

# Proposed brand-supplier conversation framework

Ideas for an open, transparent conversation with suppliers – in order to collect the wage/job loss data brands require

In discussions with each supplier, for every piece of information a brand seeks, it should also share information. This is fair and is one of the best ways to build trust.

Information needed from supplier	Comparable information to share from brand
<p><b>Order situation</b></p> <p>Overall situation of the factory, especially the current and future order situation.</p> <p>Future orders - how long can you fill your lines with work based on available information</p>	<p><b>Order situation (essential!)</b></p> <p>What you as a brand foresee in terms of future orders (see Part 4 of the guidance)</p> <p>Try to give a clear as possible picture to your supplier about forecasting and planning for future orders based on actual situation</p>
<p><b>Supplier's liquidity</b></p> <ul style="list-style-type: none"> <li>■ Degree of liquidity of the factory in current crisis</li> <li>■ Liquidity solutions being considered, if needed</li> <li>■ What has factory done already to access funding and other intermediate support?                             <ul style="list-style-type: none"> <li>■ Short-time pay / furlough with government support</li> <li>■ National &amp; International support options available?</li> <li>■ Does the factory know where to access this information and more important how to apply for such funds?</li> </ul> </li> </ul>	<p><b>Your brand's liquidity</b></p> <ul style="list-style-type: none"> <li>■ Degree of liquidity of the brand in current crisis (only to be shared in the spirit of collaboration, not as an excuse)</li> <li>■ Liquidity solutions being considered, if needed</li> </ul>

Information needed from supplier	Comparable information to share from brand
<p><b>External support needed</b></p> <p>Brand, professional expertise, technical support – e.g. legal or human resource support?</p>	<p><b>External support available</b></p> <p>Brand capacity to lend support (e.g. legal or HR department)</p> <p><i>Note: this is a good topic to convey a real commitment to collaboration to find solutions.</i></p>
<p><b>Wages</b></p> <ul style="list-style-type: none"> <li>■ Is supplier paying workers’ full wages?</li> <li>■ Can wage payments be kept going forward, or when does it start to become critical and in what way?</li> <li>■ If there was a COVID closure, did workers receive income (from factory or state sources) to compensate lost wages?</li> </ul>	<p><b>Wages</b></p> <ul style="list-style-type: none"> <li>■ Information about cuts to hours and wage levels at HQ and any closures</li> </ul> <p><i>Note: Be prepared to share but do not force – may not be interesting to all suppliers</i></p>
<p><b>Layoffs and reduced capacity / production levels</b></p> <ul style="list-style-type: none"> <li>■ Public health closures (ongoing, foreseen or previously)</li> <li>■ Have workers been laid off, or are layoffs planned?</li> <li>■ Reduced capacity                             <ul style="list-style-type: none"> <li>■ due to workers not coming to the factory</li> <li>■ due to health and safety regulations necessary, e.g. bigger space requirements, restrictions of persons per m2</li> <li>■ factory ramp up in phases</li> </ul> </li> </ul>	<p><b>Layoffs and reduced capacity</b></p> <ul style="list-style-type: none"> <li>■ Past, current, or anticipated lockdowns in brand locations</li> <li>■ Recent or foreseen layoffs</li> </ul> <p><i>Note: Be prepared to share but do not force – may not be interesting to all suppliers</i></p>
<p><b>Total financial gap</b></p> <ul style="list-style-type: none"> <li>■ How many workers are affected and in what way?</li> </ul>	<p><b>Brand’s ability to contribute</b></p>

Information needed from supplier	Comparable information to share from brand
<ul style="list-style-type: none"> <li>■ Quantify financing needed: HOW MUCH?                             <ul style="list-style-type: none"> <li>■ How much is the factory 'short' this month with an eye to full wage payments to pre-crisis workforce?</li> <li>■ How much do they foresee being short?</li> <li>■ Time axis before orders return, if any.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Resources brand (financial; links with other sourcing brands; or help accessing other support) may possess to help cover the gap</li> </ul>
<p><b>Leverage</b></p> <ul style="list-style-type: none"> <li>■ Other brands sourcing at the factory and seeking solutions (MSI involvement)</li> <li>■ How much buying volume does my brand now represent?</li> </ul>	<p><b>Supply chain planning</b></p> <ul style="list-style-type: none"> <li>■ Supply chain consolidation / strategy</li> </ul> <p><i>This is only recommended if you are sure the supplier will remain in your portfolio. If this is not guaranteed, you need to begin thinking about how to discuss a responsible exit. Bear in mind, however, that this might not be the best time to do that.</i></p>
<p><b>Workers and trade unions</b></p> <ul style="list-style-type: none"> <li>■ Trade union members or other workers involved in decisions?</li> <li>■ Worker involvement and factory capacity to engage workers in discussions for solutions</li> </ul>	<p><b>Workers and trade unions</b></p> <ul style="list-style-type: none"> <li>■ Worker involvement in decisions at HQ</li> </ul>
<p><b>Re-opening after a closure</b></p> <ul style="list-style-type: none"> <li>■ When is re-opening predicted?</li> <li>■ At what capacity?</li> <li>■ How does capacity line up against demand?</li> <li>■ Strategy for meeting legal requirements while seeking to increase efficiency?</li> </ul>	<p><b>Re-opening after closure</b></p> <ul style="list-style-type: none"> <li>■ Any brand reads on consumer interest and timing sales in brand's main market(s).</li> </ul>