

A Play Fair Alliance Evaluation of the WFSGI Response to the PFOC
April 2005

page: 1

A PLAY FAIR ALLIANCE EVALUTION OF THE WFGSI RESPONSE TO THE PLAY FAIR AT THE OLYMPICS CAMPAIGN

By Doug Miller
April 2005

Introduction

In the six-month run-up to the Olympic Games, between March and August 2004 'perhaps the biggest-ever crusade against sweatshops'ⁱ was launched against certain sportswear companies, their sectoral organisation and the International Olympic Committee (IOC). This crusade – known as the Playfair at the Olympics Campaign (PFOC), sought to bring about both an industry-wide and company level solution to the abuse and exploitation of workers in global sportswear supply chains'.ⁱⁱ

The many activities of the PFOC not only successfully informed the public about working conditions in the sector, they were *instrumental* in placing pressure upon a number of companies, which were perceived to have not done enough in the area of corporate social responsibility: — **Asics, Fila, Kappa, Lotto, Mizuno, Puma, and Umbro.**

During the PFOC, these sportswear companies were lobbied in an effort to force them to address widespread exploitation and abuse of workers in their supply-chains, but in addition, campaign pressure was applied to seek an industry wide response to these problems. Focus turned towards the body which represents over 100 companies and trade associations (see Annex 1) in the sector – **World Federation of the Sporting Goods Industry (WFSGI).**

The aim of this report is to present an accurate reflection of the dialogue which took place with the WFSGI regarding a sectoral response. Most of the information compiled in this report is comprised of written correspondence sent by the campaign group to the WFSGI and a report from the sectoral meeting held in Geneva at the offices of the ILO. The WFSGI has been given the opportunity to review and comment on its chapter.

This report is divided into sections:

- Part 1 introduces the World Federation and describes its approach to corporate social responsibility
- Part 2 summarises the recommendations made by the PFOC in respect of the sector
- Part 3 summarises the WFSGI response to the PFOC.
- Part 4 evaluates the response

Part 1

The World Federation of the Sporting Goods Industry

‘The World Federation of the Sporting Goods Industry (WFSGI) was formed in 1978 to promote the world’s sporting activities, to standardize the size of equipment and the rules of sport, to improve the standards of quality for sporting goods and to promote fair trade in sporting goods internationally’. As an independent association formed by the industry suppliers, national organizations and sporting goods industry related businesses, the Federation sees itself as the world authoritative body for the sports industry and, significantly - in terms of the PFOC – as the official non-governmental association which is recognized by the International Olympic Committee as the industry representative within the IOC family.

The WFSGI consists of three geographical zones, Europe, Pan America and Asia/Oceania. Its current president is Michel Perraudin, a board member of adidas-Salomon since 1989 and in charge of global human resources, corporate services and key projects. A glance at the vice presidents and other executive committee members (see Annex 2) reveals a who’s who in terms of representatives of major sportswear brands: **adidas–Salomon, Mizuno, New Balance, Nike, Reebok, Speedo, Puma** and major national sportswear company trade associations from the USA, China, Pakistan and Italy are also represented.

A Committee for Corporate Social Responsibility (formerly known as the Ethics Committee) has a remit within the WFSGI to establish and progress the commitment of the global industry to global standards with regards to working conditions, environmental protection and enhancement in its own facilities and of its suppliers. This remit extends to promoting the sustainability of CSR programmes, and encouraging the philanthropic activities of member firms vis a vis enhanced benefits for the community.

In 1997 following disclosures about extensive child labour in soccer ball production the then WFSGI’s Committee on Ethics and Fair Trade (CEFT) developed a Model Code of Conduct, designed as a model for companies committed to ensuring that their operation satisfy the highest ethical standard in the global marketplace. Since that date a number of member companies have introduced their own codes and have been monitoring compliance with those codes using internal and external monitors.

As a result of experience garnered in attempting to apply such codes and an intensified global dialogue on these matters with external organizations, particularly the WFSGI WFSGI decided to revise its Code in 2000.

Part 2

The PFOC recommendations for the sector

In the Campaign research report, which was published at the launch early in March 2004, a section in the recommendations chapter called upon the key stakeholders in the sector to “ **work together to address endemic problems in the sportswear industry**”.¹ In particular companies were requested to take the following steps:

- To publicly acknowledge the value of a sector-wide approach to addressing the problems outlined in this report.
- To join with trade unions and other concerned organisations in assessing the impacts of the practices of sportswear industry on labour standards; identifying those business strategies and operations which are causing violations of workers’ rights, and taking action to address them, giving particular attention to the need to match ethical commitments with actual purchasing practices.
- To join together with trade unions and other concerned organisations in a **programme of work** which promotes the right of workers to join and form trade unions, which overcomes the limits of the current compliance model, and ensures an ongoing dialogue between the main companies in the sector via a sectoral framework agreement with the International Textile, Garment and Leather Workers Federation. Such an agreement should be aimed at ending the systematic exploitation of workers found within the sector and should be effective in rationalising the existing mechanisms for improving working conditions of sportswear workers.

In the following months the campaign team developed a programme of work and began to lobby the WFSGI to bring about an initial sectoral level meeting, which could consider a more detailed set of proposals.

The programme of work had 2 fundamental sector wide aims :

1. *To substantially increase activities which promote freedom of association and collective bargaining, as well as participate in international social dialogue.*

and

2. *To engage in company-based and industry-wide action and cooperation with relevant stakeholders to ensure large-scale, credible and effective code implementation*

¹ <http://www.fairolympics.org/en/report/olympicreporteng.pdf>, p36

To achieve the first of these aims the industry was called upon to take positive measures to ensure that people performing work in this industry have the right to form and join trade unions of their own choosing and to bargain collectively with their employers. Such measures would include the provision of clear guidance on the elements of freedom of association and collective bargaining, support for training of management, workers and workers representatives, the provision of paid time-off for worker representatives to participate in exchanges with worker representatives from other suppliers providing the same brands. There should also be open communication of this policy to national governments

This process would be facilitated by the negotiation of a sectoral framework agreement between the International Textile Garment and Leather Workers' Federation and the WFSGI and its member companies and signed by the ITGLWF and the WFSGI and its member companies. The sectoral framework agreement would contain a set of standards, which represents best practice from the industry and which makes direct reference to internationally recognized labour standards (ILO and UN Declaration of Human Rights)

A key provision in the sectoral framework agreement shall be access for the ITGLWF to supplier locations of WFSGI member firms for the purposes of facilitating recognition of trade unions of the workers choosing consistent with the principles of freedom of association

To achieve the second set of aims, member firms (notwithstanding the successful negotiation of a sectoral framework agreement) would be called upon to align their codes and compliance programmes with best practice in the sector. This includes

- The designation of appropriate managerial expertise to CSR
- The creation of industrial relations procedures for handling grievances and disputes
- The mapping of supply chains
- The use of credible local organizations to assist in workplace investigations
- The provision of training on worker rights
- The development of greater transparency measures on code implementation
- The development of standards on purchasing practices
- The involvement of the ILO in an investigation of purchasing practices and in a more proactive role on code implementation and verification²

In order to advance this programme of work an informal meeting was convened at the offices of the ILO in Geneva on May 25th 2004 and representatives of the WFSGI, the

² *The full text of the programme of work can be found in Annex 3*

International Olympics Committee and the seven highlighted companies were invited to attend.

Beyond committing publicly and practically to this programme of work, the above mentioned organizations were called upon to increase synergy and to ensure effective use of resources, by collaborating with those MSI s already working in the sportswear sector.

There was an additional expectation that the WFSGI and the member companies would support the demands of the campaign towards the IOC, including the insertion of a human rights clause in the Olympic charter and the establishment of a Commission to deal with ethical labour practices along IOC garment supply chains.

Part 3

The WFSGI Response to the Programme of Work

André Gorgemans, secretary general of the WFSGI was lobbied on the occasion of a Women in Sport event in Marrakesh – (Date title) as part of the campaign effort to convene a meeting between the PFOC, the IOC, the WFSGI and the lead companies. He agreed to attend a campaign event in Brussels at which he could be briefed about the benefits of such an event.

The PFOC used the link between the International Confederation of Free Trade Unions and the ILO to pursue the organization of such a meeting, which was scheduled for the 25th May. Considerable lobbying efforts were necessary to bring the parties around the table. The WFSGI agreed to attend in the persons of André Gorgemans (secretary general), Michel Perraudin (president), John Riddle (executive member International Sporting Goods Manufacturers Association) ^^ . Also in attendance was Auret van Heerden of the Fair Labor Association and representatives of adidas-Salomon, Puma, Umbro, Mizuno, Asics and Nike (via teleconference link). It was not possible to persuade representatives of Kappa, Lotto and Fila to attend. The PFOC was represented by the secretaries general and officers of the ICFTU and the ITGLWF, representatives of Oxfam and the CCC. The International Olympics Committee was represented by T.A.Ganda Sithole, IOC Director of International Cooperation and Development. The meeting was facilitated by Kari Tapiola and Frans Roselaars (both ILO) and the event was observed by representatives of the employers group of the ILO.

Participants had been sent a copy of the programme of work in advance of the meeting. It is important to note that the status of the meeting was exploratory. There was no formal agenda and the meeting was facilitated rather than chaired. Following introductions, the various organisations present were invited to make their opening statements. Significantly Michel Perraudin, speaking on behalf of the WFSGI, in response to the call by the PFOC for a sector wide approach to the issues raised by the campaign, announced that the WFSGI was looking to the Fair Labor Association to provide in this area.

This took the PFOC by surprise, particularly since the WFSGI is not a member of the FLA and that only 4 WFSGI members were FLA signatories. Furthermore the announcement had been made without any clear indication as to how the WFSGI would ensure compliance from its other members, or address some of the other key components of the programme of work.

Since the meeting failed to focus on the elements of the programme of work, much of the discussion focussing on IOC and employer concerns about the conduct of the campaign itself, the PFOC and the ITGLWF followed up with letters to the WFSGI in an effort to maintain dialogue on the programme of work³.

³ PFOC letter to the WFSGI June 9th 2004/July 9th 2004 ; Letter from ITGLWF to WFSGI June 10th 2004

The WFSGI did not elect to respond to the POW until November. We reproduce the whole of that response below:

1. The World Federation of the Sporting Goods Industry Code of Conduct – Guiding Principles has explicitly stated the following:

Employers shall recognize and respect the rights of workers to join workers organizations and associations of their own choosing, and to bargain collectively. Where the right to freedom of association and collective bargaining is restricted under law, the employer shall consider the development of parallel means for independent and free association and bargaining.

2. We do not believe that it is the role of the Federation to independently initiate dialogue with national governments on such an issue. The WFSGI does not exist legally in any country other than Switzerland; it is not the right institution to ask to do this. If or when we are approached in any country by our members or institutions of that country, we would give due consideration so to do, in consultation with our members and within our resources.
3. We do not consider a 'Framework agreement' between the WFSGI and its members would be possible. Our members number in their thousands, through the regional and national federations. Even if such an agreement were possible, it would not include the thousands of suppliers to our members who are much more general in purpose than sports goods.
4. We believe that by sharing the good practice in this area of some of the larger members with medium and small company members, we will achieve much more. It is in this regard that we hope to do the following:
 - Convene a meeting to be held in Shanghai at the occasion of the next ISPO Fair in March 2005. We hope to have our inaugural full committee meeting, including the China Sporting Goods Federation. We will use this occasion to facilitate a meeting of our Chinese suppliers on CSR issues. We would hope to invite representatives of NGOs and unions to this meeting.
 - Encourage support for a new programme of the Vietnam Business Links Initiative in Vietnam which will extend its activity from footwear to the apparel sector. As with our CSR Committee the full list of participating organisations is not confirmed but the ILO office in Hanoi has confirmed that they will be on the steering committee, as well as GTZ (German technical co-operation). If you need more information about the VBLI look on their website www.vcci.com.vn/vbli.

5. We are sympathetic with your aims, but do not feel that it is useful to commit to work which is not within our competence. We support the notion contained in a recent statement by Kofi Annan. We are prepared to do our normal business differently.⁴ We are also assuming some measure of responsibility for labour and human rights practices at all levels of the products supply chain.⁵ We are prepared to work with governments and other institutions in pursuit of improved working conditions. The main problem is lack of national government and local institutional support for such programmes. There is no point in identifying problems – we can do that – without some idea of the capacity of local partners to deliver the required services.
6. We are committed to working with the International Labour Organisation. We do not agree however that there is a need for a further study on supply chain management and how it can affect working conditions. The issues have been covered well by some recent work of ACONA⁶ and discussed at a recent seminar at the Ethical Trading Initiative. Both the ETI and ACONA are doing follow up work on this. The WFSGI could discuss this at our March meeting.
7. Some of our members belong to such organizations as the Fair Labor Association and the Ethical Trading Initiative. We strongly urge members to belong to such organizations, especially those who also have non-governmental organisations, unions, governmental institutions and international organizations as members. However membership will not be interesting for small and medium sized member companies, nor those who have only a national or regional focus. We need to find ways to reach out to these members where there are initiatives and hope that you would support in this.⁷

Since a key piece of the programme of work centred on a proposal for a sectoral framework agreement with the ITGLWF, the Global Union for Textiles was prompted to send in a response, which directly focused on this matter. We reproduce the content of this letter in full below:

⁴ Kofi Annan, 'We are not asking corporations to do something different from their normal business; we are asking them to do their normal business differently', Johannesburg 2002.

⁵ SOMO – Centre for Research on Multinational Corporations, NL

⁶ ACONA *Buying your way into trouble?* Insight Investment Management Ltd 2004

⁷ Letter from Lesley Roberts, Chair Committee for Corporate Social Responsibility, WFSGI, 25 November 2004

Response of the ITGLWF⁸

We thank you for your response to our programme of work document and for addressing it on a point for point basis. Clearly there are points of difference which we hope at some point to explore more fully in a face to face meeting.

We are still of the view that this presents an excellent opportunity for the lead firms in the industry under the auspices of the Federation to demonstrate the need for the 'slower ships in the convoy' to *begin* to take social responsibility seriously.

On the matter of freedom of association you state that the WFSGI is perhaps not the organisation to approach national governments on this issue yet later in your point 5 declare your readiness to work with national governments and other institutions in pursuit of improved working conditions, but identify an existing lack national government support for such initiatives. Is this not an argument for a sustained effort on the part of the industry in this respect.

We recall at the meeting in Geneva that there appeared to be consensus about code fatigue brought about by a duplication of effort in this area and a multiplicity of different instruments beginning with company codes. Similarly in our meetings with individual member firms we are aware that all are grappling, somewhat unsuccessfully, with the issue of freedom of association. In your point 3 you raise doubts about the feasibility of a framework agreement with the ITGLWF because of the sheer extent of WFSGI membership. May we suggest the following feasible starting point: a framework agreement for the athletic footwear sector. According to our information, nearly 70% of the global market is concentrated in four of your member companies.

What benefits might such an agreement bring the WFSGI?

Firstly, it would send a signal out to the industry that the WFSGI means business on CSR in general and on freedom of association in particular. Secondly, it could constitute the critical mass with which to bring other companies on board. Thirdly, an agreement to which footwear brands subscribe to would greatly simplify the management of CSR and assist suppliers. Fourthly, by entering into an agreement with the ITGLWF there is enhanced capacity to address the issue of sustainable CSR management, not just, in the area of freedom of association and collective bargaining but also in the equally important areas of discrimination and health and safety.

Such an agreement would require a 'route map' for implementation, involving capacity building on the ground. To this end your suggestions under point 4 could be important launch pads for such an initiative.

⁸ letter from ITGLWF to WFSGI dated 6th December 2004

To quote back some of your points under 5, an international framework agreement covering the athletic footwear sector would demonstrate that the WFSGI is prepared to do its 'normal business differently' by assuming a greater 'measure of responsibility for labour and human rights practices at all levels of the products supply chain' as well as a willingness to work with the ITGLWF to identify local partners in the pursuit of improved working conditions.

Concerning purchasing practices we are aware of existing initiatives and are prepared to participate in them. However the ETI working group does not include any sportswear companies. In our discussions with member firms there are clearly examples of good practice, which a WFSGI backed study could bring to light.

On your final point, we obviously share your concerns about smaller members who need to be brought on board and are prepared to work with you to reach out to these member firms in joint initiatives.

In February 2005 a second, more comprehensive response was then issued by the Playfair Alliance:

Concerns: WFSGI response to PFOC proposals

Amsterdam, 01-02-02

Dear Lesley Roberts,

This letter is the joint reply of the Playfair Alliance, that is, of the Global Unions (ICFTU/ITGLWF), Oxfam and Clean Clothes Campaign, to your letter of 25 November which, in turn, was a response to our proposed "Programme of Work for the Sportswear Industry" that was presented to the WFSGI on 25 May 2005. We are aware that the ITGLWF has already communicated separately with you in early December regarding a formal agreement between the ITGLWF and the WFSGI. This was one of elements in our proposed Programme of Work. The other partners in the Play Fair Alliance fully support the ITGLWF proposal and agree that the ITGLWF is the appropriate organisation with which the WFSGI should engage on this matter.

We offer the following comments to the 7 points raised in your letter of 25 November:

1. We are aware of the reference to freedom of association and the right collective bargaining in the WFSGI code. Membership in the WFSGI does not oblige an enterprise to give this code effect. The main objective of our campaign is to increase both the level of commitment by companies and the number of companies addressing supply chain labour practices. Our programme of work envisions positive actions by both the WFSGI and its member companies that address situations where workers are faced with oppression. With respect to freedom of association and the right to collective bargaining, we want suppliers to receive clear guidance that is consistent with the meaning of these

rights developed by the ILO. We want training programmes and we want support that would enable worker representatives to participate in international meetings of workers performing work for the same brands.

2. We want an industry approach to address the exploitation and abusive labour practices that are so widespread in the sportswear industry. This will involve identifying the respective responsibilities of enterprises and of governments. The WFSGI is an international association that can and does take positions on issues that involve government policy. It is entirely appropriate for the WFSGI to address the failure of governments to protect human rights especially where this failure causes the public to question the ethics of its member enterprises, results in unfair and unethical competition or adds to the costs of business choosing to uphold WFSGI policy (i.e. it's Codes of Conduct). Ethical enterprises cannot absolve themselves of what should be the responsibility of governments without also demanding that governments assume their responsibility.

3. We are asking for a formal relationship between the international organisation of business in a specific industry and the international organisation of workers performing work in that industry. Globalisation requires the adoption of new arrangements and institutions including global social dialogue. Missing from the debate over labour practices in this industry is a sustainable relationship between those that set the conditions of work and those that perform the work.

4. Although individual companies have taken such action on a case-by-case basis and should continue doing so, we believe that the industry must organise itself so as to increase the scale of actions to have the kind of impact that could effect lasting change. Presently there does not appear to be any more appropriate organisation than the WFSGI to bring about this kind of concerted effort. Our proposal for a Programme of Work identifies activities and areas where code standards and compliance could be aligned with best practice. These are measures you could start working on tomorrow if you wish to, using some of the better individual company programmes as a benchmark. We hope you will agree that this can constitute one way of "sharing the good practice in this area of some of the larger members with medium and small company members".

The inaugural meeting of the WFSGI CSR committee in March 2005 could be the launch pad for such an initiative and we note that you 'hope to invite representatives of NGOs and trade unions' to the meeting. We are sure you will agree that for this to be a meaningful event with trade union and NGO involvement, there would need to be a very practical and detailed agenda and an appropriate amount of time devoted to such a meeting.

One activity you mention, the Vietnam Business Links Initiative (VBLLI), is an ongoing health and safety programme involving a few WFSGI members, notably Pentland, Nike and Adidas. The VBLLI, as well as the companies presently supporting it, will no doubt benefit from having more companies involved. It would be better if the entire industry became involved in initiatives. Over the course of our "Play Fair at the Olympics"

campaign (PFOC) several WFSGI member companies repeatedly referred to the WFSGI as the appropriate organisation to take the lead. A single-issue and single-country initiative such as the VBLLI will not be sufficient to move the industry in the right direction.

5. We believe that Kofi Annan, in asking business to 'do your normal business differently', was asking for business to, among other things, recognise the danger of complicity in human rights abuse. It is not enough to say that "We are prepared to work with governments and other institutions in pursuit of improved working conditions." This does not answer the question of what can be done where governments are unwilling to play their proper role and where the best kind of institutions to protect and advance the interest of workers – trade unions and collective bargaining - are not permitted to function properly.

The issues that we are concerned with, and that are widespread in the sportswear industry, include repression, abuse and exploitation. Without addressing these problems, it will be extremely difficult, if not impossible, to improve working conditions in a meaningful or sustainable way. What should be done in situations where governments do not permit human rights to be respected is not always clear. At the very least business should be prepared to discuss this question with human rights, development and trade union organisations at the international level. We believe that the best way to address the constraints posed by the absence of national government support, local institutional support and the capacity of local partners will be for the WFSGI to identify concrete measures jointly with the NGOs and trade union organisations working on these issues globally, as represented in the Play Fair alliance.

6. We believe that the ILO with its tripartite structure representing employers, workers and governments is best placed and most qualified to study the organisation of the sportswear industry with a view as to how to improve the application of established labour standards. We are aware that purchasing practices were discussed at a recent ETI seminar, and that a consultancy did some research in this area. Our proposal, however, is not for a further study in supply chain management but rather to have the ILO do some specific research with the sportswear sector to understand better how current practices hinder the implementation of labour standards, and to develop recommendations. We believe that this work could also be the basis for the industry to further involve the ILO in an effort to address the widespread abuse and exploitation in the sportswear industry.

7. We are glad to read that you will strongly urge your members to collaborate with credible existing initiatives addressing labour practices in the sportswear sector and would appreciate some indications on the shape this will take. Membership in these initiatives is not limited to large companies and could be of interest and value to SME's. For instance, The Fair Wear Foundation, a multi-stakeholder initiative based in the Netherlands, has almost exclusively SMEs as its members, including sportswear brands such as Falcon and JSI/O'Neill. It has the industry associations representing the SME suppliers and retailers in its board, and has designed code implementation and

verification programmes specifically for these kinds of companies. You can find more information at www.fairwear.nl.

Finally, we note the absence of replies to a number of issues outlined in our POW, including importantly support for our proposals to the IOC. As the WFSGI is supposed to work closely with the IOC, even as far as developing a common code for marketing, you would be in an excellent position to undertake to work on this.

We have acted in good faith during our “Play Fair Olympics” Campaign. Our campaign was not just about shining the spotlight on serious problems but also in providing a way to introduce proposals that could be taken up by the entire industry so as to make a real difference. We are ready and willing to work in a constructive manner with the WFSGI on the series of measures outlined, all of which we believe could lead to real progress in the sector between the Athens and Beijing Olympics. It is in this spirit that we look forward to receiving a fuller and more specific response from the WFSGI to our proposal for a “Programme of Work for the Sportswear Industry”.⁹

⁹ Response of PFOC to the WFSGI 11th February 2005

Part 4

Evaluation

The absence of any concrete response on the part of the WFSGI reveals that the world authoritative body for the sports industry has in fact no authority, that its lead members have ducked their responsibility for the sector as a whole, preferring to hide behind their respective csr programmes. A major reason for this is that the WFSGI is in fact only a trade association and not (yet) an employers' association and has no power over its member firms. Yet the case for an industry wide response is glaring, particularly in the light of a plethora of overlapping codes and different approaches to compliance, and more critically, in the failure of many of its member firms to take their responsibility as multinational buyers seriously. If the WFSGI wishes to lay claim to be an authoritative body on behalf of the sportswear sector, exercising 'power for' its member firms, then it needs to have some authority i.e. 'power over' vested in it by its member firms. It is time for the WFSGI to wake from its slumber.

Annex 1

The WFSGI Membership

The Sustaining Members

Belgium

APME Association of Plastics

Brazil

Alpargatas S.A – Sao Paulo

Azaléia Group – Sao Paulo

China

Li-Ning Sports Goods Co., Ltd.,

Beijing

TIZHIJIE Sporting Goods Co.

Ltd., Beijing

Denmark

Ecco Sko A/S

France

La Chemise Lacoste

France

La Chemise Lacoste, Paris

Germany

adidas-Salomon AG,

Herzogenaurach

Messe München GmbH, Munich

Great Britain

Dunlop Slazenger Group Ltd.,

Camberley

The Pentland Group, London

India

Soccer International, Jalandhar

Italy

Champion Europe S.p.A.

Japan

Asics Corporation, Tokyo

Descente Ltd, Osaka

Goldwin Inc., Tokyo

Japan Sports Industries

Federation, Tokyo

Mizuno Corporation, Tokyo

Yonex Corp., Tokyo

Korea

SOSFO – Seoul Olympic Sports

Promotion Foundation

Pakistan

Irfan Textiles (PVT) Ltd., Lahore

Saga Sports (PVT) Ltd., Sialkot

Tajmahal Sport Company, Sialkot

Talon Sports, Sialkot

Qatar

Qatar Sports International

Switzerland

FIFA Marketing, Zug

USA

Brooks Sports Inc., Bothell

Easton Aluminium Inc., Van

Nuys, CA

Hyde Athletic Industries,

Peabody, MA

New Balance, Boston, MA

Reebok International Ltd.,

Stoughton, MA

SGMA International, W. Palm

Beach, FLO

The Athlete's Foot, Kennesaw, GA

The Associate Members

Austria

Head Sport AG, Kennelbach
Oswald Schneider, Altenmarkt
Pale Ski & Sport GmbH. & Co. Kg, St.
Stefan

Australia

Overland Marketing Pvt. Ltd, Scoresby

Belgium

International Licensing &
Merchandising

Brazil

Couromoda , Sao Paulo Matelli, Sete
Lagoas

China

China Foreign Trade Guangzhou
Exhibition Corp., Guangzhou
R.S.D. Beijing Sports & Culture
Development

Croatia

Zagrebacki Velesajam, Zagreb

Denmark

Select Sports A/S, Glostrup

France

Arena International, Libourne, France
Columbia Sports Wear Europe,
Strasbourg

Germany

Anwaltskanzlei Dassler,
Herzogenaurach, Germany
Heinz Kettler Metallwarenfabrik GmbH
& Co., Ense-Parsit
K2 Ski Sport + Mode GmbH, Penzberg
Puma AG Rudolf Dassler Sport,
Herzogenaurach
Roedl & Partners – Nuremberg (Dr.
Jochen Schaefer)
Sport 2000 Germany

Thürl PR, Warlsdorf-Erlau

Great Britain

Umbro International, Cheshire

Hungary

Fovaroski Kezmuipari

Hong Kong

B.P. Bag Co, Ltd
Chung Ah Athletic Wares Fty, Kowloon
Esprime Ltd, Kowloon

India

Akay International, Jalandhar
Beat-All Sports, Jalandhar
Cosco (India) Ltd, Delhi
Enkay Rubber Company Pvt. Ltd.
F.C. Sondhi & Co. (India) PVT, Ltd.,
Jalandhar
Mayor & Company, Jalandhar
Nelco (India) Private Ltd., Meerut
R.K. Mahajan Exports, Jalandhar
Sanspareils Greenlands PVT, Ltd.,
Meerut
Wintex Exports, Jalandhar

Italy

CDA Wear Industries, Gorle Bergamo
Diadora Calzaturificio F.lli Danieli
S.P.A., Caerano San Marco-TV
Fila Sports S.p.A., Biella
Lotto S.P.A., Montebelluna-TV

Japan

Cosa Liebermann, K.K., Tokyo
Gosen Co., Ltd., Osaka
Metrocean Inc.
Mikasa, Hiroshima
Nishi Athletic Goods Ltd., Tokyo
Phenix Co., Ltd., Tokyo
Tachikara Co. Ltd., Tokyo
Toa Strings Co. Ltd., Kobe
Yamamoto Kogaku Co. Ltd., Osaka

The Associate Members

Korea

Viva sport Ltd, Seoul

Malaysia

Transmark Corp.

Oman (Sultanate of)

Supa Sportsman LLC., Ruwi

Pakistan

Ali Trading co. (PVT) Ltd., Sialkot
Assac Sports Industries Ltd, Sialkot
Capital Sports Corp. PVT Ltd., Sialkot
Comet Sports (PVT) Ltd., Sialkot
Durus Pvt. Ltd., Sialkot
Fircos Industries (PVT) Ltd., Sialkot
Forward Sports (PVT) Ltd., Sialkot
Fox & Associates, Sialkot
Grays of Cambridge Ltd., Sialkot
Leatherware (PVT) Ltd., Sialkot
Lofty Sports, Sialkot
Madrigal Sports
Monza Impex (PVT) Ltd., Sialkot
Pokal Industries PVT Ltd., Sialkot
Ratra Trading, Sialkot
Recto Sports Pvt. Ltd., Sialkot
Silver Star Pvt., Sialkot
Starpak Fieldsports Co. (PVT) Ltd.,
Sialkot
Sublime Sports (PVT) Ltd, Sialkot

Russia

The Full Members

Europe - FESI

Brazil

China

Chinese Taipei

India

Japan

Stand Service Ltd., Moscow

Switzerland

FiveSport AG, Zürich
Odlo Sportswear Ltd., Hünenberg
Tramondi AG, Wangen b/Olten
Völkl (International) AG., Baar

Taiwan

Freesport Corp., Taipei
Racquettechnic Development Co.,
Taichung
Taiwan Butyl Co., Ltd
TBS Group Corporation Taipei
Yuan Chi Overseas Ltd., Taoyuan

Thailand

Asia Garment Company Ltd.,
Samutprakarn

United Arab Emirates

Emirates Sports Stores, Dubai
Sun and Sand Sports LLC, Dubai

USA

Baden Sports Inc., Federal Way, WA
Global Brand Marketing Inc., Santa
Barbara, CA
Kazmeier Associates Inc., Concord,
MA
Tyr Sport, Inc., Huntington Beach, CA

Korea

New Zealand

Pakistan

South Africa

USA

Annex 2

Vice Presidents and Executive of the WFSGI

The three elected Vice-Presidents are:

Ø Representing Americas: Mr. John Riddle (President SGMA International)

Representing Asia: Mr. Masato Mizuno (past WFSGI President 2001-2004)

Representing Europe: Mr. Klaus Uhl (as acting President of FESI)

Mr. Bob Corliss
(President & C.E.O. The Athlete's Foot), as Industry Supplier

Mr. Raul Hacker
(Speedo Brazil),
Nominated by the Executive Committee

Mr. John Larsen
(President Emeritus-New Balance Athletic Shoe, Inc.)

Mr. Ian Todd
(Vice-President Global Sports Marketing, Nike, Inc.)

Mr. Alan Vickers
(Senior Vice President, General Manager Reebok Europe, Middle East and Africa)

The other directors representing Asia are:

Mr. Tahir Majid Kapur
(Kapur (Pvt) Ltd.), as representative

of the SIALKOT Chamber of Commerce & Industry, Pakistan

Mr. Benjamin Liu
(President of Poyang International Co. Ltd.), as representative of TSMA, Chinese Taipei

Mr. Liu Jun
as representative of CSGF, China

Mr. Anil Sharma
(AKAY International) as representative of the Sports Goods Export Promotion Council, India

Mr. Fumiya Tamiaki
(C.E.O. & Chairman Molten Corp.), as representative of JASPO

Mr. Jean-Claude Fauvet
(Executive Director La Chemise Lacoste), as representative of FIFAS, the French Federation

Mr. Stephen Rubin
(Chairman The Pentland Group),

Nominated by the Executive Committee

Mr. Horst Widmann
(Puma A.G.)

Mr. Giancarlo Zanatta
(Chairman of the Tecnica Group), as acting President of

Assosport, the Italian Federation

Annex 3

May 23, 2004

“From Athens to Beijing – a Programme of Work for the Sportswear Industry”

A proposal from The Play Fair Alliance (Global Unions, Oxfam and Clean Clothes Campaign)

1. Substantially increase activities that promote freedom of association and collective bargaining, as well as participate in international social dialogue.

1.1. The industry must take positive measures to ensure that people performing work in this industry have the right to form and join trade unions of their own choosing and to bargain collectively with their employers. Such positive measures are particularly important in situations where workers are faced with oppression and can include:

- Provision of clear guidance on what is expected from suppliers concerning compliance with the standards on FoA and CBA, and what constitutes appropriate consultative and representative mechanisms. Such guidance shall be consistent with the meaning of Freedom of Association developed through ILO procedures.
- Open communication of this policy to national governments
- Support for an facilitation training of management, workers and workers representatives (separately and jointly) in freedom of association, CBA and labour-management relations. Such training should take into account the gendered nature of the workforce in this industry. Sourcing companies should ensure the full commitment of suppliers in these initiative.
- Providing paid time-off for worker representatives to participate in exchanges with worker representatives from other suppliers providing the same brands.

1.1. The industry should formally recognize, and engage in dialogue with the organization that represents workers performing work in this industry at the global level by:

- Entering into a formal agreement (framework agreement) to be negotiated between the ITGLWF and the WFSGI and its member companies and signed by the ITGLWF and the WFSGI and its member companies.
- The purpose of the sectoral framework agreement is to establish a mutual relationship, which can facilitate freedom of association and collective bargaining as the preferred mechanism for implementing fundamental employment rights and resolving labour disputes in supplier factories in the sector.
- The sectoral framework agreement will contain a set of standards, which represents best practice from the industry and which makes direct reference to internationally recognized

labour standards (ILO and UN declaration of human rights). It shall include all of the human rights standards identified by the ILO as being the fundamental rights at work PLUS the right to a living wage based on a regular working week that does not exceed 48 hours, humane working hours with no forced overtime, a safe and healthy workplace free from harassment, and in a recognized employment relationship with labour and social protection.

- It shall explicitly state that these policies can not be used to weaken any already existing protection for workers established through law or practice (for example by adding that when code and law conflict, the company will follow whichever offers the highest protection to workers.
- A key provision in the sectoral framework agreement shall be access for the ITGLWF to supplier locations of WFSGI member firms for the purposes of facilitating recognition of trade unions of the workers choosing consistent with the principles of freedom of association¹⁰
- **The ongoing negotiations of a sectoral agreement shall in no way prejudice present or future efforts within member firms of the WFSGI to meaningfully address the issues of freedom of association and collective bargaining, as outlined under 1.1 and, nor shall it impede or replace any other efforts taken by sportswear companies, individually or collectively, as outlined under 2.1 and 2.2.**

3. *Company-based and industry-wide action and cooperation with relevant stakeholders to ensure large-scale, credible and effective code implementation:*

2.1: Notwithstanding the successful negotiation of a sectoral framework agreement, improve and align code standards and compliance programmes with best practice in the sector, including:

- **Creating management systems to ensure that managerial responsibility is assigned appropriately in ensuring that suppliers are aware of their responsibilities in respecting all of the fundamental rights that people have at work.**
- **Creating the infrastructure to deal with complaints by recognizing trade unions and providing paid release for trade union representatives to be trained in resolving disputes over employment rights, and developing confidential and accessible means for workers to report exploitation and abuse. Ensuring timely and effective handling of complaints regarding violations.**
- **Mapping and investigating supply chains and developing mechanisms to ensure that the company knows where and under what circumstances work is performed throughout their supply chains.**

¹⁰ Including those not affiliated to the ITGLWF.

- **Without prejudicing existing trade unions representation working with credible (local) organizations that have the confidence of workers and their trade unions to conduct, or assist in conducting, social audits or workplace inspections;**
- **Providing workers with independent education and training concerning their rights at work, and increasing workers participation as well as consultation and cooperation with local trade unions and labour related NGOs in all activities related to code implementation.**
- **Undertaking concrete activities to promote freedom of association, collective bargaining and credible worker presentation in line with 1.1.**
- **Increasing transparency about the composition and conditions in the supply chain and about code implementation activities, with priority on ensuring feedback to the workers themselves.**
- **Addressing the negative impacts that their purchasing practices can have on code compliance by developing more stable relationships with suppliers, providing sufficient lead times so that production can be carried out using humane working hours and by fully reflecting the costs of observing labour standards in the prices that they offer their supplier or in the bids that they accept from suppliers, and ensure that the workers concerned actually benefit.**

2.2. Calling for a more active role for the ILO in code implementation and verification

- The industry shall undertake an investigation jointly with the ILO in which the present organization of the industry, in relation to purchasing practices, is considered with a view to publishing a set of recommendations for the industry with respect to lead times and schedules, unit prices, capacity planning and their impact on working conditions.

The investigation should be based upon terms of reference to be jointly agreed by the campaign partners, the industry and the ILO and based on the principle of worker centred research.

- The industry shall press the ILO to take a more proactive role in the whole area of code implementation and verification. This could include the development of standards for social auditing, participation in code implementation and monitoring projects, assisting in capacity building on the ground, the development of curriculum and delivery in training modules, for example for CSR staff of sportswear companies, at its center in Turin and the appointment/accreditation by the ILO of social auditors.

Beyond Geneva

- **Publicly and practically support the programme as outlined above**
- **Seek to collaborate with MSI s already working in the sportswear sector, to increase synergy and to ensure effective use of resources.**
- **Promote attendance at a regional consultation and planning meeting in Asia in 2004, to be hosted by the ILO, bringing together trade unions, suppliers, sourcing companies and labour-related NGOs**
- **Support the demands of the campaign towards the IOC, including the insertion of a human rights clause in the Olympic charter and the establishment of a Commission to deal with ethical labour practices along IOC garment supply chains.**
- **The companies and the WFSGI should provide an early indication of their intentions with respect to this programme of work. This could be facilitated by the ILO.**

Annex 4

A note on the Fair Labor Association

The Fair Labor Association grew out of the so-called Apparel Industry Partnership, convened originally by President Clinton in 1996 to address the issues raised by anti-sweatshop campaigns. In the final negotiating stage (1998), the US trade unions Unite and several of the NGOs (mainly the faith groups) left the table over disagreement on code content issues (living wages and hours of work) and over issues relating to monitoring system (primarily frequency and selection of suppliers to be inspected, selection of auditors and transparency). FLA suffered from huge credibility problems after this.

After coming under new leadership in 2001 it announced significant changes to its monitoring programme in April 2002. The FLA itself would in the future select the factories to be externally audited, and choose and directly contract the accredited compliance verification organizations to carry out those audits. All verification audits would be unannounced.¹¹ Other changes included new transparency rules (the first annual report, as well as 'tracking charts' for all externally monitored suppliers were published in 2003) and stronger mechanisms for review of member companies performance (member companies are still required to carry out internal monitoring of all suppliers). FLA conducts its own annual audit of the company's compliance records and programs, as well field visits to observe the work of the companies' local compliance staff and assess factory conditions.

As a so-called "Multi Stakeholder Initiative" the FLA board of directors comprises 6 company representatives (including Reebok, Nike and adidas), 6 NGO representatives (all US based), and 3 University representatives. The office is based in Washington DC and has about 10 to 12 staff, including one based in India, one in China. It recently established a European office (based in Geneva), partly to enable them to employ staff based outside of DC, partly to facilitate more cooperation with the ILO and with its European member companies.

It presently has 14 "participating companies" (PCs), including the following sportswear companies: **adidas-Salomon, Gear for Sports, Gildan Activewear, Nordstrom, Nike, Patagonia, Puma, Reebok**¹² Following the PFOC **Asics** has now joined and **Umbro** are considering membership. Jointly FLA members produce in more than 3000 factories in 80 countries, with sales totalling \$30 billion. Its relevance to the sportswear industry (and therefore to us) should not be underestimated: the total worth of the athletic apparel and

¹¹ Under the previous system, companies would develop a list of factories to be audited, which the FLA would then approve or modify. The companies would directly contract the accredited compliance verification organizations to audit those factories. For more detail on the 2002 changes see: <http://www.cleanclothes.org/codes/02-05-01.htm>

¹² other participating companies are for example Eddie Bauer, Philips van Heusen and Liz Claiborne. Polo Ralph Lauren was another big name but left reportedly due to stronger transparency requirements.

footwear market is estimated at over 58 billion US dollars, at wholesale level — of which the sportswear apparel sector forms 71% or 41,5 billion dollar, and the athletic footwear sector 29% or 17 billion dollar. Nike, Adidas, and Reebok comprise some 14% of the athletic apparel market; Puma and Umbro each comprise of approximately 1% of market share. This means the FLA presently covers **16%**. In athletic footwear, the FLA brands together cover **66%** of the market -- Nike 34%, Reebok 10%, Adidas 16%, Puma 5% and Umbro 1% (if Asics were to join that would bring in another 4%).¹³

¹³ All figures based on International Sporting Intelligence, 2003; quoted in background profiles to the Olympics campaign

i The Economist, August 19, 2004.

ii CCC, ICFU, Global Unions, Oxfam, March 1, 2004, 'letter', on file.