

Dear Chief Executive Officer and Board of Directors,

We acknowledge that apparel companies face painful, unprecedented challenges in their operations, including employee layoffs and cuts to their bottom line. The COVID-19 pandemic is having an adverse impact on millions of workers in supply chains around the world. More than [314 long-term institutional investors representing \\$9 trillion USD](#) in assets under management have committed to protecting workers and requested their investee companies to show leadership, by, among other things, maintaining supplier relationships, including prompt payments to suppliers for goods and services rendered in accordance with their binding contractual terms.

Due to the repercussions of COVID-19,¹ many of the 40 million workers in global apparel supply chains face loss of work with little or no compensation, even for work already undertaken. A [recent survey of Bangladesh apparel suppliers by Penn State University's Center for Global Workers' Rights](#) found that more than half had the bulk of their already completed production canceled. More than 1 million garment workers in Bangladesh have already been fired or furloughed as a result of order cancellations and the failure of buyers to pay for these cancellations. The situation in Bangladesh is replicated in other countries like Cambodia, Vietnam and India, where apparel production is a major source of export revenue. Due to poverty wages, these workers typically have no savings they can fall back on.

Migrant workers face particular hardship. [The International Organization of Migration \(UN Migration\)](#) has underscored the vulnerability of migrant workers, who in normal times, begin employment in "isolation, indecent accommodation, lack of understanding the local language and culture as well as the potential of debt-bondage ... Now add the pandemic." They are often the first to lose their job, lack access to healthcare and live in cramped shared spaces with poor living conditions.

At a minimum, we encourage the Company to take the following action and to publicly disclose the actions you have taken:

- Promptly pay suppliers for existing orders without renegotiating previously agreed pricing;
- Not punish suppliers with price reductions, for delays due to COVID-19 related supply chain shortages (e.g., delayed raw material deliveries from China);
- Press suppliers to take active steps to ensure that suspended/terminated workers receive all legally mandated pay and severance;
- Urge suppliers to actively engage workers and trade unions in any restructuring of work in response to COVID-19;
- Where suppliers continue production, take steps to ensure that:
 - worker health and safety are prioritized (e.g., provide hygienic working and living conditions, including measures for social distancing and protective gear, provide paid sick leave and strengthen communication on COVID-19 guidance in migrant workers' languages);
 - overtime is on a voluntary basis and compensated at a premium rate;
- Refrain from using alternative sourcing or production in, from or connected to the Xinjiang Uyghur Autonomous Region (XUAR) due to China's early recovery from COVID-19, as the XUAR continues to be tainted with human rights violations including forced labor affecting the apparel sector.

¹ See [Worker Rights Consortium](#), [Clean Clothes Campaign](#), [Fair Wear Foundation](#), [IOM](#), [ILO](#), [Business & Human Rights Resource Centre](#).

In this crisis, it is essential for companies to implement their ‘responsibility to respect human rights’, based on the UN Guiding Principles, and to ‘know’ their impacts and to ‘show’ how they are addressing them through partnering with their suppliers. Global companies have significantly more capital and leverage than suppliers, let alone workers. Plus, companies need suppliers to survive in order to be ready to start-up the economy post COVID-19. Many governments in producing countries are unable to finance the same level of support made available to apparel companies and workers in wealthier countries. As apparel companies profit from globalized supply chains, we encourage the Company to share the costs and burdens of this crisis.

Beyond your minimum responsibilities listed above, the Company should also use its influence and leverage to:

- Support suppliers to enable them to ensure all workers, including migrant workers, are covered by social protection measures, such as paid leave to workers where production is suspended, paid sick leave, decent accommodation and healthcare;
- Press companies to sign the [COVID-19: Global Action To Support the Garment Industry](#), to create a fund with governments and financial institutions to support suppliers to survive the economic disruption, and protect garment workers’ income, health and employment, initiated by the International Trade Union Confederation, the International Organisation of Employers, IndustriALL Global Union and others including 13 Global brands and retailers; and
- Press governments, along with industry organizations and multi-stakeholder initiatives in manufacturing countries to support local companies and workers.

Ensuring that the rights of workers in vulnerable conditions are respected, and crucially, adopting responsible purchasing practices, are key to addressing forced labor and ensuring decent work.² This crisis demonstrates that the lack of responsible purchasing practices—such as planning and forecasting, prompt payment, and equitable pricing that includes payment of decent work³— are critical to doing business and protecting the human rights of workers in global supply chains, not only in the short term, but also in the medium to long term. We urge companies to ensure high labor and human rights standards, including the promotion of a living wage, to minimize adverse impacts of future crises on workers and other stakeholders around the globe.⁴

We welcome a dialogue with you to learn what steps you are taking to respect labor rights in your supply chains during and following the COVID-19 crisis. We urge the Company to immediately report publicly on its responses to COVID-19 so that your stakeholders, and investors, have access to this crucial information. Thank you.

Sincerely,

² See [Methodology](#) of the KnowTheChain Benchmarks.

³ See [Better Buying](#), “Improving Purchasing Practices in Global Supply Chain

⁴ See The [Platform Living Wage Financials \(PLWF\)](#)