

#### Clean Clothes Campaign



### **#PayYourWorkers**



## THS GUIDE IS DESIGNED TO HELP YOU USE THE SHORT FILM HOW TO STEAL YOUR WORKERS' FUTURE TO SPARK **DISCUSSION AND TO PUSH** FOR LASTING CHANGE IN THE GLOBAL GARMENT INDUSTRY. WE ARE ALL CONNECTED TO THE INDUSTRY THROUGH THE CLOTHES THAT WE WEAR.

Together, let's work to end impunity for brands, bring an age of accountability and transform the industry into one that puts people over profit. **Your voice can help make a difference.** 

Buyer & Retailer

STOP



## HOW TO STEALYOUR WORKERS' FUTURE IS **A POWERFUL SHORT** DOCUMENTARY **SHOWING THE** DEVASTATING LONG-TERM IMPACT **THAT NOT RECEIVING** SEVERANCE PAY\* **CAN HAVE ON GARMENT WORKERS.**

noun

#### The film presents the contrasting stories of two garment workers in Indonesia.

Siti worked at the Kahoindah factory, lost her job when the factory closed in 2018 and, following international pressure on the brands and factory owner, received the full severance pay owed to her.

Murni and her husband both worked at the Jaba Garmindo factory. Uniqlo, the major buyer, pulled out of the factory and Jaba Garmindo's bankruptcy followed in 2015. Murni has been campaigning for the US \$5.5 million in severance pay that is legally-owed to her and 2,000 other Jaba Garmindo workers ever since.



#### Severance pay

Compensation paid by an organisation to employees who leave because, through no fault of their own, the job to which they were appointed ceases to exist, and no comparable job is available to them.











The stories of Siti and Murni are examples of an urgent, industry-wide problem that has grown exponentially since the start of the pandemic when brands responded by cancelling orders and demanding huge discounts for those already produced, essentially passing all risk to garment workers.

It's estimated that severance theft from garment workers exceeds half a billion dollars in the first year of of the COVID-19 pandemic alone, a figure that is only expected to rise.<sup>1</sup>





**"Severance is money** owed to us, we worked for it, we earned it, but no one will pay us. Without it, I worry I won't be able to pay for my children's education. Getting the severance pay we're owed would change everything, it would give us back our lives and give my children their futures."



#### WHAT IS SEVERANCE THEFT ?

Garment workers, 80% of whom are women, typically work long hours, six or seven days per week, often in unsafe conditions and for this they earn poverty pay that barely meets their essential needs, let alone providing anything extra to put aside in savings.

Severance pay is the **essential safety net** catching workers in countries where there are few or no social security measures in place to support those who are unemployed. It's a vital **financial buffer** that enables workers, should they lose their jobs, to pay their bills and keep their kids in school while looking for a new job.

Severance pay is a lump-sum of money linked to length of service, for example, two weeks of wages for every year worked in a specific factory. It is an internationally recognised<sup>3</sup> right and mandated in national labour laws, meaning that employers have an obligation to pay severance if workers are dismissed without cause. Although **severance pay is a right**, many workers don't receive it and the impact of severance theft can be devastating, leaving women facing impossible choices between paying rent and buying food, or being forced to pull their children from school due to mandatory fees they cannot afford. Finding new work may not be easy if, for example, the factory was the main employer in an area and, following closure or bankruptcy, thousands suddenly find themselves out of work at the same time. Garment workers may face age discrimination when it comes to finding new jobs, or the potential of being blacklisted from other factories and labelled as a 'troublemaker' if they demand their right to severance pay.

'Historically, severance hasn't received the same amount of attention as other types of compensation, but it should. Often workers who lose their jobs are at their most vulnerable. When they aren't paid what they are owed, many are forced into taking desperate or dangerous measures to survive."

**Professor Genevieve LeBaron**, University of Sheffield, UK



#### WHAT ARE BRANDS' RESPONSIBILITIES **IN TERMS OF SEVERANCE PAY?**

Garment workers are usually not directly employed by the brands and retailers whose clothes they make. Therefore it's easy for brands to escape direct accountability for workers and to deny responsibility when human rights violations are uncovered in their supply chains, even though international standards say differently.



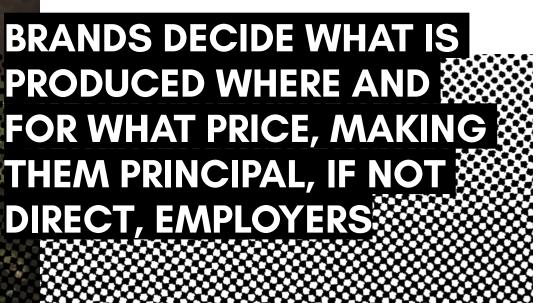
Under United Nations guidelines<sup>4</sup> brands and retailers have a responsibility to protect the human rights of all workers in their supply chains. In practice, however, when human rights violations are uncovered, brands often walk away from their failures to uphold their own labour standards.

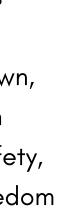
#### The fact that **brands readily shift all blame** for violations onto local factory owners

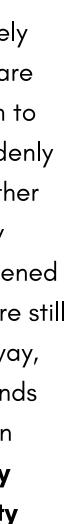
does not reflect the true power structure of the industry. Brands decide what is produced where and for what price, making them principal, if not direct, employers. Although brands may deflect responsibility for severance pay by pointing fingers at factory employers and governments, the truth is that **severance theft is often** created or made worse by brands' business models.

In some cases, factory owners simply do not have the money to pay their workers **severance** as a direct result of brands' purchasing practices which push prices down, keep wages low, pit factories against each other and mean that corners are cut on safety, and human rights - such as the right to freedom of assembly - are violated. Their power is especially visible in cases of severance.

Brands push down prices to increase their profits, meaning factory owners are less likely to save money for severance, and workers are paid poverty wages which don't allow them to build up savings. If a brand decides to suddenly leave a factory because, for example, another factory is cheaper, this can result in factory bankruptcy. Even in cases like this, as happened in Jaba Garmindo, brands such as Uniqlo are still able to deny any responsibility and walk away, watching their profits grow, leaving thousands of desperate workers struggling to survive in their wake. Put simply, the current industry model allows brands to act with impunity and to prioritise profits above all else. It is the garment workers who shoulder the real risks and pay the true price.







Research has not identified any major brand that includes additional margins for severance pay in the amount it pays its supply factories or stimulates suppliers to save money for severance pay, even though all brands promise in their codes of conduct that they will ensure workers are paid all their legallymandated wages and benefits.

This is often still what reality looks like, but things are changing. International standards, adopted ten years ago, very clearly indicate brands' accountability for what happens to workers in their supply chains. Customers are increasingly holding brands to account on how they treat their workers. As the primary profit makers in the value chain, brands and retailers have the moral obligation to intervene, and they have the money and power to do so.

Worker struggles and international campaigns have in the past compelled brands to take responsibility for the severance theft in their supply chains, and made them pay up millions of dollars to make workers whole.<sup>5</sup> Whether workers receive severance however should not depend on their ability to put up a fight or international campaigns taking up their **cause.** It is time for a structural solution in which brands take responsibility.

THEIR SUPPLY CHAINS

#### WORKER STRUGGLES AND **INTERNATIONAL CAMPAIGNS** HAVE IN THE PAST COMPELLED **BRANDS TO TAKE RESPONSIBILITY** FOR THE SEVERANCE THEFT IN

Workers from the Kanlayanee factory, Thailand, receive full severance owed from NBC Universal, Disney, Starbucks and Tesco, 2021.

Sance Man Sais 15

OREGON STATE



#### **THE CATASTROPHIC IMPACTS OF** COVID-19

Severance theft has been a long-standing problem in the garment industry but the scope has drastically increased since the COVID-19 pandemic.

Millions of workers lost their jobs, often without any severance payment; many more millions suffered devastating income loss as factories suspended production or cut hours; and in many countries anti-union factory closings and mass dismissals have further exacerbated an already serious labour rights deficit.

As a direct result of falling incomes and job losses, workers and their families have been forced to go hungry, skipping meals to feed their children. Workers are increasingly having to borrow money and accumulate debt in order to buy food.

Even workers who are still employed have had to take on debt to cope with falling incomes. As if these impacts aren't bad enough, things could get even worse.

#### THERE IS A WELL-DOCUMENTED<sup>®</sup> RISK THAT DEBTS CAN LEAD TO SEVERE LABOUR EXPLOITATION, INCLUDING FORCED LABOUR FOR VULNERABLE LOW-WAGE WORKERS

We only eat plain rice, it's all we can afford and even that is bought on borrowed money. don't know what will happen if things continue like this."

Former Jaba garmindo worker, April 2020.



Since Covid-19 the situation has become so bad, so many people have lost all income. Receiving the money owed to us would change everything."

#### THERE IS A CRISIS IN THE INDUSTRY

In many production countries, such as Indonesia, there are very few social security benefits available. Severance pay should provide workers a safety net but millions are left with nothing.

COVID-19 has had dire consequences on the former Jaba Garmindo workers. Since 2015 when the factory went bankrupt, many have only been able to find work in the very low-paid informal sector, for example washing clothes for neighbours, childcare, street vending or cleaning clams for fishermen, being forced to borrow from loan sharks to survive. When COVID-19 restrictions hit, these jobs disappeared, leaving the workers with no way to access money. As informal workers, they didn't qualify for state support or COVID-19 related financial relief. For the 2,000 former Jaba Garmindo workers, their only hope is to be paid the **\$5.5 million in** severance pay they are still owed by law.



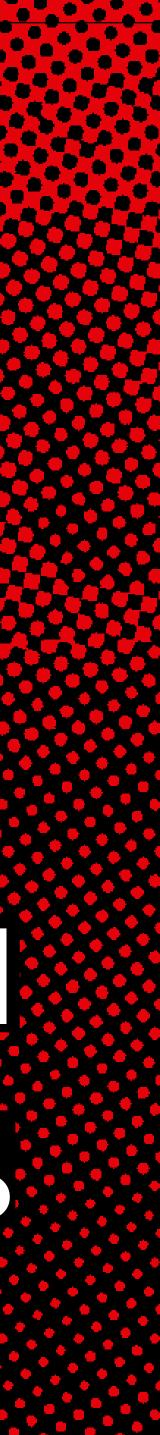


## UNIQLO REPORTED A 25% INCREASE IN OPERATING PROFIT.

OTHER COMPANIES WITH CONSIDERABLE EARNINGS INCLUDE: NIKE, NEXT, AND WALMART.

## **INDITEX** MADE **\$1.5 BILLON** IN NET PROFIT IN THE 12 MONTHS ENDING JANUARY 2021.

## IN 2020, AMAZON REPORTED AN INCREASE IN NET PROFIT OF 84%



#### WHERE DO WE GO FROM HERE?

Every significant apparel brand and retailer has a self-generated labour rights code of conduct. These codes commit the brand to ensure that supplier factories pay all legally mandated wages and benefits.

In spite of this, there is a long-standing failure of apparel brands and retailers to ensure that the workers in their supply chains are paid what they are legally owed when they lose their jobs. **How to Steal Your Workers' Future** captures the catastrophic consequences severance theft has on workers.

The pandemic has only exacerbated this longstanding issue, casting a spotlight on the structural weaknesses and injustices of the global apparel industry.







#### WE MUST CHANGE THE SYSTEM

Although a growing number of severance theft cases have been won through worker action, international solidarity and global campaigns, no workable cure for the supply chain-wide malady of severance theft can depend on a caseby-case resolution of violations. A sustainable solution cannot depend on the decision of any particular brand to accede to pressure mounted by unions and international advocacy groups<sup>7</sup>.

We urgently need to **change the structure of responsibility** in the industry so that the workers who make the products, the manufacturer that manages production, and the brands that derive the greatest profit are each able to survive and prosper together.

#### WE CAN CHANGE THE SYSTEM

Change is possible with the negotiation and implementation of a **legally-binding and enforceable agreement** that can assure wages, establish a **Severance Guarantee Fund**, and ensure respect for basic labour rights for textile, garment, shoe and leather workers.

It might sound complicated but it's really not. One of the main structural failures in the industry is there are no effective mechanisms for enforcing labour standards. Voluntary initiatives simply do not work; which is to be expected, really.

There is a reason why the world is governed by laws and not our own personal voluntary codes of conduct that we carry around in our pockets. When it comes to money and profits, companies will only do and spend what is absolutely necessary and legally required of them. In other words, companies are driven to minimise costs in order to maximise profits. This is why **brands and retailers must sign legally-binding agreements with worker organisations**. Brands can then be legally compelled to provide financial support to their suppliers to help meet labour standards, and to stop doing business with suppliers who violate those standards.

There are a growing number of examples of these legally-binding agreements like the Accord on Fire and Building Safety in Bangladesh, which prove they work. However, companies are not very keen to move away from a voluntary system of labour rights enforcement, which looks good on paper but means nothing in reality. No surprise here: companies have only been willing to sign legally-binding agreements when there has been significant political pressure to do so.

This is why it's critical for each of us to get involved and support worker campaigns that are demanding this essential change. Watching and sharing this film is a crucial first step.



ignis •rs.

#### **HOSTYOUR SCREENING**

Some tips to help you make the most of your screening and to guide a productive discussion.

#### **BEFORE THE EVENT:**

- Define your target audience: Who are you inviting, which groups could benefit from the film, and how can the audience contribute to the conversation and campaign?
- Choose the most appropriate and accessible place for your audience to watch the film e.g. a community centre, a school, an office space, someone's house, or online.
- Set a date and time for the screening and ensure you have time to publicise the event.
- Ensure that you have **access to the film** and it is able to be played on the device used.
- Consider whether you will invite a speaker?

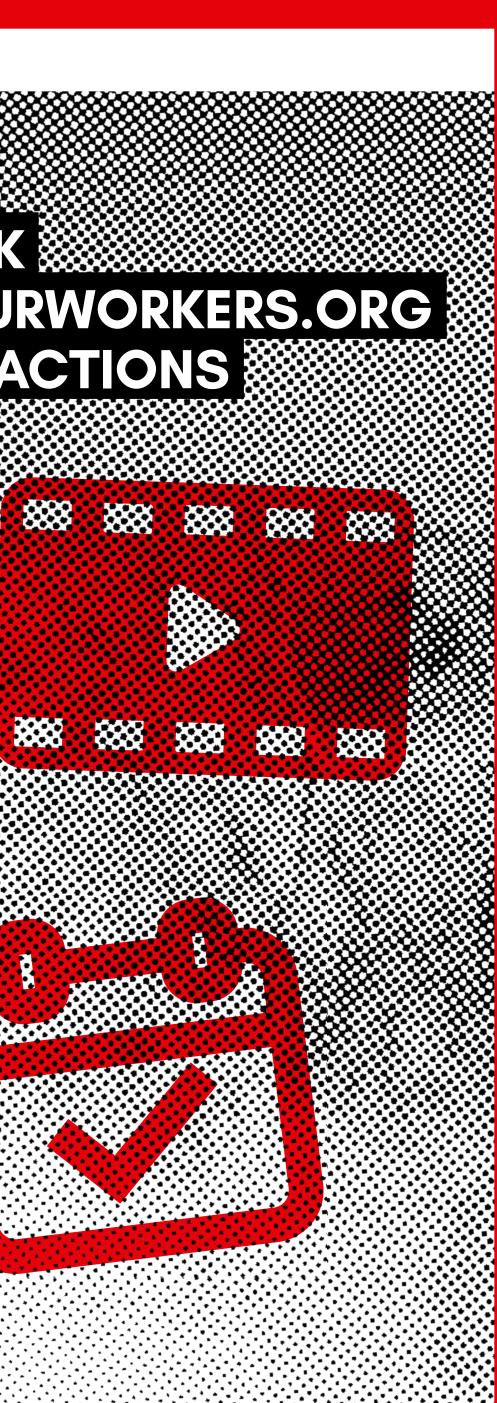
- Develop a schedule for the event eg. introduction talk, film screening, Q&A and discussion and ways to take action.
- Think about how you will **advertise the** screening and invite your audience. Make use of social media platforms, WhatsApp groups, local press, and create posters/ flyers. Follow-up by sending out a reminder or updating an event page close to the date.
- If advertising online **use hashtags to** amplify the event eg. #PayYourWorkers and #PayUpUniqlo. Tag groups/organisations you think might be interested in your posts.

#### PLEASE CHECK WWW.PAYYOURWORKERS.ORG FOR FURTHER ACTIONS

#### **DURING THE EVENT:**

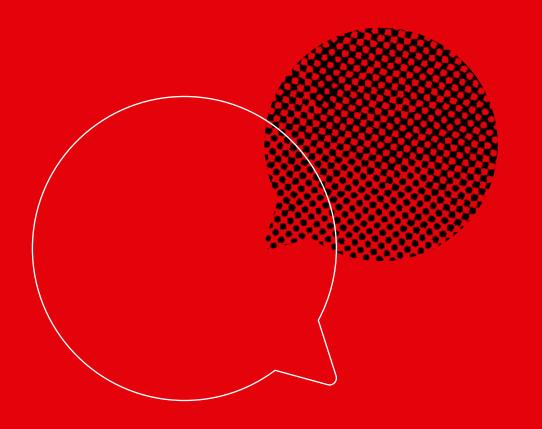
Offer a way for the audience to share their thoughts on the film and the event e.g. provide post-it notes for the audience to write messages on and display them on a board. Share photos online after as a way to keep the discussion going.

Make it interactive and encourage the audience to take action. Ideas include: tweeting at Uniqlo, using #PayUpUniqlo and #PayYourWorkers; bring a laptop to enable petition signing; or ask audience members to write messages of solidarity to the workers of Jaba Garmindo/calling for an enforceable wage agreement, take photos of these and post them online.



#### DISCUSSION PROMPTS

Think about your audience when you are developing the pre-screening and post-screening questions and modify as needed to take into account the different backgrounds and knowledge of those in the room.



#### **PRE-SCREENING QUESTIONS** TO SET THE TONE

- What do you think the biggest issues affecting workers in the global garment industry are?
- What do you think of when you picture work in a garment factory?
- What impact do you think COVID-19 has had on garment workers?
- What qualities of your job are most important to you?

#### POST-SCREENING QUESTIONS TO SPARK DISCUSSION

- Did anything surprise you in the documentary?
- Did the film change your perspective towards the fashion industry in any way?
- If you were faced with the same situation as Murni, what would you do?
- What did you learn from this film that you wish everyone knew?

#### **EXPLORE THEMES** THAT ARE ISSUES

- What are your thoughts on the response from Uniqlo throughout this case? What do you think they should have done/be doing?
- How responsible do you feel brands are for ensuring workers are paid what they are owed?
- Why do you think brands such as Uniqlo are able to get away with this for years, without accountability?
- Do voluntary initiatives work for policing an industry? Why do you think there's an expectation that companies will adhere to voluntary initiatives whereas individuals face legal obligations when it comes to things such as paying taxes?
- What do you think our role as consumers is in terms of supporting workers?
- What do you think we can do to challenge brands who are complicit in severance theft?

#### TIPS

- Make sure you've read through all the materials and are familiar with them in preparation for the event.
- Identify the facilitator.
- Work to make space for everyone's opinions, welcome those who are quieter and ensure no one voice dominates the discussion.

## TAKE ACTION THERE ARE MANY WAYS TO TAKE ACTION AND HELP TO CHANGE THE INDUSTRY

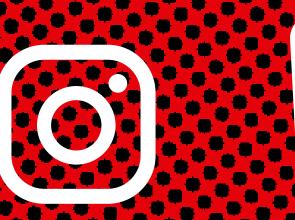
Please check **www.payyourworkers.org/action** for up-to-date ideas.

Further ideas for how you can make an impact can be found <u>here</u>.

Don't forget to share your actions with us on social platforms or via **info@cleanclothes.org** 

#### Sharing HOW TO STEAL YOUR WORKERS' FUTURE is a great way to raise awareness of the issue of severance theft, and below are some sample social media messages and please remember to include us in your conversations ecleanclothes.

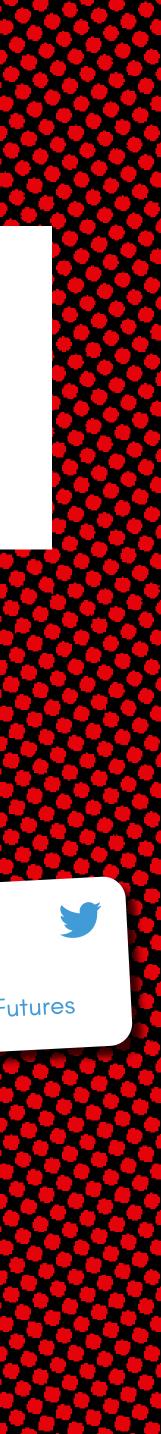
#StolenFutures is a powerful film showing the impact severance theft has on garment workers lives #PayUpUniqlo #PayYourWorkersUniqlo



This is how big brands such as @UNIQLO\_JP Steal their workers' (and their families') future. #PayUpUniqlo #PayYourWorkersUniqlo #StolenFutures

What is severance pay and why should you care if the women who make your clothes don't receive it? Watch #StolenFutures to find out





## FACTSHEET: THE CASE OF JABA GARMINDO AND UNIQLO

#### WHAT HAPPENED?

#### In 2012, Uniqlo became a major buyer at Jaba Garmindo, resulting in higher targets and increased pressure on workers.

By 2014, Uniqlo was a substantial buyer, and the factory had let go of several other longterm European buyers to keep up with Uniqlo's demands. In November 2014, Uniqlo withdrew comprehensively from the factory, citing 'quality issues.' Their withdrawal triggered the descent into bankruptcy and in April 2015, Jaba Garmindo shut down, giving workers no warning that their jobs were at risk.

Many had worked for the company for decades but, due to poverty wages, had little or no savings to fall back on. Indonesia doesn't offer workers state-paid unemployment benefits, therefore severance pay, a legal requirement, should have been their safety net. However, the factory couldn't pay due to bankruptcy and both Uniqlo and s.Oliver refused, denying any responsibility towards the workers. In 2016, the brand Jack Wolfskin, who had 2% of production in the factory, paid less than a 2% share of the money owed. This equated to less than US \$20 per worker.











#### Jaba Garmindo

Uniqlo

Brand worth

Number of factories in Indonesia	
Workforce of 4000 people, majority women	<b>∔ ∔ ∔ ∔ ∔ ∔</b>
Supplied global brands including:	UNI QLO S.Oliver Jack Wolfs

**\$9.2 billion** (*May 2021*).

Brand aim	To become the largest retailer in the world.
Parent company	Fast Retailing
CEO of Fast Retailing	Tadashi Yanai

In 2015, the year Jaba Garmindo went bankrupt, Uniqlo International made record profits, with revenue up by over 45% and operating profit up by over 31%.



## FACTSHEET: THE CASE OF JABA GARMINDO AND UNIQLO

Many are desperate, surviving on borrowed money for rent and food, and have had to pull their children from school, unable to afford the fees (fees are mandatory for children aged 12 and above).

Women have struggled to find new work due to **age discrimination** and others have been blacklisted from nearby factories, seen as **troublemakers for campaigning for the money they are owed**. For many, informal work has been the only option, earning a couple of dollars a day cleaning clams for fishermen, selling street food, sorting through trash for recyclable items, or offering childcare or laundry services.

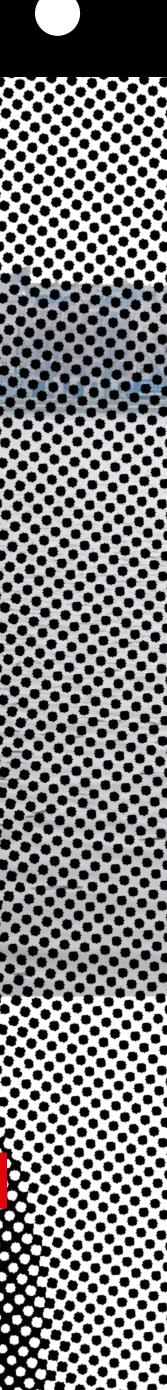
As a brand, Uniqlo is keen to be seen to do good, rather than actually doing good. In 2019, Fast Retailing signed a global partnership with UN Women, the first formal alliance between a clothing company based in Asia and UN Women. The partnership cost Fast Retailing US \$1.6 million, and aimed to "create an enabling environment for all women in our business," yet has done nothing to enable the women of Jaba Garmindo.

The former Jaba Garmindo workers have won court orders in Indonesia that support their claim to the money, however the courts have no power to make international clothing brands like Uniqlo pay up. The workers have exhausted every avenue available to them for justice, yet they are still owed \$5.5 million, a life-changing amount.

There are currently **no binding systems by which to hold brands to account in cases of severance theft.** Until there's enough pressure for change, brands such as Uniqlo and s.Oliver will continue to walk away from rights violations in their supply chains, and workers will continue to pay the ultimate price.

#### I made UNIQLO clothes and I wasn't paid

WORKERS CONTINUE TO FIGHT FOR THE US \$5.5 MILLION THAT IS LEGALLY THEIRS



## FACTSHEET: KAHOINDAH BEKASI

#### WHAT HAPPENED?

Nike had been a major buyer of collegiate apparel from Hojeon Ltd., the Korean owner of the Kahoindah factory, since 2009 until the Kahoindah factory closed in 2018.

In order to be able to sell to universities across the United States, Nike agreed to ensure workers receive all legally owed compensation - including severance pay - at all factories producing Nike collegiate apparel.

In Autumn 2018, Hojeon decided to close the Kahoindah factory and move to another area in Indonesia. The company referenced the impending withdrawal of orders from Nike, a longtime buyer from the plant, as the primary cause of the closure. Under Indonesian law, when a factory relocate it must pay workers twice the normal severanc unless the factory allows them to continue the employment in the new location and workers refuse.

In the case of PT Kahoindah Bekasi, management pretended to make such an offer of continued employment to Siti and her colleagues, and then started to intimidate the – demanding instead that workers resign.

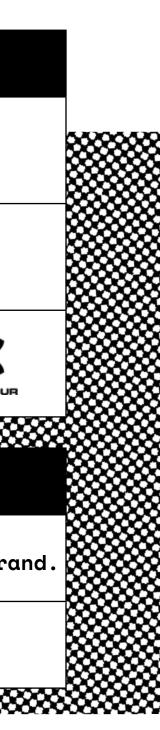
An investigation found that the employees at the Kahoindah factory 'resigned' only after factory management carried out a campaign of coercion and deception designed to intimidate, pressure, and trick them into doing so. This campaign of fear succeeded: 97% of the workforce resigned, giving up their jobs and half of their severance entitlement. Out of 2,000 workers, only 67 were initially able to continue their employment (thanks to aggressive advocacy by their union).



#### Jaba Garmindo

	Number of factories in Indonesia	1 (Hojeon owns several factories in Indonesia)	
nce,	Workforce	2000 workers	
neir S	Supplied global brands including:	adidas ATHLETA	
	Nike		
er Nem	Brand worth	US\$35 million. Nike is the world's most valuable apparel br	
	CEO	John Donahoe, who has a net worth of \$135 million	
+	L		





## FACTSHEET: KAHOINDAH BEKASI

At the new factory, even these workers were pushed out: management isolated the 67 workers from other employees and continually pressured them to resign. Most did. As a result, although the factory claims it offered workers the opportunity to keep their jobs, not a single worker has been able to do so.

The only former Kahoindah workers now at Hojeon's operation in Cakung are temps – with no job security, no severance benefits, and no expectation of continued employment.

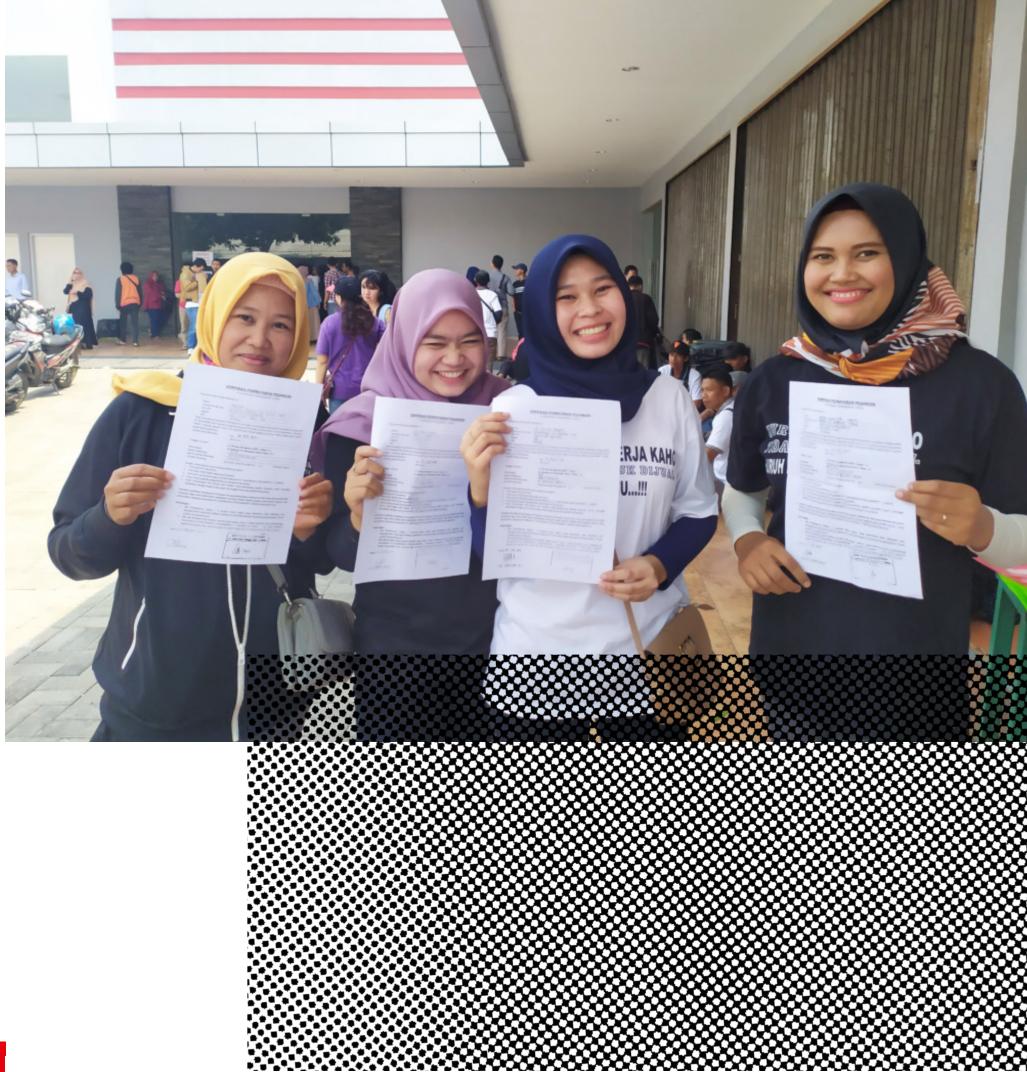
It is estimated that the average financial loss for Siti and the others, as a result of being compelled or misled to resign, was US\$1,500 to \$2,000 (21,239,700 to 28,319,600 IDR).

In many cases of unpaid or underpaid severance, the factory owner has disappeared and no longer has resources to make the workers whole. In this case, Hojeon was still an ongoing concern and Nike was obligated, under the terms of its agreements with its university licensors, to use the means at its disposal to press Hojeon to pay the workers.

At the start, Nike refused to use its full leverage potential. It took public reporting by the Worker Rights Consortium and a public campaign by a global coalition, including United Students Against Sweatshops and the Clean Clothes Campaign, that lasted months to push Nike to finally act. In August 2019, Siti and her colleagues were finally paid the US\$4.5 million they were owed, the equivalent of seven months work, a life-changing amount. It is the largest amount ever won by garment workers in a single case of illegally denied severance.

IN AUGUST 2019, **WORKERS FINALLY WON THE OWED TO THEM, THE LARGEST AMOUNT** WON BY GARMENT WORKERS IN A SINGLE CASE OF ILLEGALLY DENIED SEVERANCE.





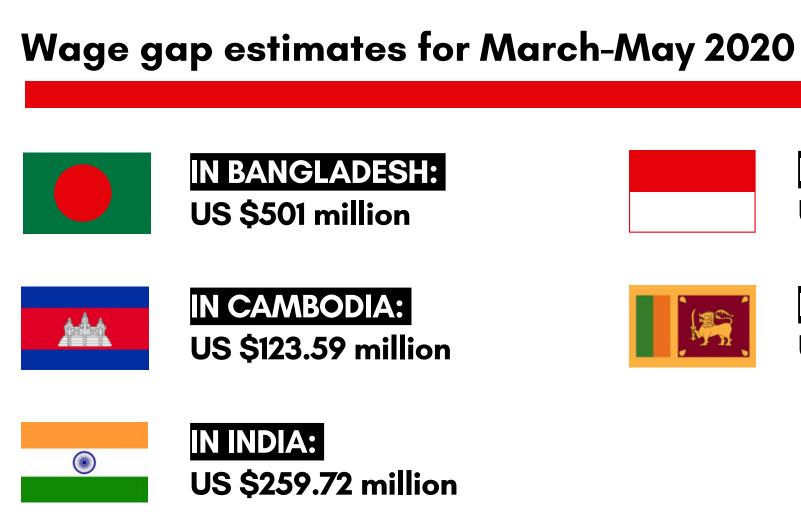
# **5** MILLION

## FACTSHEET: #PAYYOURWORKERS #RESPECTLABOURRIGHTS

When COVID-19 hit in 2020, many garment brands cancelled orders or refused to pay in full. Factory owners were therefore unable to pay workers their full wages during lockdowns and sick leave and millions of garment workers were paid less than their already poverty-level wages. Many who lost their jobs were left without the money owed to them, including bonuses and severance pay that they were legally entitled to.

#### CLEAN CLOTHES CAMPAIGN ESTIMATES THAT:

For the first three months of the pandemic alone, garment workers are owed between US\$3.19 and \$5.78 billion<sup>8</sup> in wages (also known as the wage gap). We estimate that garment workers worldwide are owed a massive \$11.85 billion<sup>9</sup> for the period March 2020-March 2021.

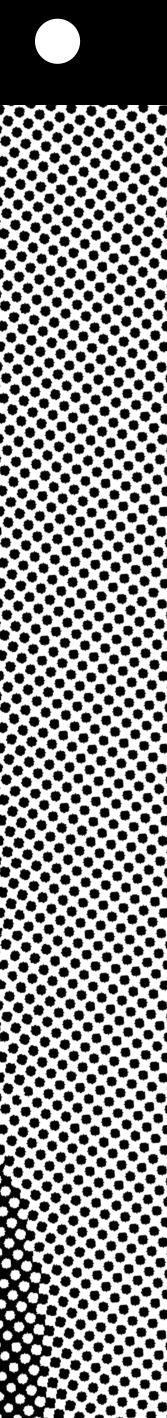




IN INDONESIA: US \$405.36 million



IN SRI LANKA: US \$24.05 million



## FACTSHEET: #PAYYOURWORKERS #RESPECTLABOURRIGHTS

In terms of severance theft, Worker Rights Consortium estimates that total **severance theft across the supply chains of global brands and retailers is between \$500 to \$850 million** for the first year of the pandemic alone<sup>10</sup>.

The behaviour of brands and their business decisions plays a central role in creating this devastating situation for garment workers. A survey in March 2020 among Bangladeshi factory owners showed that **98.1% of brands refused to contribute to the cost of paying partial wages**<sup>11</sup> (as required by law) to furloughed workers, and 97.3% of brands refused to contribute to the severance pay expenses of dismissed workers. Many brands have returned to making large profits, while garment workers are still in desperate situations, owed wages, bonuses or severance pay.



## \$500-\$850 MILLON TOTAL SEVERANCE THEFT

FOR THE FIRST YEAR OF THE PANDEMIC ALONE



**OFBRANDS** REFUSED TO CONTRIBUTE

REFUSED TO CONTRIBUTE TO THE SEVERENCE PAY EXPENSES OF DISMISSED WORKERS



#### Clean Clothes Campaign



How to Steal Your Workers' Future film produced by <u>Fat Rat Films</u> for <u>Clean Clothes Campaign</u>.

Film Produced and Directed by **Gemma Atkinson** Shot and Edited by **Riani Singgih** Production Managed by **Nathalia Joukova Edholm** Distribution by **James Mullighan and Ella Godfrey** Additional footage and support: **Worker Rights Consortium** 

With thanks to **Murni** and **Siti** for sharing their lives with us, and to **Muchamad Darisman** for his assistance throughout.



## #PayYourWorkers

