to pay 70% of additional compensation payable to employee, has to cover the other 30%<sup>48</sup></li> </ul>
<b>Jordan</b>	<ul style="list-style-type: none"> <li>• Gov't instituted temporary cash transfer program for the unemployed as additional stimulus (JD 81 million)<sup>49</sup></li> <li>• Transfer payments of JD 70 (about USD 100) every two weeks as additional stimulus<sup>50</sup></li> <li>• Workers entitled to 14 days of paid sick leave</li> </ul>
<b>Mexico</b>	<ul style="list-style-type: none"> <li>• Ministry of Economy granted loans to small and medium enterprises to maintain employees on payroll<sup>51</sup></li> <li>• Gov't providing subsidized unemployment for 3 months to workers that hold a mortgage with the Housing Institute (MXN 5.9 b.)<sup>52</sup></li> </ul>
<b>Myanmar</b>	<ul style="list-style-type: none"> <li>• Wage support for garment workers on average USD 55 per month, or 65% minimum wage<sup>53</sup></li> <li>• EU wage fund of EUR 5 m. provides direct payments from MMK 35,000 (approx. USD 27) to MMK 125,000 (USD 98) per month for 3 months*<sup>54</sup></li> <li>• Myanmar gov't to cover 40% the salaries of &gt;58,000 laid off workers whose factories close until they pass health inspection<sup>55</sup></li> </ul>

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<sup>48</sup> (Ferreira et al., 2020)

<sup>49</sup> (ILO, 2020b)

<sup>50</sup> (ILO, 2020b)

<sup>51</sup> (ILO, 2020b)

<sup>52</sup> (ILO, 2020b)

<sup>53</sup> (ILO, 2020d)

<sup>54</sup> (ILO, 2020d)

<sup>55</sup> (Aung et al., 2020)

## Appendix 3: Worker Severance Campaign Cases

Year	Country	Factory	Brands	Amount Owed (USD)	Resolved?	Summary
2007	Guatemala	Estofel S.A.	Gear for Sports, Hanesbrands, PVH, Team Edition	\$535,000	Yes	Estofel agreed to provide workers with the full compensation due.
2005	El Salvador	Hermosa and Chi Fung	Adidas, Jansport, Majestic Athletic, Nike, Page & Tuttle, Russell Speedo, Team Edition, VF	\$825,000	No	FLA created an emergency fund in 2007 of \$36,000 for workers only representing 4% of what was owed.
2008	Indonesia	PT Hann Chang Indonesia	Adidas, Athletica, Life is Good, Lululemon, Prominent	Not available	No	Management offered to pay workers only 50% of the separation pay.
2008	El Salvador	Lido Industries	Russell	\$1 million	No	Workers received roughly 25% of the compensation due to them from factory liquidation.
2010	Honduras	Hugger & Vision Tex	Nike	\$2 million	Yes	Nike paid \$1.54 million, which made workers whole after factory liquidation.
2010	Indonesia	Kwangduk Langgeng	Fruit of the Loom, Inditex, J.C. Penney, Nike, S. Oliver	Not available	Yes	Workers received 125% of the severance benefits normally payable when an employer is bankrupt.
2011	Indonesia	PT Kizone	Nike, Adidas	\$3.4 million	Yes	Nike and Adidas paid the full amount owed in 2013 (2 years after).
2011	Cambodia	June Textile Company	Carter's, Gap, H&M, OshKosh, Russell, Under Armour, Vantage Custom Classics	\$2.6 million	Yes	June Textile committed to pay all legally mandated severance benefits of \$2.6 million.
2011	El Salvador	Confecciones Gama	Fruit of the Loom, Wal-Mart	\$715,000	Yes	Factory owner paid \$504,000 (70% of what was owed). Fruit of the Loom paid remaining severance.
2012	Cambodia	Kingsland	H&M, Wal-Mart		Yes	H&M and Wal-Mart paid \$205,000 in March 2013
2012	Honduras	Hawkins Apparel	Disney, Jerry Leigh, VF Corp.	\$300,000	Yes	Liquidation of factory assets gave workers \$43,000. Jerry Leigh

						contributed remaining \$277,852.
2014	El Salvador	Manufacturas del Rio & Central Cutting Center	Fruit of the Loom, Hampshire, Hanesbrands, Lacoste, Levi Strauss	\$1.8 million	Yes	Supplier, Argus Group, paid \$650,000. Hanes and FOL primarily provided remaining \$1.1 million.
2015	Indonesia	Jaba Garmindo	Fast Retailing (Uniqlo), Jack Wolfskin, H&M	\$10.8 million	No	Uniqlo has not paid.
2016	Honduras	Rio Garment	Tailgate, Gap, Gildan	\$1.3 million	Yes	Buyers paid \$1 million which in combination with liquidated assets made workers whole.
2016	Haiti	Multiwear	Fruit of the Loom, Gear For Sports, Hanesbrands, Knights Apparel, Russell		Yes	The supplier agreed to pay the workers severance above the amount required by law.
2016	Bangladesh	Han Embroidery Ltd.	Zephyr	\$72,157	Yes	Zephyr succeeded in persuading Han Apparel to pay full workers' severance.
2018	Indonesia	PT Kahಿಂದah Citragarment	Nike, Under Armour, Gap, Fanatics	\$9 million	Yes	South Korean owner, Hojeon LLC, paid workers \$4.5 million in two tranches in August and November 2019
2019	El Salvador	LD El Salvador	Levi Strauss, PVH, Ralph Lauren, Wal-Mart	\$2.4 million	Partial	Global Brands Group (intermediary agent) provided \$600,000 (26% owed) to workers
2019	Indonesia	PT Kukdong International	Nike, Fanatics	\$9 million	Yes	Factory promptly paid the full severance.
2020	El Salvador	Industrias Florenzi	Barco Uniforms, Disney	>\$1 million	Yes	Barco Uniforms contributed more than \$1 million in December 2021.

Source: Worker Rights Consortium

#### **Appendix 4: Pay Your Workers/Respect Labor Rights Severance Guarantee Fund (abridged)**

1. The Severance Fund is intended to fund severance payments to workers in apparel supply chains until apparel exporting countries enact national social security schemes. It is also intended to cover severance payments retroactively since the beginning of COVID.

2. Funding: Each brand will pay 1.5% of its annual FOB in each country into the Central severance Guarantee Fund. In addition an initial startup contribution of another 1.5% will be paid by the brands (whenever they sign on to the agreement) to cover retrospective payments since the beginning of the pandemic and jumpstart the fund. Funding from the IFC or other international finance institutions will also be sought to front-load the brand premium contributions.

The brand contributions will be proportionately reduced in the case of supplier factories contributing (through a percentage of their wage bill) to the fund or if the producing country has credible and effective social protection programs covering unemployment and/or severance benefits. Evaluation of such progress to be decided on by ILO and other experts but ultimate decision by Governing Body (See governance).

3. Benefit: Three months of regular wages, even for workers who have been employed less than one year.

4. Beneficiaries: All workers in the supply chain of signatory brands including those in Tier 2 factories such as fabric mills, and workers in factories to which work is subcontracted. All workers in a particular factory will be eligible, even if that factory has only a small percentage of their production for a signatory brand.

5. Governance: A Steering Committee at the global level will consist of brands/retailers, suppliers, worker representatives, and civil society organizations. Global NGO representatives will act as witness signatories in a non-voting capacity. The proposal leaves open the possibility to invite the ILO to act as independent chair, and an ILO-empowered expert committee can assess national social protection projects to determine progress. National Committees will be tripartite plus – including CSOs – and will take up claims and have access to the severance fund.

Similar to the Bangladesh Accord, the Steering Committee will establish a dispute resolution mechanism where union signatories can ultimately take signatory brands to court if they violate the agreement.

(See background and details of the proposal at <https://www.payyourworkers.org/>)

# ILR **New Conversations Project**

Housed in the Cornell University School of Industrial and Labor Relations, the New Conversations Project is dedicated to **independent research and action on a new generation of strategies that the evidence says can produce better outcomes for large numbers of workers.** To get there, NCP pulls together the fragmented constituencies—global buyers, suppliers, unions, civil society, regulators, investors—needed to make it real.

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