



FAIR LABOR
ASSOCIATION®

Improving Workers' Lives Worldwide

ISSUE BRIEF

APRIL 6, 2020

PROTECTING WORKERS DURING AND AFTER THE GLOBAL PANDEMIC

THE ISSUE

What should companies do to help protect workers' livelihoods as the world responds to COVID-19?

BACKGROUND

The novel coronavirus (COVID-19) pandemic has demonstrated the fragility of global supply chains, which have been radically disrupted in a few weeks as retailers, brands, and manufacturers suspended factory operations to reduce the spread of the virus. As the pandemic response has grown in scope and scale, consumer demand plummeted, global businesses faced liquidity crises, and manufacturers have been burdened with mandated shutdowns and reduced, suspended, or canceled orders. The result has been catastrophic – sudden job loss for millions of workers.

The [International Labor Organization \(ILO\)](#) projects that 25 million jobs could be lost worldwide in the absence of a coordinated global economic response. Even as some workers in China return to the factories, more than one million garment workers in [Bangladesh](#) have been retrenched due to canceled or suspended orders. A similar situation is unfolding in other countries, including India, where the government put the country and its more than one billion citizens under lockdown.

We don't know how long the economic disruption will last, or which companies or factories will be able to continue operations during and after the pandemic. We do know that with every business decision, **Fair Labor Association (FLA) affiliates must account for the impact of that decision on workers.** The FLA recognizes that companies of all sizes face challenges and difficult choices that will affect many – including the most vulnerable workers.

With today's extraordinary circumstances in mind and with the well-being of workers as a priority, we offer the following recommendations for action based on the application of FLA Principles during this crisis. Further, we provide recommendations that build on our principles to guide companies in treating workers fairly. The recommendations reflect the current situation. We will issue updated and expanded guidance, in consultation with our partners and stakeholders, as the crisis unfolds.

PRINCIPLES

The FLA's Principles of Fair Labor & Responsible Sourcing and Production provide foundational guidance on the fair and ethical treatment of workers. FLA-affiliated companies have committed to uphold these Principles, even as they navigate this global crisis. The Principles include:

- **Top-level commitment** requires that companies embed workers' rights into their core operations at the highest levels of management and governance.
- **Responsible purchasing and production practices** require each company to ensure that their operational decisions – including lead times, financial terms, and order planning do not create a negative impact on workers and working conditions.
- **Responsible retrenchment** requires companies to ensure that workers are treated according to the workplace, legal, and collectively bargained standards in the event of retrenchment, temporary suspension of operations, or closure.
- **Functioning grievance mechanisms** must be available to all workers who can access them reliably, confidentially, and without fear of retaliation.
- **Workplace monitoring programs** ensure all workplace standards are respected, including putting in place all necessary occupational safety and health precautions to protect workers.

RECOMMENDATIONS

- As a measure to protect the livelihoods of workers, brands should cancel orders only as a last resort. At a minimum, brands should pay in full for orders started or completed without renegotiation.
- Where orders are still viable, but factories are over capacity, brands should consider re-allocating orders to other factories within the supplier group or approved subcontractors.
- Brands should encourage suppliers to treat retrenchment as a last resort. Where worker retrenchment cannot be avoided, brands should work with suppliers to ensure that workers are provided with the legally mandated severance benefits.
- Brands should maintain clear and constant communication with suppliers and factories, about compliance with labor-related [pandemic government decrees and requirements](#).
- Brands should work with their suppliers to identify existing financial support provided by local authorities and make that information available to workers.
- Brands should ensure that workers have access to grievance mechanisms so that they can communicate freely and without retaliation, before, during, and after retrenchment.

- As best practice, brands should assist suppliers in providing re-employment assistance to retrenched workers.
- As the crisis abates and retrenched workers are re-hired, brands should work with suppliers to ensure a worker's seniority is recognized without interruption.

ADDITIONAL OPPORTUNITIES TO ACT RESPONSIBLY

- If a brand curtails operations or purchasing, brand staff may support and facilitate the transition of factories to other buyers by sharing audits and remediation actions so those factories can be approved for production.
- In this untenable time for workers, brands should provide emergency financial assistance to workers and suppliers when and where they are able.
- Several affiliated companies have successfully transitioned to the production of personal protective equipment (PPE). We urge buyers to assist facilities with such transitions, keeping in mind the need for enhanced health and safety precautions during production. The American Apparel & Footwear Association has developed [guidelines](#) for producing PPE that can be shared with factories.
- Brands should utilize their regional staff and expertise to support a supplier's application for government funds in countries that have passed [relief or bailout legislation](#). Funding may include employment subsidies to help companies bridge the gap during the crisis. The availability and conditions for support will vary significantly by country.
- Company advocacy on behalf of worker protections is critical at the national and multilateral levels. Companies should make it clear that they support the inclusion of worker protections in relief and stimulus efforts and expect multilateral organizations to require stronger social protection schemes in countries that receive assistance as a result of the pandemic. Their efforts will be needed during the pandemic and should be continued after.

About the Fair Labor Association

The FLA is a multi-stakeholder organization combining the efforts of businesses, universities, and civil-society organizations to improve conditions for workers around the world. Occasionally, the FLA publishes briefs on current issues in the global supply chain. We intend for these briefs to provide an overview of the various perspectives on a given issue. At all times, the FLA expects its business affiliates to comply with all legal requirements, as well as the provisions of its Workplace Code of Conduct.