



To: Leslie Roberts, Pentland  
Bill Anderson, Adidas  
Carole Greenwood, Umbro  
Caitlin Morris, Nike  
Lary Brown, New Balance  
Luca Tinucci, Lotto  
Reiner Hengstmann, Puma  
Toshiyuki Sano, ASICS  
Toshiaki Mizuno, Mizuno  
Robbert de Kock, World Federation of Sporting Goods Industries

Cc: Auret Van Heerden, Fair Labor Association  
Martin Ma, Social Accountability International  
Dimitri Kessler, Ethical Trading Initiative

Dear Colleagues,

Please find attached a letter to sportswear company representatives following the seminar "Decent Work In The Global Sporting Goods Industry, Towards Progress On Substantive Issues " 30 June – 2 July 2008.

Copies to all other participants in the seminar for information.

Yours sincerely,

Claire Murphy (on behalf of Playfair 2008)

**ITGLWF UK Office**



## Playfair 2008



22 October 2008

To whom it may concern,

**Re: Proposals and targets discussed at 30 June – 2 July 2008 Hong Kong conference**

We are writing to follow up on the preliminary discussions at the 30 June – 2 July Play Fair 2008-sponsored meeting in Hong Kong on concrete steps sportswear companies should take to meet specific targets on four key systemic problems that are blocking progress on dealing with persistent labour rights violations.

Those initial discussions amongst trade union and non-governmental organizations, sportswear brands and multi-stakeholder initiatives helped us to identify opportunities for collaborative action on a number of issues.

We understand that some of these opportunities may be pursued first at a national level in Indonesia as a way of field-testing the steps we set out in our *Clearing the Hurdles* report as well as proposals for sector-wide solutions in Indonesia published earlier this year by Oxfam Australia and the Clean Clothes Campaign.

However, discussions about further action at an international level – specifically focused on more system-wide problems with addressing freedom of association and collective bargaining in the sector – were rejected by the World Federation of Sporting Goods Industries (WFSGI) on behalf of the companies that participated in their recent CSR Committee meeting in Germany. WFSGI President Robbert de Kock wrote that “We don’t see the value in a few representatives coming to discuss policies that vary brand by brand.”

We believe this rejection leaves a number of holes in the strategy to tackle the four hurdles addressed in our report (freedom of association and collective bargaining, precarious



employment, living wages and industry restructuring/closures). Some of these matters are ones that could best be addressed by collaborative action involving, variously, buyers, suppliers, trade unions, governments and NGOs.

Therefore, we still see sector-wide collaboration on key issues as an essential step in ensuring that labour standards compliance is not seen as a competitive disadvantage for individual companies, and hope to see collective responses to some of the proposals we put forward. However, we do recognize that there may be differences in the way the major sportswear buyers want to approach some of these issues. You should therefore be willing to outline – as individual companies – where your company stands on the issues and what concrete steps your individual

brands will undertake to address the hurdles we identified in our report. From there we may be able to identify further opportunities for collaboration as well as ensuring that each company takes responsibility for actions within its own supply chain.

Since it was not possible within the format of the Hong Kong meeting to discuss each company's response to the proposals and targets, we therefore request that your company review those proposals presented below and provide us with as much detail as possible on the steps you are willing to take and targets you are willing and able to meet to overcome the hurdles described in our report.

A full chart of the proposals and time-bound targets is contained in our *Clearing the Hurdles* report. For ease of use, we are presenting the proposals here in a format which clearly identifies sets of proposals that can be addressed at various levels by each individual brand – for which we ask that you take the necessary steps to implement within your own company – and some that may require a collaborative effort – for which we ask that you identify your willingness to collaborate with other companies or multi-stakeholder initiatives in addressing these specific proposals. For reference purposes, each proposal is identified here by its number in the original *Clearing the Hurdles* report (e.g. A1 to D10).

Undoubtedly you have already spent some time reviewing these proposals in preparation for the Hong Kong meeting, so we trust it will not take overly long to address them in writing. We hope to hear back from you before 8 December 2008.



If you have any questions regarding this process, please contact Kevin Thomas at the Maquila Solidarity Network ([kthomas@maquilasolidarity.org](mailto:kthomas@maquilasolidarity.org)). Please submit your response letter to this address as well.

Once all the responses are received, we will be summarizing the responses for the Play Fair campaign website. Following that, we will be in touch to discuss ways and means of taking further action to implement these steps. Obviously any failure to respond to this survey will be addressed in our public communications.

Thank you in advance for your cooperation.

We look forward to discussing further you plans to address these critically important issues.

Yours truly,

Sportswear Working Group,  
Play Fair 2008

Guy Rider  
General Secretary  
International Trade Union Confederation

Neil Kearney  
General Secretary  
International Textile, Garment and Leather.  
Workers' Federation (ITGLWF)

Ineke Zeldenrust  
Clean Clothes Campaign

Lynda Yanz  
Executive Director  
Maquila Solidarity Network



## 1. Reporting measures

Please indicate whether your company will be willing to report publicly (on your website, in annual reports, or through other publicly available means) on the following matters:

A6. the presence of unions and collective bargaining agreements within your supply chain, including both the number of factories with unions and collective bargaining agreements and the percentage of total production in such factories.

A7. the percentage of your company's production in countries and/or zones where freedom of association and collective bargaining are legally restricted.

C2. the percentage of your company's production in each country in which your goods are manufactured.

C3. the average length of relationship with your supply factories, as well as more detailed statistics on the number of factories with which the company has worked for various incremental number of years (e.g. 1, 3, 5, or more years) and where they are located.

C4. your company's policies for supplier/vendor selection, management, and/or termination, including new source approval process, linking of supplier CSR performance with sourcing decisions, and strategy for managing impact of exiting factories.

Please also indicate when and in what form this reporting will be made available.



## 2. Policy development

Please indicate whether your company will adopt new policies across your supply chain regarding the following matters, and where applicable, a time-frame for delivery.

A1. In order to develop a positive climate of non-interference with freedom of association and collective bargaining within sportswear supply chains, require all suppliers to proactively adopt a “Freedom of Association Policy” and communicate this policy to workers in their own languages in the form of a ‘Right to Organize Guarantee’. Audit to ensure the policy has been adopted and communicated to workers.

B4. Incorporate a clause in the Code of Conduct prohibiting labour-only contracting arrangements or false apprenticeship schemes intended to avoid fulfilling obligations to workers.

B5. Produce guidelines on precarious employment, and incorporate key requirements into Compliance Benchmarks.

C1. Develop and adopt formal policies and procedures to give effect to the MFA Forum's Collaborative Framework, including all of the steps outlined in the MFA Forum's *Guidelines for Managing Responsible Transitions*, and communicate these policies publicly.

D1. Incorporate a living wage standard in your Code of Conduct.



### 3. Study/measurement

Please indicate whether your company will engage in research – either individually or in a multi-stakeholder environment – regarding the following matters, and where applicable, in what time frame:

A3. Develop means of measuring impacts of management and worker training programs, and develop quantitative and transparent reporting on those results.

D3. Undertake an independent review of prices paid to suppliers in supplier factories to determine whether prices paid to suppliers are sufficient to allow compliance with international labour standards and provide for an expected wage for workers that meets workers' basic needs.

D5. Work with trade unions, suppliers and NGOs to develop a wage ladder, including a living wage figure for workers in each country or region.

D8. Commission one or more independent studies of lean production methods and whether they reliably deliver increases in wages to workers by increasing the efficiency of production lines without increasing the pace, hours or physical exertion expected of workers.



#### 4. Factory Monitoring

Please indicate whether your company will monitor supply factories and/or establish its own procedures to ensure that:

A4. Workers have accessible and safe means by which they can file complaints about violations of freedom of association and collective bargaining rights to buyers, with a transparent process for resolving credible complaints.

A11. Where trade unions are not restricted by law but non-union forms of worker representation are permissible, such forms of workplace representation conform with the principles of worker representation as laid down in ILO Convention 135.

B1. Suppliers enter into formal employment contracts with workers and ensure workers receive a formal appointment letter setting out the terms of their contract.

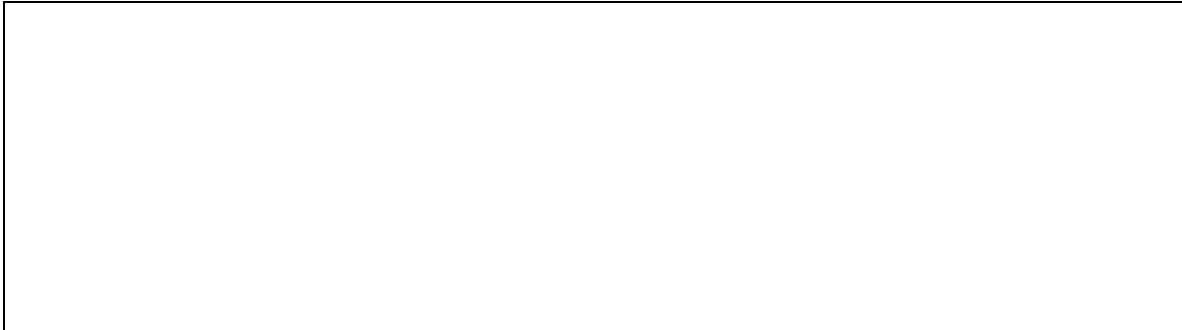
B2. Any workers engaged in the company's core business are employed directly rather than through third-party employment schemes.

B3. Workers engaged in the company's core business are employed under open-ended or undetermined duration contracts, and that:

- Any use of fixed duration contracts is in response to a clearly defined plan justifying their use;
- Any workers on fixed duration contracts are provided the same salary and benefits accorded to permanent workers performing the same work;
- Once a short-term employee has been hired on a fixed duration contract twice by the same employer, or for two years, the employee is automatically hired on an undetermined duration contract with the third contract; and
- Where requirements are stronger under local law, the higher standard should prevail.

D9. Increases in production targets for workers are only adopted after significant upgrades to equipment, processes, or worker skills. Ensure that increases in wages are not answered with decreases in other monetary benefits.





## 5. Factory level actions

Please indicate whether your company will undertake efforts with your suppliers and trade unions at the factory level to:

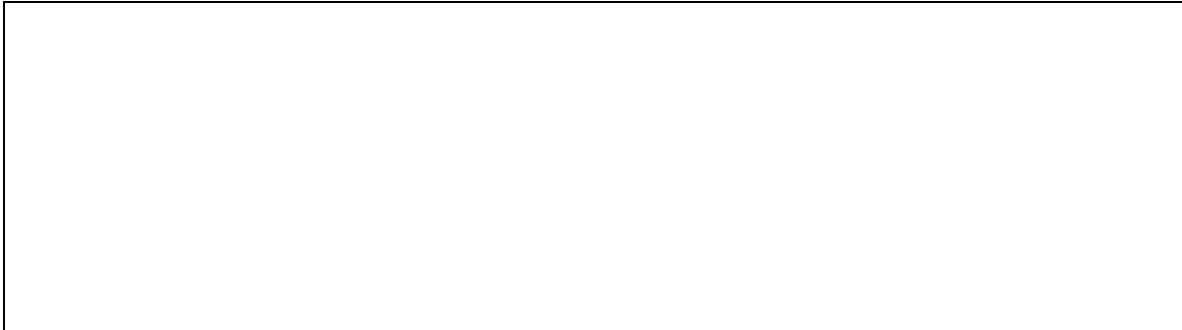
A2. In collaboration with trade union organizations and credible labour rights NGOs, facilitate independent education and training for workers and management personnel concerning freedom of association and collective bargaining.

A9. Require the signing of access agreements between factory management and local unions at supply factories.

A10. Where trade unions are present or newly established at supply factories, facilitate the negotiation by the union and the employer of grievance procedures, as well as rules and procedures for hiring, firing, promotion, discipline, union facilities at the workplace, and dispute handling.

A12. Where freedom of association and collective bargaining are restricted by law, take identifiable measures promoting genuine freedom of association within the country concerned, including engaging the workers collectively to facilitate their self-organization in ways that are consistent with the principles of freedom of association and respect for human rights.

D4. On a confidential basis, provide information regarding the unit price the buyer is paying for goods to workers' representatives engaged in collective bargaining with suppliers.



## 6. Supplier relationships

Please indicate whether your company will adapt its own procedures for supplier selection and management to ensure that your company:

A5. Provide measurable incentives for factories that have a Collective Bargaining Agreement with an independent trade union, including:

- Preferential order placement;
- long-term, stable supply contracts; and
- a measurable CBA premium in unit prices.

B6. Establishes long-term, stable supply contracts with supply factories.

B7 and D2. Sets out payment schedules in all supply contracts and makes payments on time.

B8. Establishes an optimum notice time for factories about changes in existing orders or placement of orders so that the factory is able to adjust production accordingly without violating hours of work standards or requiring the use of short-term contracts and subcontracting. Apply optimum notice time for placement of orders and changes in existing orders.

D7. Across the supply chain, favours suppliers that consistently meet a higher standard on the wage ladder for the region.



**7. Government policy**

Please indicate whether your company is willing to advocate and/or support advocacy with national governments for:

A13. positive legal reforms of labour laws to remove legal restrictions on freedom of association and collective bargaining where these rights are restricted by law.

B9. positive legal reforms of labour laws in each country of supply to legally restrict the use of short-term contracts.

D10. increases in the minimum wage consistent with ILO Convention 131.

**8. Collaboration with other brand buyers**

Please indicate whether your company is willing to commit to achieving a living wage in shared suppliers over time by:



- collaborating with other buyers (possibly through an MSI) to identify suppliers in which participating buyers collectively control more than 75% of production on a regular basis;
- facilitating the establishment of negotiating structures to enable factory management and trade union(s) to consolidate the living wage element into the existing pay structure at those factories;
- individually negotiating with factory management on measures needed to meet a living wage target proportional to each buyer's share in production.

All of the above proposals correspond to Proposal D6 in the *Clearing the Hurdles* report.

