

The Play Fair at the Olympics Campaign: an evaluation of the company responses



Jeroen Merk, June 8, 2005



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Acknowledgement

This report is the result of collaboration between many organizations involved in the Play Fair Alliance in many parts of the world, including Oxfam, the Clean Clothes Campaign and Global Unions.

In the six-month up to the Olympics Games in Athens August 2004, the Play Fair alliance approached sportswear companies, the World Federation of Sporting Goods Industries (WFSGI), and the International Olympic Committee (IOC) with a number of recommendations and suggestions to improve working conditions in the global sportswear Industry.

This report gives an overview of how Asics, Fila, Kappa, Lotto, Mizuno, Puma and Umbro responded. The report greatly benefits from support and comments from Tim Connor, Ineke Zeldenrust, Duncan Pruett, and Doug Miller. We are grateful to the companies who responded to their individual company portraits in the appendixes

Similar reports will follow on how the WFSGI and IOC responded to the Play Fair at the Olympic Campaign

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Introduction

The Play Fair at the Olympics Campaign (PFOC) has urged ‘sportswear companies and the International Olympic Committee (IOC) to bring about an industry-wide solution to the abuse and exploitation of workers in global sportswear supply chains’.¹

In the six-month run-up to the Olympic Games (March 2004 – August 2004), the campaign organisers² estimate that at a sub-national level, 500 local events (i.e., demonstrations, protest actions, picket lines, etc.) had taken place. This contributed to extensive coverage on television, radio, and in the press. In addition, more than 500,000 people signed a petition in support of the campaign. While these activities were aimed at informing the public about working conditions, they were helpful in placing pressure ‘upon those companies that have done too little to meet their incumbent responsibilities’.³

Toward this aim, seven companies — **Asics, Fila, Kappa, Lotto, Mizuno, Puma, and Umbro** — were highlighted during the international public campaign.

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. This report’s aim is to present an accurate reflection of the various activities and interactions that took place until some two months after the Olympic Games ended. The report will also indicate the steps that have been undertaken by the PFOC highlighted companies.

The Playfair alliance also approached the International Olympic Committee (IOC) and the World Federation of Sporting Goods Industries (WFSGI). Their response is analysed in separate reports.⁴

Most of the information compiled in this report is comprised of written sources (e.g., letters and emails) with a focus on the correspondence that occurred between the highlighted companies and the campaign partners. Additional material includes: press sources, newspaper evaluations written by the campaign allies, press releases, and items from various company websites. Each highlighted company has been given the opportunity to review and comment on its chapter. Factual errors were corrected in the text.

This report is divided into four sections:

- Part 1 commences with the reasons why the PFOC highlighted the seven companies in question.
- Part 2 provides a brief market overview of the position that the highlighted companies occupy within the sportswear market.
- Part 3 summarises how and when the highlighted companies responded to the PFOC.

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- Part 4 summarises the recommendations made by the PFOC in respect of the sector and looks at these companies' response to these. At the end of this section a number of specified steps are indicated that the Playfair Alliance would like these companies to take.
- The appendixes detail *individual* company's responses to the recommendations of the campaign. This is the major part of the document and it focuses primarily on the exchange of letters and emails between the companies and the PFOC lobby team. Each highlighted company has been given the opportunity to review and comment on its chapter and factual errors were corrected in the text,

1. Selection of the Highlighted Companies

Over the last 15 years, most international anti-sweatshop campaigning concerning the sportswear industry has focussed on Nike, Reebok, and Adidas. In response to the various campaigns, these companies have taken some steps to implement some changes in their policies and practices aimed at creating labour rights improvements. For example, they declared their commitment to the principle of respecting workers' rights to join and form trade unions and they began to co-operate with various international monitoring and verification initiatives. In a handful of factories, Nike, Reebok, and Adidas have responded positively to international campaign pressure and have supported the establishment of independent and democratic unions. They have also established managerial systems, which have resulted in some (albeit very limited) improvements in compliance with core labour standards for all workers in their respective subcontracting chains. Unacceptable abuses of workers' human rights are still commonplace in factories producing for Nike, Reebok, and Adidas and much more needs to be done, but these companies have at least begun to take the issue seriously.

In contrast, well known brand names such as those highlighted in our campaign— **Asics, Fila, Kappa, Lotto, Mizuno, Puma** and **Umbro** — have often managed to escape the same levels of scrutiny of sweatshop conditions that Nike, Reebok and Adidas have been subjected to, even though the labour practices in the supply chains of these smaller brands are very similar to those of the larger brands. In fact, they often use the same suppliers. As revealed in the Play Fair at the Olympics Report,⁵ released at the start of the PFOC, workplace conditions of these smaller brands are no different from those of the larger brands. However, these smaller companies have taken far fewer steps, if any, to improve their labour standards records.

The failure of these companies to take the issue seriously has contributed to a lack of progress on labour standards in the sector. That was one important reason why the PFOC decided to focus on these smaller brands. When it comes to improving labour rights, most companies have thus far been extremely wary of moving too far ahead of the rest of the industry for fear of losing competitiveness. The sportswear industry is also characterised by the fact that factories and informal supply chain networks commonly supply a variety of buyers. As a consequence, as more buyers begin to demand respect for workers' rights, the greater the incentive for factories to comply. That is why the PFOC decided to emphasise the role of some of the smaller companies in the sportswear and athletic footwear industry.

A second important reason was the decision that led to a call for a sector-wide approach to address endemic problems in the sportswear industry. Companies were encouraged to join the efforts of trade unions and other concerned organisations in an agenda that promotes the rights of workers to join and form trade unions, which supersedes 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'.⁶ This proposal does not exclude Nike, Reebok, and Adidas of course, but the decision to *highlight* a number of smaller brand sportswear companies was motivated by the belief that only an industry-wide approach would produce sustainable improvements for

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workers. The idea is that an industry-wide approach would ‘...simplify the management of industrial relations by establishing a single set of standards on labour practice applicable in supplier firms with multiple customers’.⁷

When, at the end of 2002, preparations for the PFOC were begun, these seven companies were labelled as ‘B brands’. This status reflected not only their secondary status in the sportswear sector, where Nike, Reebok and Adidas take up the lion share of the market (see part 2 below), but also reflected their secondary status in their efforts to counteract labour violations in their supply chains. On the basis of these two criteria, seven companies were selected as companies to be highlighted during the campaign.

However, there was also an arbitrary element involved in selecting these seven companies, and, in fact, any number of other branded sportswear companies would have easily fulfilled the above criteria as well. For example, **New Balance**, **Keds**, **Vans**, and **Hi-Tech** each control a small percentage of the sportswear market and none of them have taken any significant steps toward improving their labour records. As a matter of fact, much consideration was given to highlighting New Balance, but it was eventually removed from the list of highlighted companies for lack of new research material that could be highlighted in the final Play Fair report.

By contrast, Puma’s inclusion as one of the seven highlighted companies became the subject of some discussion. The company was an obvious choice in the early phases of PFOC preparations because at that time Puma was already the subject of widespread international campaigning in support of workers at the Matamoros Garment factory in Mexico.⁸ After this case, however, in the course of 2003, Puma began to respond to some of the calls of the various campaign groups. For instance, they announced their willingness to engage with the German Clean Clothes Campaign (CCC) concerning pilot projects in Asia and initiated labour rights training programmes by various Hong Kong-based labour groups in the factories of its Chinese suppliers. In addition, they also joined the FLA. On balance though, it was felt Puma needed to do more, especially on purchasing practices, and therefore they were included.

There was also discussion about whether to include the athletic footwear supplier **Yue Yuen** in the campaign. As the world’s largest footwear producer, responsible for producing one out of every six sneakers for over 30 different brands, the company must become an important participant in a sector-wide approach if this initiative is to be successful. Plus, with the exception of Nike, the company’s net profits are larger than any single sourcing company in the sportswear industry.

The other Asian company that various groups suggested for scrutiny by the international anti-sweatshop campaign was the supply chain management company **Li & Fung**. This company is one of the world’s largest buying houses, functioning as a supply chain manager for numerous apparel brands, including Kappa. Perhaps the most remarkable fact is that, although both Yue Yuen and Li & Fung are largely unfamiliar to the general public, their net profits actually exceed those of the brands discussed in this report. These two companies represent the increasing power of Asian Transnational Corporations (TNCs) within the global supply chains of the sportswear industry. Instead of making profits from marketing and distributing branded sportswear, they prefer to produce for consumer markets elsewhere. Their increased hegemony

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calls into question some of the presumed power dynamics within the global supply chains of sportswear where sourcing corporations are often the most powerful players who ultimately can dictate terms to the presumed weaker suppliers.⁹ Although both companies were included in a background report, it was finally decided to highlight only companies known to consumers.¹⁰

Nike, Reebok and Adidas were not featured in the international PFOC campaign along with the seven highlighted companies; instead, they were lobbied with regard to their purchasing practices. This part of the campaign focussed on pressuring these companies to bring their sourcing practices (prices, delivery schedules, relationships with suppliers, etc.) in line with their commitments to core labour standards in their own codes of conduct. These companies were also lobbied to join a sector-wide programme.

However, on a national level, the various national campaign groups were advised to choose from among the seven highlighted companies; but if none of these companies were involved in supplying their respective national Olympic teams, they were free to highlight *other* sportswear companies as well as retailers that sell sportswear. As a result, in Canada, Roots was highlighted because they were a supplier to the Canadian national Olympic team; the Belgian groups *approached* Adidas; while French anti-sweatshop groups put the spotlight on Intersport and Decathlon. However, national groups were advised to campaign around more than one single company to support the idea of a sector approach and to include at least one of the seven aforementioned companies.

N.B. this report focuses principally on the responses of the seven highlighted companies. Only occasionally are references made to other brands.

2. Market Overview

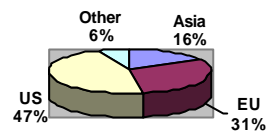
This section offers a brief summary of the market positions of the seven highlighted companies.¹¹ The total worth of the athletic apparel and footwear market is estimated at over US \$58 billion — of which the sportswear apparel sector (US \$41.5 billion) forms a much larger part than the athletic footwear sector (US \$17.05 billion).

World-wide, the athletic footwear market is worth US \$17.012 billion wholesale. While at the retail level, it is valued at some US \$25 billion. As figures 1 and 2 show, most sportswear is sold in the US and EU.

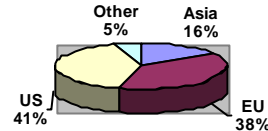
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Figures 1 and 2

International Athletic Footwear Market by region 2002



International Athletic Apparel Market by region 2002



Nike, Adidas, and Reebok comprise approximately 15% of the athletic apparel market. Nike is the dominant company in athletic apparel, with about a 7% market share globally. Meanwhile, **Fila**, **Puma**, and **Umbro** each comprise approximately 1% of market share, while Mizuno represents approximately 0.5%. The other brands included in this report — **Asics**, **Mizuno**, **Lotto** and **Kappa** — represent less than 0.5% of market share.

In the athletic footwear sector, Nike, Reebok, and Adidas have the lion's share of the wholesale market; together controlling approximately 58% of this \$17 billion market. **Asics**, **Fila**, **Kappa**, **Lotto**, **Mizuno**, **Puma**, and **Umbro** each comprise somewhere between 1% to 5% of the total global athletic footwear market. Other substantial brands not included among the highlighted companies in this campaign but with more than 1% of world market share include New Balance, Keds, Vans, Sketchers, LA Gear, and Hi Tech.

Table 1. Global Market Share 2002 of Nike, Reebok and Adidas — International Summary Table:

	Athletic Apparel	Athletic Footwear
Nike	7.3%	32.1
Adidas	5.0%	16.5
Reebok	2.5%	9.1
Top 20	34.8	92.24

Source: Sporting Goods Intelligence 2003

*estimate

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Table 2. Global Market Share 2002 of Highlighted Companies — International Summary

	Athletic Apparel	Athletic Footwear
Asics	0.8 %	3.84%
Fila	1.2 %	2.66%
Kappa	0.3% *	1.0% *
Lotto	0.2% *	0.64%
Mizuno	0.5%	1.38%
Puma	1.0%	5.30%
Umbro	1.0%	1.0%*
Combined	5%	15.82%

Source: Sporting Goods Intelligence, 2003

*estimate

From these figures, one can conclude that the athletic footwear market is significantly more concentrated than the athletic apparel industry. The 20 largest companies in the athletic footwear industry represent over 92% of the global wholesale market. The seven highlighted companies jointly comprise nearly 16% of the world market share. Together with Nike, Reebok, and Adidas, these companies comprise 73% of the branded athletic footwear market.

The 20 largest athletic apparel represent approximately only 35% of the global wholesale market. The highlighted companies plus Nike, Reebok and Adidas represent approximately only 20% of the market. In other words, the athletic apparel market is more fragmented than the athletic footwear business.

3. Response of the Highlighted Companies to the Campaign

The Play Fair campaign's aim was to pressure sportswear companies to change their business practices in order to improve working conditions. However, this implied that companies would take the recommendations made by Play Fair campaign seriously and enter into negotiations about how to achieve these improvements. In this chapter, we will present an overview of how the highlighted companies actually responded to the allegations in the Play Fair report and the subsequent campaign pressure.¹² As we will discuss, some companies responded quickly while others only responded after sustained campaign pressure. There were three moments in particular that were important in tracing the reactions to the campaign by the various companies:

- (1) The launch of the Play Fair report,
- (2) the first (official) follow-up letter, and,

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(3) the sectoral meeting convened at the ILO.

Each of these specific occasions generated (written) reactions from the highlighted companies.

These three instances were further supplemented by ongoing actions that included petitions, street actions, media-actions and picketing, aimed at individual companies, which added its own dynamic to how companies reacted. In this section, we ignore how the companies responded to the substance of the campaign. This will be the topic of the next section.

3.1 Reaction to the Play Fair report

The campaign commenced with the joint launch of the Play Fair report by Oxfam, Global Unions (ICFTU and ITGLWF), and the CCC in a large number of countries. The report emphasises labour abuses in the sportswear industry, with a particularly strong focus on the seven highlighted companies. It is based on research undertaken in six important sportswear-producing countries (Indonesia, Cambodia, Turkey, China, Thailand, and Bulgaria), which involved 186 interviews with workers and 10 representatives of sportswear companies during the period August 2003 – January 2004. The report further highlights the discrepancy between labour abuses and the Olympic ideal of respect for human dignity as outlined in the Olympic Charter and ends with a number of recommendations to the sportswear industry. (This is covered in the section ‘Aims of the campaign’).

All of the companies named in the report received an advance copy prior to the campaign launch. In an accompanying letter, the companies were informed that the campaign was urging:

sportswear companies and the International Olympic Committee (IOC) to bring about an industry-wide solution to the abuse and exploitation of workers in global sportswear supply chains. In particular, the campaign aims to place particular pressure upon those sportswear companies that have done too little to meet their incumbent responsibilities.¹³

After drawing attention to the obstacles that prevent significant improvements in working conditions in sportswear supply chains from being realised,¹⁴ the letter recommended that the sourcing companies take the following action:

develop and implement a credible labour practices policy (which) call(s) for suppliers and their sub-contractors to respect internationally recognised labour standards.¹⁵

... change their purchasing practices so that they do not lead to workers exploitation (adding further that) ...Prices need to be made fair, deadlines realistic, and labour standards made as important a criteria as price, time, and quality.¹⁶

work with each other and in co-operation with trade union and other organisations and adopt a sector-wide approach to addressing the problems outlined in this report in order to effect genuine change in the labour practices of these shared suppliers.¹⁷

The letter declared a readiness on the part of the campaign partners ‘to discuss the measures that should be taken to resolve these issues’.¹⁸

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Three companies accepted this invitation: **Asics**, **Puma**, and **Mizuno** responded with an official letter to the PFOC within the first month. Puma was the first company to react. In a letter on March 3 the company recognised that the report had been ‘well researched’ and the campaign objectives ‘clearly stated’. Furthermore it declared its readiness to use the documents as part of the existing constructive dialogue between the respective organisations.¹⁹ Reiner Hengstmann, **Puma**’s Global Head of Environmental & Social Affairs, further stated that **Puma** had also previously entered into a dialogue with the Clean Clothes Campaign and was ‘looking forward to speaking with members of Oxfam and Global Unions in a similar, productive manner’.²⁰ Then on March 10, 2004, a response was received from Tetsuo Hayashi, Senior Managing Director and Representative Director who is in charge of **Asics** code of conduct. His letter stated that **Asics** were ‘carefully and exactly [examining] the report... and had already started a fact finding process, which they hoped to complete as soon as possible’.²¹ The company further expressed the wish to discuss this matter directly with the campaign organisers.²² Although in an official letter Masato Mizuno, President of **Mizuno** Corporation, requested more time to undertake internal investigations, but expressed willingness to meet with the PFOC.²³

Some companies responded more informally or indirectly. **Lotto** contacted Tim Connor (Oxfam Australia), who had been in contact with **Lotto** in relation to the PT Busana Prima Global case, requesting the names of the specific production sites mentioned in the report. **Umbro** released a press statement stating that the company welcomed the Oxfam Olympic report and was taking its content very seriously indeed.²⁴ When asked by a journalist, **Fila** UK informed the press that they were studying the report. Only **Kappa** failed to respond to the initial campaign launch and the first letter.

3.2 Reactions to the follow-up letter

After one month of campaigning, three out of the seven companies had reacted in a more or less constructive way to the campaign. A process of dialogue with **Puma**, **Asics**, and **Mizuno** was now underway and several meetings between these companies and the campaign organisers took place in April. The companies which failed to reply to the first letter officially — **Kappa**, **Lotto**, **Umbro** and **Fila** — received a second, follow-up letter reminding them that

consumers world-wide took the issue of human rights violations in sportswear production extremely seriously, and had been known to express this in many different ways to the brands concerned.²⁵

The letters urged each company to start communicating with the organisations involved in the Play Fair at the Olympics campaign and with their consumers immediately. Otherwise there would be no other alternative but to communicate the company’s lack of response to the media and the wider public and call upon respective affiliates and networks to support the PFOC in this effort.²⁶

The threat of more actions and negative publicity, sufficiently motivated three companies to respond. Basicnet, the company that designs and sells **Kappa**, formally acknowledged

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receiving the second letter on April 26, 2004. **Kappa** responded by claiming they had never received the first letter or the Play Fair Report.²⁷ The campaign allies responded by sending the company a copy of a receipt of a TNT courier who had confirmed successful delivery of the first letter and the report to the same address. Furthermore, **Kappa's** response was silent apropos the issues raised by the PFOC. Meanwhile, Gianni Lorenzato, Executive Vice-President & Chief Finance & Operations Officer of **Lotto Sport Italia** stated that he had 'been reading very carefully the report'²⁸. **Umbro's** Chief Executive Officer Peter McGuigan responded on May 11 initially apologising for the delay in responding.²⁹ McGuigan claimed that he took the issue very seriously within Umbro and recognised the need to strengthen the company's procedures'.³⁰ The PFOC was well over two months underway, and **Fila** remained the only company that not had responded directly to the PFOC organisers.

3.3 Reaction to increased campaigning

The company that did not respond at all (**Fila**) and the companies who responded in what was considered to be an inadequate manner (**Umbro**, **Kappa**, and **Lotto**) became the subject of increased campaigning. This was stepped up once the second letter was drafted. In some cases, this campaign pressure was directed at the licensees — e.g., companies that demanded the right to sell their branded products within a particular market. In two cases, this provoked rather strong reactions. In Australia, Craig Reidy, Managing Director of SM Brands — which sells **Fila** products in Australia — wrote that he took 'this matter very seriously'. Reidy advised the PFOC organisers that '[w]hile we are a relatively small business we ensure that any manufacturers we use are complying with that code of conduct'.³¹ After stating that SM Brands actively traded with only a very limited number of factories, S&M Brands requested the names of the factories mentioned that were producing on behalf of SM Brands which the PFOC believed were ignoring **Fila's** policy. The PFOC in Australia were assured that he would personally investigate and advise regarding the situation.³² The PFOC responded to S&M Brands that it hoped that the company would pass on to Fila headquarters the 'extreme disappointment' the company still refuses to engage in dialogue on this issue on labour rights in the sportswear industry.³³

In the case of **Umbro**, the Norwegian affiliate of the ICFTU, LO Norway, managed to generate a lot of campaign pressure on Scantrade, a company which has a license to operate in Norway and Denmark on behalf of **Umbro**. The company met with Norway representatives of the PFOC and passed this campaign concern on to **Umbro**.³⁴ According to Labour behind the Label (UK chapter of CCC), extensive media coverage in Norway was instrumental in **Umbro** making its first move towards the PFOC.³⁵

Another method to increase pressure on the companies was organising speaker tours, which meant inviting workers employed by the highlighted companies to directly inform the public about working conditions in the factories that supply the aforementioned brands. In the UK, a tour was organised in co-operation with Neneng, an Indonesian worker employed by a factory that represents **Umbro's** biggest Indonesian supplier. Noi Pongkhwa and Yong Jaikla, two workers from Thailand who had once worked in the (notorious) Bed and Bath Prestige factory³⁶ which used to supply **Fila**, **Umbro**, Nike and Adidas, did the same in Australia.

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Such tours can often generate a lot of media attention because they give journalists the chance to record ‘first-hand’ experiences. **Umbro** decided to meet with Neneng on June 10 to investigate discrepancies between Neneng’s testimony and the observations made by **Umbro**’s representatives. By this time, however, **Umbro** was in the process of addressing the PFOC’s recommendations more constructively. It must be noted that the worker speaking tours and related campaign activities occurred just prior to **Umbro**’s decision to float its shares on the London Stock Market and just prior to the beginning of the European soccer championships. The company was confronted with a lot of publicity in the (UK) press, which linked its flotation to the efforts of the PFOC. *The Sunday Times* concluded that for **Umbro**, this campaign ‘could not [have] come at a worse time’.³⁷ This is particularly notable because earlier campaigns to pressure Umbro had never met with any noticeable response from the company.

3.4 Sector-wide meeting on May 25

In April and May of 2004, the highlighted companies were lobbied to attend a ‘sectoral’ meeting, convened as an informal consultation session on May 25 at the ILO offices in Geneva. This meeting was to address the concerns raised by the PFOC. The campaign allies presented a specific Programme of Work for the sportswear sector ‘from Athens to Beijing’.³⁸ The programme calls for the full respect for freedom of association including detailed guidance for suppliers and the signing of sectoral framework agreements, company-based and industry-wide actions to effectively align code standards, compliance programmes and business practices, and an expanded and more active role for the ILO.³⁹ The recommendations and suggestions that had been formulated in the earlier Play Fair report had now effectively crystallised.

Besides the highlighted companies, representatives of the IOC, the WFSGI, the US-based Sporting Goods Manufacturers Association, the Fair Labor Association (FLA), and key CSR staff from Reebok, Adidas, and Nike were also invited.

Four of the highlighted companies were represented at the meeting: **Puma**, **Asics**, **Mizuno**, and **Umbro**. For the campaign organisers, their presence at the meeting was an important indication of how serious these companies were about addressing the issues that had been raised. At this meeting, the campaign allies presented a proposed industry-wide ‘Programme of Work’ which sought to operationalise those recommendations formulated earlier in various policy documents and in the Play Fair report.

3.5 Further Campaigning

The companies that failed to attend this meeting were targeted for a new round of campaign activities. One way this was accomplished was by rotating some of these companies on the PFOC website. Here the public could petition three or four of the highlighted sportswear companies at a time via email and request that they take action with respect to workers’ rights. By rotating the companies in this way, the PFOC created another tool to specifically pressure the companies that were, for example, less responsive to the earlier PFOC efforts. At the same time, those companies which had responded more positively were given a less prominent place on the website.

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In the first six weeks, over 100,000 signatures were received world-wide (i.e., action cards, petition signatures, and protest emails).⁴⁰ **Asics** was reportedly ‘shocked’ by the number of emails it received. When **Lotto** was ultimately prioritised for the email targeting actions, it replied publicly by stating that they were ‘very much concerned and ... paying extreme attention to the prevention of such regrettable occurrences, which are actually giving a negative image of our company’.⁴¹ Of course, the website targeting strategy was just one of many actions that occurred to increase the pressure on the companies. Demonstrations and actions in front of shops and offices, street theatre, trade union protests, alternative torch relays (that mirrored the carrying of the Olympic torch), and speaking tours featuring various workers in a number of countries were some of the other methods through which pressure was increased.⁴² These actions often received wide media coverage.

The translation of the Play Fair report into Italian and its placement on the Italian PFOC website further increased the pressure on **Fila**, **Lotto**, and **Kappa**, all three of which have significant market shares in Italy. In July **Lotto** agreed to a future meeting with Italian PFOC representatives. By the end of the month, **Kappa** had also decided it was prepared to start a dialogue with our organisations.⁴³

Meanwhile, Belgian and Thai campaigners visited the **Fila** offices in Ostend, Belgium where they demanded that **Fila** respond to the PFOC’s demands. **Fila** staff promised to request that their managing director raise the issue with **Fila** International. Meanwhile, John Sweeney, President of the American Federation of Labour and Congress of Industrial Organizations (AFL-CIO), wrote a letter on behalf of the PFOC urging **Fila** to ‘adhere to the International Labour Organization’s four core labour standards’ and further expressed a hope ‘to meet with you in the next few weeks to discuss these issues’.⁴⁴ This triggered a response from **Fila** on June 28, when their chief marketing officer, Robert W. Erb wrote: ‘Please do not take our absence at your Play Fair meetings as an indication that we do not take this matter seriously’.⁴⁵ The letter continued to state that **Fila** had just undergone a ‘complete transition of ownership and management’ and was now in a process of reviewing its entire business, ‘including the revision and/or termination of third-party-licensing and distribution agreements’.⁴⁶ Moreover, he ensured that campaigners that **Fila** was in full support of freedom of association and the elimination of forced labour, child labour, and discrimination in respect of employment.⁴⁷ The company also declared their readiness to meet with the PFOC at our earliest convenience.⁴⁸

4: Reactions to the PFOC’s Propositions

This section will first discuss how the companies responded to the investigations into workers’ rights abuses revealed in the Play Fair report, followed by a discussion of how they responded to the three main sets of recommendations made by the PFOC to counteract labour violations.

4.1 Data on working conditions included in the Play Fair report

The Play Fair report reveals numerous cases of sweatshop conditions in the factories that supply one of the highlighted companies. To give a few examples, workers in a factory that produces for **Mizuno** and **Kappa** reported that they were prevented from resigning during peak

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production periods by the management's withholding of unpaid wages (ranging from two weeks to two months' pay).⁴⁹ In two Chinese factories producing for **Umbro**, workers complained that they were often forced to work a seven-day working week during peak season. In one factory, employees worked an average of 120 hours of overtime during the month of October 2003 — three times above what Chinese labour law allows.⁵⁰

The PFOC organisers decided to protect the identities of the workers who had testified about working conditions in the factories that supply the highlighted companies and were featured in the Play Fair report. The report also did not disclose the specific names of factories where violations were observed; instead these factories were referred to by letters. The rationale was 'to avoid jeopardising their business relationships with the companies they supply, as well as to protect their workers from undue negative consequences'.⁵¹ This was the PFOC's strategy to prevent companies from engaging in 'cut and run' actions or, in other words, abandoning factories that were being highlighted. Factory names were only disclosed *after* the workers had already been involved in significant public campaigning in the past to improve working conditions in their workplace and only *after* they had been consulted and agreed to have the names of their factories disclosed.⁵²

It is important to note that the PFOC organisers saw these factories as mere examples of continuing, widespread, and endemic occurrences of labour abuses within the global supply chains of the highlighted companies. The goal is to persuade companies to adopt a pro-active approach and undertake systemic improvements throughout their entire supply chains to prevent these abuses from happening in the first place. Remedial action with regard to a few individual cases would therefore not be enough. The companies, in their responses, nonetheless often requested the identity of the specific factory described or even attempted to identify the factories themselves.

Puma argued that the anonymous nature of the comments contained within the report made following-up a considerable task.⁵³ Moreover, the company was initially sceptical of some of the PFOC's findings in relation to Puma's sourcing activities'. **Mizuno** put considerable effort into confirming the reality of factory "N", one of its suppliers in China where workers testified that they were forced to work 78 hours of overtime per day without a day off. **Umbro** too requested identification of the relevant factories referred to in the report so that remedial action might be taken.⁵⁴ Later, in a meeting with the campaign representatives, Umbro challenged some of the findings of the Play Fair report and made clear that it had conducted its own investigation in one of the Indonesian factories mentioned.⁵⁵

Asics started a fact finding process⁵⁶ but its managers were unable to identify factory 'D', an Indonesian supplier where workers reported being forced to work for as long as 24 consecutive hours during export periods. The company suggested that this could be the result of counterfeit production. Meanwhile, the PFOC maintained that factory 'D' probably represented a case of unauthorised subcontracting. The other company which was concerned that it may have been wrongfully accused was **Lotto**. After the company requested the names of the factories in Turkey 'so that we can intervene',⁵⁷ it went on to argue that these factories might be engaged in counterfeit production. In an angry reaction to the PFOC's unwillingness to identify the name of the factories, **Lotto** declared its astonishment at 'the lightness [with which the PFOC]

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treat[s] such highly sensible argument[s].⁵⁸ The PFOC responded to **Lotto** (and to the other companies that requested specific factory names) that ‘the cases mentioned in the report were there as examples and gave an indication of wider problems, and that **Lotto** might start by undertaking credible investigations and enter into serious dialogue about improvements with local stakeholders, suppliers, and the workers making their products with any given supplier in Turkey, China, or Indonesia today’.⁵⁹

It remains unclear whether **Kappa** and **Fila** undertook any efforts to reveal the specific identities of the factories named in the report.

4.2 Three sets of recommendations

In the preceding section, we discussed how the highlighted companies responded to the campaign pressure and how long it took for them to enter into negotiations with the PFOC organisers. After all, the main objective of the PFOC was to make some real progress in addressing the problems that lead to poor working conditions.

At the most general level, the PFOC aimed to ‘...push sportswear and athletic footwear companies into taking identifiable and concrete measures to eliminate the exploitation and abuses...’⁶⁰

This broad aim was translated into three sets of recommendations: The first emphasised the need to develop an industry-wide approach to collaborate with trade unions and appropriate NGOs. The second acknowledged the necessity to develop and implement credible labour practices policies at company level; the third addressed the need to integrate purchasing issues fully into ethical sourcing policies. These recommendations were first described in the Play Fair report and further made operational in a document called: ‘From Athens to Beijing - a Programme of Work for the Sportswear Industry’ (see appendix). This document, which was first proposed to the sports brands at the informal consultation session convened by the ILO on May 25, 2004, clarifies what is expected from the sector, from individual companies, and from the ILO in coming period running up to the Beijing Olympic Games in 2008.

4.3 First set of recommendations: Participation in a sector-wide approach

The first set of recommendations focussed on getting the key players in the sportswear industry to work together at the sectoral level and to carry out, in co-operation with appropriate trade unions and NGOs, a comprehensive, far-reaching programme for improvements in the sector. By proposing a sectoral approach, the Play Fair campaign identified the need to merge a plethora of unilateral initiatives into a more coherent, collaborative, and unified direction.

This recommendation was central to the Programme of Work, which calls upon the industry to ‘substantially increase activities which promote freedom of association and collective bargaining, as well as participate in international social dialogue’ (1.1).⁶¹ Elements of this approach include the provision of clear guidance on what is expected from suppliers concerning compliance with the standards on freedom of association and collective bargaining and what constitutes appropriate consultative and representative mechanisms, increased

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training and workers' exchange programmes. Much of this would be included in a formal international framework agreement for the sector between the ITGLWF (International Textile Garment Leather Workers Federation) and the WFSGI (World Federation of the Sporting Goods Industries), (1.2.),⁶² which also acknowledged the need for action to be taken at both *company-based* and *industry wide levels* and 'in co-operation with relevant stakeholders to ensure large-scale, credible and effective code implementation' (2.1). The document ends with a call for 'a more active role for the ILO in code implementation and verification' (2.2).⁶³

A number of the highlighted companies reacted positively to this call for a sector-wide approach: **Asics** accepted the need to work as a whole industry and expected 'the World Federation of Sporting Goods Industries to take the initiative for that'.⁶⁴ Positive reactions for a sector-wide approach also arrived from **Mizuno** and **Puma**. The latter argued that the purchasing practices of the 'non-brand' companies undercut the efforts made by a 'very few more progressive companies' and shared the PFOC's objective to explore 'how the rest of the industry might be brought on board'.⁶⁵

Puma declared its willingness to co-operate with NGOs in establishing training projects on labour issues and was 'open to any dialogue with organisation[s] representing workers to identify possible ways of collaboration'.⁶⁶ The company was open to sharing its experiences with other members of the WFSGI.⁶⁷ And acknowledged the need for industry-wide projects such as that proposed with the ILO to be approached on an industry-wide basis, e.g., via the WFSGI or FLA'.⁶⁸

Umbro also declared its readiness to work with others within the industry and the WFSGI to ensure that collective issues were addressed by the sector as a whole,⁶⁹ whilst expressing doubts about the workability of a sectoral approach unless a critical mass of companies agreed to co-operate. **Umbro** offered to co-operate with the ITGLWF on this issue in order to create space for a social dialogue.⁷⁰ Umbro and the UK PFOC group agreed to meet on a quarterly basis to update on progress and discuss ways forward.⁷¹ **Lotto** also recognised the importance of a sectoral approach.⁷²

Kappa and **Fila**, on the other hand, have failed to respond in any meaningful way to the aforementioned recommendations.

4.4. Second set of recommendations: Establishment of credible labour compliance policies at company level

The second set of recommendations urges sportswear companies to develop and implement a credible labour-practice policy, whereby suppliers and their sub-contractors respect internationally recognised labour standards'.⁷³ With this recommendation, the PFOC seeks to push individual companies into alignment with (what constitutes today) 'best practice' in labour standards and implementation programmes. Amongst other things, this is based on a worker-centred approach to improving the existing mechanisms for implementing codes of conduct, including appropriate investigations and remediation programmes. In addition, companies are called upon to prioritise the activities which promote freedom of association,

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collective bargaining, and credible worker representation, and facilitate a substantial increase in worker training and exchange programmes.

Companies responded in a variety of ways to this set of recommendations.

In the meetings, **Umbro** argued with PFOC representatives that it was aiming to have 'leading industry practice with its code of conduct compliance'.⁷⁴ Nonetheless, the company agreed to assess (i) how it can best ensure that workers become more central to the compliance monitoring process and, (ii) how to ensure that freedom of association is better respected. The company agreed to further discussion with Indonesian labour rights organisations and workers,⁷⁵ and to dialogue with the ITGLWF on the issue of freedom of association. A similar reaction to the recommendations made by the PFOC arrived from **Puma**. The company claimed that it had already developed a strong internal approach (through its S.A.F.E. programme) to support the further development, implementation, and monitoring of compliance with **Puma's** code.⁷⁶ Nevertheless, the company agreed to do more work on developing credible workplace investigations, complaints procedures, and ways to engage with local stakeholders. The company also met with Indonesian groups, and meetings are scheduled with the Bulgarian and Turkish groups. Puma has already worked with Hong Kong based groups.

Mizuno established a CSR committee in the weeks after the campaign launch. **Asics** set up a global compliance team as of April 1, 2004. In a letter, **Mizuno** admitted that in the past, the company may have made some mistakes on the labour condition control of our suppliers' but that they were making every effort to develop a CSR programme in order to improve the situation.⁷⁷ The company stated that they were developing a labour-practice policy and planning to appoint several managers to take responsibility for CSR. Moreover, to assure compliance with all the applicable laws, rules, regulations, and requirements, **Mizuno** had also introduced an 'oath system' whereby each supplier was required to sign its 'letter of trust' It was also working on a compliance checklist.

Asics also indicated that its monitoring and compliance system was sub-par and argued that the focus of its corporate social responsibility programme would extend to workers rights and the environment.⁷⁸ A Compliance Committee was now responsible for developing implementation and monitoring systems and it had established a 'factory management guide and check sheet'.⁷⁹ **Asics** and **Mizuno** both pointed out that they were looking into monitoring systems that would optimise compliance. In addition, although somewhat indecisively, both companies have made the first steps towards engaging local stakeholders in improving the level of workplace investigations.

In a meeting with campaign representatives, **Fila** argued that they have little control over suppliers or licensees since labour clauses had not been included in the contracts. By completely restructuring the company, **Fila** management had every intention to regain control over the company, its product, the supply chain, and the means by which merchandise is manufactured under the Fila Label, including the global adoption of a standard of engagement for the selection of factories.⁸⁰ **Lotto** asserted it had adopted a General Sourcing Policy in 2001, although the PFOC doubted its existence prior to the campaign. The company has yet to

respond to these criticisms. **Kappa** has to date not responded to any calls to improve its labour policy.

4.5 Third set of recommendations: Integration of purchasing issues with ethical sourcing policies.

A third set of recommendations urged the companies to ‘...change their purchasing practices so that they do not lead to workers’ exploitation, with prices being made fair, deadlines realistic, and labour standards given the same status as price, time, and quality.’⁸¹ In other words, sourcing companies were urged to address the conflicting logic of simultaneously pursuing lower prices and shorter delivery times whilst at the same time pursuing compliance with labour standards. (For an overview of these recommendations; see page 66 of the Play Fair at the Olympics Report).

Two companies responded. **Umbro’s** view is that the lack of integration between ethical commitments and purchasing practices is not an issue in its business because the company has to plan its kit production at least one year in advance.⁸² A similar reply came from **Puma**, which told the PFOC that it aimed to build long-term strategic partnerships with suppliers and that 95% of the company’s required capacity was placed a year in advance.⁸³ It further stated that in discussions about a suppliers’ capacity to meet Puma’s orders, working conditions are taken into account. Nevertheless, the company was aware of the problem and conceded that it would be useful to consider developing standards related to ethical purchasing practices for itself and the sector as a whole. **Puma** agreed to share their thoughts on this with the PFOC,⁸⁴ and to this end research was currently being undertaken on the connection between successful code implementation and purchasing practices.⁸⁵

The issue of purchasing practices is also raised in the Programme of Work. Here the PFOC calls upon the industry to undertake an investigation jointly with the ILO with a view to publishing a set of recommendations in relation to lead time and schedules, unit prices, capacity planning and their impact on working conditions’.⁸⁶ The Fair Labor Association (FLA) indicated that they would support the realisation of such a study.

4.6 The role of the World Federation of the Sporting Goods Industries

The presence of the WFSGI at this meeting and its role during the campaign requires some explanation. The WFSGI is a trade association that was founded in 1978 ‘to promote the world’s sporting activities, to standardise 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’. In 1997, a Committee on Ethics and Fair Trade (CEFT) developed a Model Code of Conduct, which was ‘designed as a model for companies committed to ensuring that their operations satisfy the highest ethical standard in the global marketplace’.⁸⁷

This code was criticised by trade unions for (i) being presented only as a recommendation to member companies who were only encouraged to use the model code as a guideline in the drawing up of their own codes. This implies not only that there would be no independent monitoring and sanction system in place, but also that members could just opt for a code

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containing weaker standards; (ii) tending to diminish the importance of international accepted standards by referring to ‘different legal, economic, social and cultural environments’, and (iii) employing ambiguous words and an imprecise terminology in its provisions, resulting thereby in weaker standards.⁸⁸

The disapproval of this code as expressed by various NGOs and trade unions prompted the WFSGI to revise it in 2000. It now states that ‘these Principles are based on the international labour standards outlined in the relevant Conventions of the International Labour Organization’. It was further amended to include collective bargaining as well as an extra sentence to the paragraph on wages. A paragraph was also added to the verification section, which encourages members to ‘establish their own international management systems to monitor the standards outlined in their own code of conduct and to implement action plans for continuous improvements in factory working conditions as well as to have factories monitored by appropriately qualified external third party organisers’.⁸⁹ However, no further actions to put these into actual effect have been undertaken by the WFSGI since these amendments were added.

The above criticism of the WFSGI explains why campaign organisers had rather low expectations of the WFSGI prior to the launch of the campaign. In addition, the WFSGI remains primarily a trade association with no real power over its membership. The WFSGI had not been highlighted specifically in the campaign or the research report. However, in the course of the campaign it turned out that the WFSGI’s role was more significant than the organisers had envisaged. There are three main reasons for this:

1. A number of the highlighted companies (**Asics**, **Mizuno**, and **Lotto**) saw the WFSGI as the organisation that should take the initiative for the sectoral approach.
2. As the campaign developed, the recommendation for a sectoral approach was extended to include a proposal that an international sectoral framework agreement be negotiated between the ITGLWF and the WFSGI. (See part 1 of the recommendations).
3. The WFSGI did respond fairly positively to the recommendations by agreeing to enter into dialogue with the PFOC organisers. André Gorgemans, Secretary General of the WFSGI, first requested the informal consultation meeting which took place at the headquarters of the ILO in Geneva on May 25, 2004. The WFSGI indicated at that time their willingness to examine the issues raised by the campaign. This led to an internal discussion and exchange of information and an effort to consult its membership in order to better understand the particular resource problems of small- and medium-sized companies, which become embroiled in workers’ rights issues.⁹⁰

Significantly at the Geneva meeting the WFSGI declared its readiness to use the FLA as a vehicle for addressing some of the problems of the sector. Unfortunately to date only 4 firms (adidas, Nike, Reebok, Puma) of the 100 plus membership base of WFSGI have joined the FLA. Although these four companies comprise 63 per cent of the athletic footwear market and 15.8 per cent of the athletic apparel market (see part two), this hardly constitutes a critical mass.

But, in the end, by the time of the Athens Olympic Games the only concrete response to the campaign proposals was, disappointingly enough, the decision to form a new Corporate Social Responsibility Committee (a group of the Environment and CEFT Committee members). This committee was due to meet in September 2004 and would then be in a position to discuss the issues raised by the campaign.⁹¹ At the moment of this report, no information was available about the results of this meeting.

4.7 Summary and Evaluation

The highlighted companies each had their own responses to the Play Fair campaign recommendations.¹ The first set of recommendations calls on the companies to cooperate with trade unions and appropriate NGOs to jointly develop an industry-wide approach to labour abuses. In response, **Asics**, **Mizuno**, **Lotto**, **Umbro** and **Puma** indicated broad support for a collective industry response, with the first three companies expressing the hope that the WFSGI would take the lead. In contrast, **Fila** still prefers to do it in its own way, while **Kappa** has still not responded.

It is possible that some companies are calling for the WFSGI to take the lead in order to avoid having to take action themselves by passing off the ‘problem’ onto the industry in general. One company went so far as to suggest that they would stay away from the meeting at the ILO office that addressed this issue because ‘representatives from... the WFSGI will be attending and will be fully able to represent us and to take the necessary decisions’.⁹² In response, campaign organisers have stressed the importance of a two-track approach — the first at the company level and the second at the sectoral level — which was aimed also at preventing companies from delegating all responsibility to the WFSGI. As was made clear in the previous section, thus far progress at the WFSGI level has been painfully slow.

FLA member companies — including Nike, Reebok, Adidas, and **Puma** — responded jointly to the Programme of Work. They confirmed the central importance of promoting freedom of association and the need for additional guidance for monitors on this issue, as well as for developing remedial strategies that would provide workers with the awareness and the environment necessary to form or join the organisations of their own choice. FLA companies have also made a commitment toward working to develop more effective complaints mechanisms and new forms of dialogue and co-operation with local stakeholders.⁹³

The second set of recommendations called on the highlighted companies to develop and implement a credible labour policy. It is clear that each of the highlighted companies has decided to respond to these recommendations at its own chosen speed. Four companies—**Puma**, **Umbro**, **Asics**, and **Mizuno**—*did*, however, make commitments in this area. To varying degrees, each of these four companies promised to address the issue of freedom of association. **Puma** and **Umbro** committed to ongoing dialogue on this issue with trade unions and labour rights groups in Asia and Europe. **Umbro** is in discussions with the ITGLWF regarding a trial program of training in worker rights for one of its Asian suppliers, while **Puma** is already cooperating with labour rights groups in a similar trial. **Asics** and **Mizuno**

¹ As noted earlier these recommendations are set out in detail in the “Programme of Work” at the end of this report.

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established staff teams responsible for workplace investigations and participated in discussions with the PFOC campaign regarding how to improve their labour practices policies.

Although the campaign led to some progress in this area, much remains to be done. For instance, it remains unclear whether **Asics** and **Mizuno** will follow through on their initial steps toward better labour policies by engaging in concrete and systematic cooperation with trade unions and labour rights groups to ensure that workers' rights are respected. Meanwhile, **Fila** has admitted that it currently does not control its own labour practices and has expressed its intention to establish a system for ensuring that supplier factories meet decent labour standards. It remains to be seen whether Fila is sincere in these intentions. **Lotto's** support for an industry-wide approach to labour issues is welcome but so far the company has failed to respond constructively to concerns regarding the company's own sourcing policy. So far **Kappa** has been unwilling to cooperate with trade unions and NGOs involved in the Playfair campaign in order to implement a credible labour rights program.

Both **Asics** and **Umbro** stated that they were considering joining the Fair Labor Association (FLA) of which **Puma, Nike, Reebok** and **Adidas** are already members. By joining the FLA these companies will be committed to a more concrete programme for implementing a common code and will be obliged to comply with reporting and transparency requirements. Sharing knowledge and practices with other sportswear companies active in the FLA will contribute to a more co-ordinated sectoral approach. However, several groups involved in the Play Fair Alliance continue to have serious reservations about the FLA. They are concerned for example that trade unions have no representation in the FLA's governing body and that companies involved in the FLA have not committed to ensuring that workers who make their product are paid a living wage. There is also disappointment that, despite some positive cases, FLA member companies are currently failing to effectively support the right to freedom of association for the great majority of women and men who make their products.

Unfortunately, most of the highlighted companies have thus far chosen to ignore the third set of recommendations, which focus on purchasing practices. The two companies that did respond — **Puma** and **Umbro** — maintained that in their view there is no real issue at stake here, although **Puma** seems willing to take a closer look at this issue. The most important achievement here is that the issue has been brought to the table and that the ILO is now considering conducting an investigation. It is to be hoped that this study will help motivate companies to address the contradiction between their stated support for workers' rights and their continued push for faster, cheaper and more flexible production.

4.8 From Athens to Beijing?

The appendixes provide a more detailed overview of the responses of each of the highlighted companies to the campaign calls. It is important to note that, despite some positive steps taken by some companies with respect to policy development, and in terms of direct engagement with Unions and NGOs at the global and local level, as yet there have been no substantive and meaningful changes realized in workers lives. All highlighted companies need to take serious measures to give effect to their codes and to meet the agenda outlined in the Programme of Work (see also the appendixes). They can no longer ignore the issue of workers' rights, or their

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collective responsibility, along with their suppliers, for labour abuses involving workers having their rights violated and being forced to put in long hours of forced overtime for poverty wages. In the boxes below, some concrete steps are outlined that the Play Fair Alliance would like the highlighted companies to take up in the next few years. These steps are in addition to and do not replace the need for these companies to implement the entire Programme of Work, particularly those steps that promote freedom of association and collective bargaining and those which address the negative impacts of companies' purchasing practices. The Olympic Winter Games in Turin of 2006 and the Olympic Games in Beijing of 2008 will be important review moments.

The Playfair Alliance would like to see Kappa:

- take immediate steps to update its code of conduct and develop a credible labour policy in line with the Programme of Work (see appendix b.).
- demonstrate that it is willing to take labour rights issues seriously, including for production managed by Kappa's Joint Venture partners
- begin to cooperate immediately at international level with Play Fair alliance organisations,
- engage directly with local unions and local NGOs at the point of production
- disclose details regarding its supplier locations to the ITGLWF

The Playfair Alliance would like to see Asics:

- develop better relations with TUs and local NGOs at the point of production, and make sure local compliance staff have the capacity to engage meaningfully
- share more details concerning its supplier base with the ITGLWF
- include a living wage requirement in its code
- respond to the agenda outlined in the Programme of Work (see appendix b.)
- formally support the campaigns' calls towards the IOC, given Asics' status as official supplier to the Turin winter games

The Playfair Alliance would like to see Lotto:

- take immediate steps to update its code and develop a credible labour policy in line with the Programme of Work (see appendix b.).
- begin to cooperate immediately at international level with Play Fair alliance organisations
- engage directly with unions and local NGOs at the point of production
- disclose details regarding its supplier list to the ITGLWF

The Playfair Alliance would like to see Mizuno:

- start developing relations with unions and local NGOs at the point of production, and make sure local compliance staff have the capacity to engage meaningfully in these activities
- include a living wage requirement in its code
- formally support the campaigns' calls towards the IOC, given Mizuno's status as official supplier
- disclose details regarding its supplier locations to the ITGLWF

The Playfair Alliance would like to see Umbro:

- develop direct engagement with unions and local NGOs at the point of production
- make sure local compliance staff have the capacity to engage meaningfully in their activities
- include a living wage requirement in its code
- respond to the agenda outlined in the Programme of Work (see appendix b.)
- disclose details regarding its supplier locations to the ITGLWF

The Playfair Alliance would like to see Puma

- continue developing direct engagement with unions and local NGOs at the point of production,
- ensure local compliance staff have the capacity to engage meaningfully in their activities
- include living wage requirement in its code
- further concretise its response to the agenda outlined in the Programme of Work (see appendix b.)
- disclose details regarding its supplier locations to the ITGLWF

The Playfair Alliance would like to see Fila:

- demonstrate that it is willing to take labour rights issues seriously, including for its licence partners by satisfactorily dealing with outstanding labour standards violations – specifically Tae Hwa Indonesia
- take immediate steps update its code and develop an credible labour policy
- begin to cooperate immediately at international level with Play Fair alliance organisations
- engage directly with local unions and NGOs at the point of production
- disclose details regarding its supplier list to the ITGLWF

Asics

Asics prior to the PFOC

Asics developed its ASICS Workplace Code of Conduct in 1998. The first edition of ASICS Corporate Policy of Engagement is based on WFSGI guidelines. Commenting on the company's position and policy regarding corporate governance, President and Representative Director Kiyomi Wada states in the 2003 Asics Annual Report that: 'Asics has... drawn up a code of conduct' which:

requires all management and regular employees to have a deep awareness of their social responsibilities and observe the letter of all relevant laws and regulations in all business activities, and clarifies ethically acceptable behaviour. It also provides procedures for crisis management and encourages high standards of risk management and compliance.

Asics' Code of Conduct was basically oriented toward internal ethical behaviour and, for the most part, contains vague standards. The scope and application of this document remains unclear. For example, it was not clear whether Asics' code applied only to its own employees or also to its suppliers, who employ the workers that make Asics products.⁹⁴ The code also makes no explicit references to international (ILO) standards. It is unclear how Asics' ensured compliance with its code prior to the PFOC. Furthermore, the corporation failed to co-operate with NGOs or trade unions on these issues and did not participate in any Multi-Stakeholder Initiative (MSI).⁹⁵ Moreover, Asics' code was not available via its English-language website although its Japanese website did provide some information.⁹⁶

Prior to the campaign, Asics Europe BV was requested on various occasions by Oxfam to attend a meeting that would provide information about Asics' 'supply chain management strategies as well as its approach towards ensuring that labour standards are met within the supply chain'.⁹⁷ The company replied by sending its code of conduct and mentioned that this document was 'currently being updated'.⁹⁸

Communication with the PFOC

Asics reacted quickly to the PFOC. On March 8 2004, a local representative stated to the *Birmingham Evening Mail* that it couldn't 'comment until it was studied by its parent company in Japan' but that Asics takes a report like this very seriously'.⁹⁹ Two days later, on March 10, 2004, a response arrived from Tetsuo Hayashi, Senior Managing Director and Representative Director in charge of Asics code of conduct. (His successor is Mr. Ryoji Tamesada right now, who is Executive Managing Director in charge of Asics CSR activity.)

In an official letter to the CCC, Oxfam, and ICFTU, *Hayashi* stated that:

Although we regretfully have not been informed about your research at an earlier stage, let me assure you that we will carefully and exactly examine the report... We have already started a facts finding [sic] process, which we hope to complete as soon as possible.¹⁰⁰

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Moreover, Asics notified the PFOC that it considers corporate social responsibility a very important issue and that 'management had already decided to implement corporate social responsibility, including fair labour conditions, in every aspect of our operation'.

With regard to Asics corporate social responsibility programs, Hayashi stated that Asics would do its best:

to go ahead with the implementation of (its) corporate social responsibility program, including instruction, monitoring and corrective action. The focus of (Asics) corporate social responsibility programme (would) extend to areas including [the] human rights of workers and [the] local environment.¹⁰¹

And thus, Asics finally reacted positively to the PFOC's call to join with the WFSGI and other companies to develop an industry-wide programme. Asics said it believed it was essential to work as a whole industry and would be asking the World Federation of the Sporting Goods Industry to take the initiative as in the case of child labour in India and Pakistan.¹⁰²

In a reply on March 26, 2004, the PFOC:

- noted Asics' 'prompt response' and its 'immediate efforts to investigate the violations detailed in the report'.¹⁰³
- in response to Asics request for identification of the factories cited in the report, emphasized that the cases in the report were only specific examples to illustrate the general industry situation'.¹⁰⁴
- requested a meeting with the company to discuss Asics Code of Conduct and the company's 'purchasing practices in light of arrangements for code compliance'.¹⁰⁵
- asked to be kept informed of requests from Asics to the PFOC in respect to the program of work
- solicited Asics views on the PFOC's call for companies to join and develop an industry-wide programme.¹⁰⁶
- reminded Asics that it had been informed about Oxfam research as early as October 16, 2003.¹⁰⁷

Meetings between Asics and the PFOC

The above formal letter exchange resulted in a meeting between the PFOC and Asics (and Mizuno) in May 2004.¹⁰⁸ Significantly Asics and Mizuno were prepared to jointly discuss aspects of their respective code compliance programmes in each other's presence. The meeting discussed (and clarified) matters concerning ASICS Corporate Policy of Engagement (substance, compliance, and verification), the possibilities for actively supporting the development of an industry-wide approach (including a sectoral framework agreement between the ITGLWF and the WFSGI), the prioritisation of activities that promote freedom of association, collective bargaining, and credible worker representation; a substantial increase in worker training and exchange programmes; the development of standards for 'Ethical Purchasing Practices' and a more worker-centred approach to the improvement of existing mechanisms for implementing codes of conduct.¹⁰⁹

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In a separate meeting under existing industrial relations procedures, the ITGLWF and its Japanese affiliate UI-Zensen met with Asics to discuss the issues raised by the campaign and possibilities for negotiating an international framework agreement with the ITGLWF.

Asics repeated its wish to work through the WFSGI or another entity (i.e., ILO). In their view, the WFSGI was better equipped to address the comprehensive demands. However, the PFOC stressed the importance of both a credible, internal approach and a sectoral approach. Asics said it would raise the campaign's issues with the WFSGI.

During these meetings, Asics also wanted to discuss factory 'D' profiled in the Olympic report. Asics had been unable to identify this Indonesian supplier. The company expressed its concern about false allegations being made about this company. The CCC agreed to contact local researchers and organisations about factory 'D'. The PFOC campaign also agreed to forward Asics' response would be communicated in a public message.

Asics also attended the May 25 sector-wide meeting.

Communication after May 25 sector-wide meeting

Most of the communications after the ILO meeting dealt with the re-examination of factory 'D'. The campaign believed this to be a case of unauthorised subcontracting, and not — as Asics maintained — counterfeit production. The campaign further argued that before the name of the factory could be made public, the workers involved had to be consulted since they risked the possible consequences.

The campaign expressed the hope that Asics would meet with local NGOs and the ITGLWF affiliate in Indonesia to discuss how best to organise workplace investigations. Asics Europe notified the Dutch PFOC members that the company was planning a meeting with the FLA.¹¹⁰

Asics replied on July 27 to say that it was establishing a 'Factory management guide and check sheet'.¹¹¹ In addition, the company had developed an 'Inspection report form' for the evaluation of factory management and a 'Requirement of remediation sheet'.¹¹² The company further visited 6 shoe factories and two apparel factories and demanded that some of the violating factories satisfy regulations before the end of 2004.¹¹³

Asics further recognised that the apparel industry has a 'very wide volume of supply chains'. The company promised to commence with its own inspections and upon clarifying the problem, would consider third party inspection'.¹¹⁴

The rest of the correspondence between Asics and the PFOC deals mainly with the advantages of Asics meeting with local trade unions of labour-oriented NGOs to improve the monitoring of suppliers. The PFOC argues that these groups were in a position to provide the company with information and perspective on the reality of the labour situation of its suppliers, and on the kind of remediation that needs to take place from the worker perspective.

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'They can advise you on how to best organise worker interviews in a safe environment. We believe that without such interviews the investigation is likely to be compromised'¹¹⁵

The company has initiated its first steps in this area.

FILA

Fila prior to the PFOC

Fila signed the Athletic Footwear Association's Statement of Guidelines on Practices of Business Partners in 1993. The Guidelines state that 'Members... will only do business with partners whose workers are in all cases employed voluntarily, not put at risk of physical harm, fairly compensated, allowed the right of free association and not exploited in any way'.¹¹⁶ The Guidelines also provide that, 'in the event of any wilful, non-compliance with these guidelines member companies may terminate or refuse to renew their supply agreements with business partners based on the business partner's awareness of these guidelines'.

Fila also adopted its own company code of business conduct. However, it is unclear how Fila ensured compliance with this code. The company was unwilling to be interviewed by researchers involved in preparing the PFOC report, which was released in March 2004. Fila also did not co-operate on these issues with NGOs or trade unions or participate in an MSI. Fila's code could not be found on its website.

Before the campaign, Fila had been approached by Oxfam to set up a research meeting to discuss the impact of their business operations concerning the terms and conditions of employment of workers within the corporation's supply chain. Carmen Picart Krichton, manager of Fila's Brand Protection and Corporate Compliance, replied to Oxfam that it was not company practice to give interviews,¹¹⁷ but assured Oxfam that FILA is dedicated to ensuring that its products are manufactured under conditions which reflect its commitment to human rights in the workplace..¹¹⁸

A copy of Fila's Code of Business Conduct was attached.

Communication with the PFOC

Fila did not respond formally to the PFOC's first letter, the Play Fair report, or to the many emails sent by the general public.¹¹⁹ On a national level, Fila UK stated to the press that it was studying the report. Fila Australia blocked the email messages sent by the general public.¹²⁰ On March 26, a PFOC follow-up letter was sent to Fila, urging the company to respond.

Although Fila itself did not respond, one of the companies distributing Fila products in Australia responded to an approach by Oxfam. Craig Reidy, Managing Director of S&M brands stated:

I have today received correspondence from you with attached letters from concerned members of the public. It is worth noting I have also received emails as per the letters. I take this matter very seriously and as you advised in the letter template you have supplied to the public, Fila has a code of conduct

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which all Fila subsidiaries, distributors and businesses must adhere to. While we are a relatively small business we ensure that any manufacturers we use are complying with that code of conduct.¹²¹

After stating that S&M Brands actively traded with a very limited number of factories, Reidy requested the names of the factories mentioned in the report producing on behalf of S&M Brands and gave an assurance that he would personally investigate and advise Oxfam of the situation.¹²²

Sharan Burrow, President of the Australian Council of Trade Unions (ACTU) and Andrew Hewett, Executive Director, Oxfam Community Aid Abroad, replied on April 14 stating that they appreciated 'SM Brands' concern for the issue of working conditions [and] 'the fact that Fila has a code of conduct to which all subsidiaries, distributors, and businesses must adhere'.¹²³ However, they drew attention to a number of aspects of the code which they considered merited some attention, including the system the company has in place for monitoring compliance'. A meeting was proposed to discuss the various concerns of the PFOC (purchasing practices, a sectoral framework agreement, prioritisation of activities which promote freedom of association, etc.). Although, the campaign acknowledged the offer to personally investigate and report on overseas factories, Oxfam and the ACTU stressed that the cases were examples illustrating the general situation in the industry, and called on all companies to take steps that would lead to fundamental changes in the conditions under which workers produce their goods'.¹²⁴

Despite the correspondence, and increased public campaign pressure, Fila failed to respond to a request for a face-to-face meeting with the Campaign and did not join the sectoral meeting on May 25. Nor did the PFOC receive an official reply to the issues raised, beyond the Reidy letter.

In June, shortly after Belgian and Thai campaigners had visited a Fila office in Oostende in Belgium to demand that Fila respond to the Play Fair campaign, FILA International reacted. Although only one campaigner had been allowed inside the Oostende office, Fila staff promised to ask their managing director to raise the issue with Fila International. The event was covered by regional TV and 2 regional news papers.¹²⁵ Fila US responded to emails sent by Belgium consumers and anti-sweatshop activists with the following communication:

Thank you for your interest in workers' rights at Fila. We take these issues very seriously and hold our factories accountable for maintaining standards consistent with those states in our Code of Business Conduct. The COBC, which I have attached for your review, has been developed and refined based on many years of experience and analysis by experts in the industry.

Fila is dedicated to ensuring that its products are manufactured under conditions which reflect our commitment to human rights in the workplace. We support internationally-recognized norms for the safety and well-being of the individuals who are responsible for the manufacture of our products, and we believe that it is incumbent upon the corporate community including ourselves, to ensure that individuals' working environments around the globe meet or exceed these norms.

I hope that we have successfully addressed your area of concern. Please be assured that Fila is committed to ensure that all of the factories in our Supply Chain manufacture products under conditions that reflect our commitment to human rights in the workplace.¹²⁶

A few days later, Mark Westerman, VP Global Marketing Communications, reiterated to the Belgian CCC the seriousness with which the company took the matter. The PFOC considered

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this a very feeble response from Fila since it failed to address the PFOC's specific proposals, and there was no follow-up on working conditions of Fila workers as detailed in the Play Fair report

On June 16 a letter from John Sweeney, President of the AFL-CIO stated that:

The AFL-CIO has joined a worldwide campaign of unions and other labor rights advocates to ensure that sportswear companies that use the Olympic logo adhere to the International Labor Organization's four core labor standards.... Companies like Fila, and your contractors around the world, have a responsibility to see to it that products bearing the Olympic logo are made under decent working conditions¹²⁷

The letter also compared its response to progress made by other companies. Sweeney requested a meeting with Fila.¹²⁸

Fila officially responded on June 28. Fila's Chief Marketing Officer, Robert W. Erb, in a letter to the AFL-CIO, wrote:

Please do not take our absence at your Play Fair meetings as an indication that we do not take this matter seriously. As you know, Fila has recently undergone a complete transition of ownership and management. We are in the process of reviewing the entire business, including the revision and/or termination of third-party-licensing and distribution agreements. It is our intent to regain control over the company, its product, the supply chain, and the means by which merchandise is manufactured under the Fila label, including the global adoption of a standards of engagement for selection of factories. We believe that these steps are critical to ensure that we are doing our part to 'play fair'.¹²⁹

We can assure you that our company, like the American Federation of Labor and Congress of Industrial Organizations, is in full support of the freedom of association and the elimination of forced labour, abolition of child labor, elimination of discrimination in respect [to] employment.¹³⁰

We will be happy to meet with you at your earliest convenience. To ensure that we will be in a position to respond to your concerns, we would welcome any information that you might have concerning allegations of misconduct on the part of our licensees, distributors or contracted factories.¹³¹

Campaign pressure was also applied in Italy. After the PFOC report was translated into Italian and placed on the Italian PFOC website, Fila began responding to emails from the public, by questioning the veracity of some of the campaign's allegations. They denied that they had been interviewed by Oxfam over the phone because this was not company policy. The letter ends by suggesting that legal actions were a possibility without going into any further details.

On July 27, Fila was approached by the CCC with regard to a claim for the reinstatement of Ms. Parkati, an Indonesian woman dismissed from the PT Tae Hwa Indonesia factory in April 1999. There was evidence indicating that Ms. Parkati's dismissal had been related to her active involvement in trade union activities. PT Tae Hwa Indonesia was producing for Fila at the time of Ms. Parkati's dismissal and continues to produce for Fila. Ms. Parkati had been one of two key organisers of a two-day strike involving all 5,500 workers in 1998. PT Tae Hwa Indonesia had appealed three times against decisions by the Indonesian labour arbitration system in her favour. CCC pressed the company to demonstrate its respect for freedom of association by ensuring the reinstatement of Ms. Parkati and compensation for lost wages.¹³²

Meeting with the PFOC September 8

On September 8, Fila met with PFOC representatives in New York. Consistent with earlier correspondence, Mr. Erb stated that the company was undergoing a restructuring.¹³³ Besides wanting to make Fila more competitive, this shake-up was also meant to ensure full compliance with labour standards. In the meantime, however, Fila argued that they had little control over suppliers or licensees, since labour clauses had not been included in the contracts. While PFOC representatives argued that they welcomed future commitments with respect to labour standards, they also expressed the need to take positive steps in the short- and mid-term and to consider the negative effects — including job losses — of any restructuring.¹³⁴

Mr Erb requested a list of the concrete steps the company could take. PFOC representatives offered a number of hints: for instance, Fila should make managers, who understand the issues at stake, responsible for compliance, and the company should communicate directly with local stakeholders. They further emphasised the point that Fila should co-operate with other branded sportswear corporations to prevent recurring errors.¹³⁵ The company, however, seems reluctant to enter into a multi-stakeholder initiative and wants to pursue these issues on its own. This is partly because the company believes that because of its relatively small size, the strategies employed by Nike are not appropriate to its situation. The PFOC replied that a number of similar-sized companies had already taken positive steps.

With regard to the Tae Hwa case, Mr Erb argued that the supplier had refused to re-instate Ms Parkati, even though Fila had agreed, on basis of the PFOC's information — that, in fact, she should be reinstated. He argued that Fila's negotiating powers were limited. The PFOC representatives argued that since Fila buys 70% of the factory's output and has done so for the past 8 years, it should have substantial leverage regarding the reinstatement of Ms Parkati as well as the ability to insist on other improvements concerning workers' rights.¹³⁶

Shortly after the meeting, the PFOC wrote a letter in which they recounted the meeting's most important issues. Concerning the PT Tae Hwa Indonesia factory, the letter called upon the company to update the PFOC on

- its efforts to reinstate Ms Parkati at the PT Tae Hwa factory in Indonesia.¹³⁷
- to provide further information about progress in discussing this and other important issues with Tae Hwa's management^{*}.
- meetings with local partner organisations to address their other labour rights violations in the factory, namely the payment of inadequate wages, high levels of compulsory overtime, impossibly high work targets, denial of trade union rights, sexual harassment, and verbal abuse.
- efforts to review 'Fila's Code of Business Conduct' in the short term and align its content with industry standards'.
- how Fila 'will play an active role in ensuring that all of Fila's licensees and suppliers are in compliance with this code of conduct, ideally through establishing a system of independent monitoring of facilities'.¹³⁸

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The letter ends with a number of examples of companies that have changed their operations in order to improve workers' rights in their supply chains.

Kappa

Kappa prior to the PFOC

LF BASIC GROUP is the exclusive sourcing centre for Basicnet (which include the brand-names Kappa, Robe di Kappa and Jesus Jeans). It adopted a Compliance Programme for Code of Conduct, which was updated in December 2001. This LF Basic Group Code of Conduct outlines the basic requirements of LF Basic and its principals concerning working conditions that must be satisfied by all suppliers. LF Basic and its principals are free to supplement these requirements at any time.¹³⁹ Although this code does cover the most important ILO standards, no sources were available to show how the company ensures compliance with these standards. Moreover, in the past, as one Italian anti-sweatshop activist describes it, Kappa's strategy was 'not to start any official dialogue with campaign organisers but use the press for contradictory statements'.¹⁴⁰ In Italy, the company has been the subject of campaigns for years without much success. In an interview with the Italian magazine, *Valori* (no. 18, May 2003), BasicNet's president, Marco Boglione, expressed his distrust of independent certification and defended his code of conduct as the best instrument to guarantee the respect of workers rights even in Myanmar (formerly Burma) where he claims he would never use forced labour and always pay wages based on the higher Asian wage standards.¹⁴¹

The company ignored the additional recommendations of Rete di Lilliput, the ICFTU, and several other NGOs that Kappa issue a public statement of intention to withdraw from Myanmar. Mark Farmaner, in an article in *The Guardian* (October 7, 2003) noted: 'We have contacted the company several times and have not received any response'.¹⁴²

Marco Boglione, concerning Myanmar, had argued:

Judging whether a government is good or bad and deciding whether to produce in that country or not, I really don't think this is our responsibility... Moral political actions are tasks of governments or world institutions vested with this duty.¹⁴³

Communication with the PFOC

It took nearly two months to provoke a response out of Kappa. The company never responded to the PFOC's first letter. On April 19, a follow-up letter was sent¹⁴⁴ urging Kappa to respond under threat of more intensified campaigning and media exposure. The PFOC received a response from Roberta Cantaluppi, Marco Boglione's secretary, who formally acknowledged the second letter on April 26. Kappa claimed to have never received neither the first letter nor the Play Fair report.¹⁴⁵

This was a rather dubious claim, considering that the campaign has independent confirmation of the courier delivery of the first letter to the same address as the follow-up letter. However, Kappa agreed to contact the PFOC after they received a copy of the first letter. In addition, they offered a tele-conference call with Boglione.¹⁴⁶

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On May 3, the PFOC partners, noting that Kappa was lagging behind the other highlighted sportswear companies, responded in writing that they preferred a formal written response.¹⁴⁷

Both Basicnet and Li & Fung (a joint venture between the companies, responsible for organising a large part of Basicnet's sourcing operations) were informed about the May 25 sectoral meeting by email on May 3.¹⁴⁸ Kappa did not respond. In Asia, the AMRC wrote a follow-up letter to Li & Fung. This company is participating in the United Nations' Global Compact¹⁴⁹ and is also a member of Business for Social Responsibility.¹⁵⁰

To increase public pressure, campaign activities prioritised Kappa at this stage.¹⁵¹ This included an Italian translation of the Play Fair report and plans for follow-up activities.

On June 15, the PFOC sent Kappa another reminder¹⁵² and finally on July 28, they apologised for the late reply by stating that Mr. Boglione has been often abroad in the last months. Basicnet noted, however, that it was available to start a dialogue with your organizations.¹⁵³

Lotto Sport Italia

Lotto prior to the PFOC

Researchers could not find Lotto's code of conduct prior to the campaign: there was no reference to it on Lotto's website and no other references were found. However, after the campaign began, Lotto told campaigners that they had adopted a *General Sourcing Policy* (code of conduct) in 2001. According to the company, this Policy had been signed by all their sources of production. It was unclear whether the company has adopted an internal system for monitoring compliance.

In the summer of 2003, Lotto was highlighted in an international campaign that supported workers at PT Busana Prima Global, an Indonesian garment manufacturer that also supplies Bear USA, Le Coq Sportif, and Head. The management of this factory instigated an anti-union campaign. This included demoting union board members and cutting their pay. The factory also forced its employees to work overtime upon short notice and had a history of very poor safety standards. When 300 workers went on strike for four days to demand that management respect Indonesia's minimum wage laws and demand an end to the harassment and intimidation in the workplace, the company responded by locking out most of the striking workers. These illegally dismissed workers have to date never received any severance pay, child support, or any other benefits they may have been entitled to, and are presently continuing their campaign. Campaign pressure, however, *did* persuade Lotto to agree to write the intermediate supplier. (See for an overview: <http://www.cleanclothes.org/urgent/04-05-18.htm>).

Communication with the PFOC

It took some time for Lotto to establish contact with PFOC representatives. The company was unavailable for comment on the report when asked by the press.¹⁵⁴ The company first responded to Tim Connor (Oxfam Australia), who had been in contact with Lotto in relation to the PT Busana Prima Global case. The company asked him for the names of the production sites named in the report. On April 5, Tim Connor informed the organisations leading the campaign about Lotto's message, and replied to Lotto that he was not in a position to answer the questions and asked them to get in touch directly with the organisations in charge of the campaign at the global level.

On April 19, the PFOC wrote a first follow-up letter in which Lotto was urged to respond formally to the campaign organisations.¹⁵⁵

An official response was received on May 5.¹⁵⁶ Gianni Lorenzato, Executive Vice-President Chief Finance & Operations Officer at Lotto Sport Italia stated that Lotto had 'been reading very carefully the report'.

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Lotto Sport Italia is strongly supporting all the international organizations like WFSGI and FESI in terms of the respect of human rights in our factories where we outsource our production. In fact, as part of the ongoing process of developing its manufacturing organization and enhancing the reliability and credibility of the brand at [the] international level, Lotto Sport Italia has developed a General Sourcing Policy, which is applied to all sources of production.¹⁵⁷ (emphasis added).

According to Gianni Lorenzato, Lotto had responded correctly to the PT Busana case since the company had never dealt directly with this supplier, which had been contracted via a Lotto licensee in the UK:

After being informed of the problem in the factory, we immediately and strongly intervened with our licensee urging them to find a positive solution.¹⁵⁸

With regard to the cases of labour rights violations in factories supplying Lotto merchandise, Gianni Lorenzato suggested that this might be a case of unauthorised subcontracting and thus might not represent 'official' Lotto factories, or it might involve factories producing counterfeit products. Finally, Lotto also stated that it:

...has always given full attention to social issues and, above all, the safety and fair treatment of personnel involved in manufacturing, wherever they work in the world. We remain at the complete disposal and are more than willing to collaborate — indeed, we will pick-up the investigation in order to examine them and take the necessary measures. In this respect we came across the mention of a factory in Turkey and would ask you to help us in this and let us know of which factories in Turkey we are talking about so that we can intervene.¹⁵⁹

On May 12, the PFOC partners responded by saying that they were pleased to be informed that Lotto Sport had developed a General Sourcing Policy, but that it was unhelpful for such a document to be kept out of the public domain¹⁶⁰

With regard to the content of the General Sourcing Policy, the campaign partners argued that the document was inadequate in a number of ways and would require substantial changes to be considered credible. There is, for example, no reference to ILO standards, and [when] it comes to wages, hours of work and safety and health suppliers are apparently only required to observe national regulations and employment laws. The right to collective bargaining is not mentioned, nor is security of employment. Furthermore no mention is made of the steps Lotto takes to implement the standards or monitor compliance.¹⁶¹

The PFOC argued further that although it sees an important role for industry associations like the WFSGI to ensure that their members respect human rights, these organisations were in no way equipped to give any assurance whatsoever that their members guarantee compliance at the current time.¹⁶² For that reason, the PFOC asked Lotto to qualify the kind of activities it expected the WFSGI to undertake in this respect and how the company would contribute to this agenda.¹⁶³ The letter further requested Lotto's opinion on joining an industry-wide programme.

Regarding the matter of PT Busana Prima Global, the campaign partners underlined that in their view, sportswear companies should carry responsibility for all workers producing goods with their logo, independent of the question of whether the production is organised through the

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company's own manufacturing, subcontracting, or licensing.¹⁶⁴ The letter ended with an invitation to join the May 25 meeting in Geneva.

On May 18, Lotto's executive vice-president, Gianni Lorenzato, replied to the various issues raised. First, Lotto said that it had encountered difficulties in getting in touch with the right PFOC people which had delayed their official response. Lotto also argued that its General Sourcing Policy was not a public document and that there was neither in Italy nor in the world a public register where companies are obliged to deposit similar documents.¹⁶⁵ With regard to the content of this document, Mr. Lorenzato argued that it originates from the code of conduct adopted by the WFSGI, which takes also into account the ILO standards.¹⁶⁶ It further turned out that the earlier version of this policy received by the PFOC had been a summarised version.¹⁶⁷ Lotto then sent the complete version.

Regarding the PT Busana Prima Global Factory, Mr. Lorenzato maintained that Lotto had taken all the 'necessary and possible steps'. However, with regard to the unnamed suppliers in Turkey, Lotto indicated that it was 'really very astonished' about the lightness with which the PFOC treated such 'highly sensible arguments'. Lotto requested on this basis a meeting to constructively deal with the issues at hand¹⁶⁸

With regard to a sectoral framework agreement, Lotto welcomed the involvement of international organisations such as the WFSGI of which Lotto was through FESI a member.¹⁶⁹ Lotto further went on to argue that they 'planned to be present' at the May 25 Geneva meeting, 'engagements permitting'.¹⁷⁰ In any case, Lotto pointed out that 'representatives from [the] FESI and WFSGI would be attending and be fully able to represent the company and make any necessary decisions'.¹⁷¹ The letter ended with Lotto declaring its readiness to enter into constructive dialogue on all matters in relations to the problems, which could occur in the future.¹⁷²

The PFOC responded on June 2, 2004. Given that, - in contrast to Lotto's assertions -; the WFSGI cannot be held responsible or accountable for the social performance of its member companies, the PFOC expressed its disappointment at the absence of Lotto from the May 25 meeting.¹⁷³ Moreover, the PFOC argued that such a meeting would have specifically contributed to the 'constructive dialogue', which was apparently desired by Lotto.

On the issue of public disclosure of CSR statements and policies, the PFOC went on to argue that it is

commonly accepted that ethical policies should be public documents and that consumers and other interested parties have a right to know about them, and that Lotto's reference to the lack of a legal obligation to post such documents did not make any sense, when in fact the industry strongly urges against any legal obligations in this matter, believing that CSR measures must be voluntary.¹⁷⁴

With regard to the content of Lotto's General Sourcing Policy, the PFOC called upon Lotto to make a number of amendments before the document could be considered credible.¹⁷⁵ Specifically, Lotto was asked to include reference to:

- Prohibition of forced labour;

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- Political opinion and social or ethical origins with regard to discrimination;
- Collective bargaining and more credible reference to freedom of association;
- The right to earn a living wage
- A limit on the number of working hours¹⁷⁶

The letter further requested that Lotto specify how it ensures compliance with ethical standards, how Lotto actually acts when it encounters a case of non-compliance or how Lotto expected suppliers to issue a certificate to go with each shipment and which authority would grant such certificates.¹⁷⁷

Gianni Lorenzato replied on June 11, 2004. He began by offering his apologies for Lotto's no-show at the Geneva meeting. His main argument was that Lotto is a relatively small company compared to its competitors, and therefore does not have the same resources dedicated to such issues [sic]...¹⁷⁸ This is why Lotto believed that it could be represented by the FESI and WFSGI:

If you say that [the] WFSGI cannot be held responsible for our faults, We do believe that we cannot be held responsible for problems caused [by] much bigger companies In fact, if we were to consider the Lotto production and compare it to the production of the big players, probably we would [be on] a scale of 1: 1'000'000. Therefore, we think that a representative of this category, either [the] WFSGI or FESI, must deal with this kind of argument.¹⁷⁹

However, Lotto ultimately decided to hold a preparatory meeting with Mr Gesualdi of the Centro Nuovo Modello di Sviluppo, an Italian partner of the CCC, to pave the way for a full national meeting with the PFOC.

Although Mr. Lorenzato did not address the questions raised about the content of its sourcing policy, he did state that Lotto was 'more than willing to help find the right path for the implementation of an ethical code to be applied by the sports industry'.¹⁸⁰

The PFOC replied that they 'believe there is a difference between a meeting as organised by the ILO, which brings together the different actors concerned, and therefore contributes to a more sectoral approach (as advocated by the Campaign) and unilateral meetings with each company'.¹⁸¹ Nonetheless, they looked forward to eventually meeting with the company. The remainder of the PFOC letter argues that it was precisely because companies like Lotto:

...could not be held individually responsible for the problems cause by other companies in the sector [that the PFOC was] calling for a sectoral approach, and for a much more active role by the WFSGI in this matter, which conforms to the agenda outlined in our 'Programme of Work' proposal. ... all WFSGI members, large and small, have a role to play in realising this. As long as the WFSGI [felt] unable to [insist that] its members uphold certain standards and programmes to implement them, [there was] no other option but to engage with its member companies directly [in addition].¹⁸²

With regard to Lotto's argument that it is a much smaller company and therefore has fewer resources available, the PFOC pointed out that:

the amount of resources required for developing credible code implementation mechanisms are largely a function of the number of suppliers. Smaller companies have less suppliers, and therefore need less resources to monitor them. Often, smaller companies, in fact, have more stable relations with their

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suppliers, which makes compliance generally easier and less resource-intensive. Co-operation in so-called Multi-Stakeholder Initiatives generates economies of scale (prevention of double auditing, the sharing of information, etc.), since the membership fees of these organisations are generally based on turnover, this should not be prohibitive. Companies much smaller than Lotto have taken their responsibility in this way, for example, via the Dutch Fair Wear Foundation, supported by the industry associations for small and medium-sized companies, the Dutch CCC, and the Dutch trade unions.¹⁸³

After Lotto was prioritised on the PFOC website it began to receive large amounts of e-mail from the general public. Lotto responded publicly by repeating that they were very much concerned and were paying extreme attention to the prevention of such regrettable occurrences, which are actually giving a negative image of our company.¹⁸⁴ The company maintained that it was doing what is necessary by adopting and implementing a General Sourcing Policy that was intended to ‘regularise and to increase the conscience of the workers and the ruling class inside the factories’.¹⁸⁵

On July 14, a preparatory meeting took place between Lotto and Centre Nuovo Modella di Sviluppo. In this meeting, Gianni Lorenzato expressed Lotto’s willingness to seek a sector-wide approach— again reiterating Lotto is only a small player on the world market. Although this initiative has been welcomed, Lotto was urged to also improve its internal compliance programme.

Mizuno

Mizuno prior to the PFOC

Mizuno adopted a Code of Business Ethics, which expresses its responsibilities towards society. There was only one reference to this code in an article by Ans Kolk and Rob van Tulder. They wrote that this code is ‘primarily oriented toward internal ethical behaviour, providing a fundamental standard of ethics directed at its operations and employees. The Mizuno code was adopted in the course of the 1990s, but even after direct consultation with the company it was not possible to pinpoint the exact date’.¹⁸⁶ According to internal documents of Mizuno, the Mizuno code was adopted in October 1991 in order to respond to the fact that newspapers had reported on the company regarding the accident related with article 159 of the Securities and Exchange Law of Japan in June 1991.¹⁸⁷ According to Stock at Stake, all of its Japanese offices and factories were ISO14001 certified and zero emissions were promised.¹⁸⁸ They note that Mizuno’s social reporting is limited to environmental issues.

Before the Play Fair at the Olympics campaign, Mizuno’s Code of Business Ethics was an internal instrument that did not refer to labour standards or to the kind of behaviour it expects from its suppliers. Although Mizuno now states on its website that it has ‘followed’ the WFSGI code since September 2002.

Communication with the PFOC

Mizuno responded with an official letter on March 26, 2004 in which, Masato Mizuno, President of Mizuno Corporation, states that they are investigating the violations reported at of one of its Chinese suppliers (factory ‘N’ in the Play Fair at the Olympics Report). With regard to recommendations made by the PFOC in relation to what companies should do to counteract labour-rights violations, Mizuno simply stated that these issues were now under careful review and study.¹⁸⁹ The company claimed further that it was taking the following steps:

- 1) We are developing a labour-practice policy. We are enclosing a draft copy of our Guiding Principles for Suppliers to the Mizuno Corporation, which includes a labour practice policy and a ‘code of conduct’...
- 2) ... we will establish a committee of Corporate Social Responsibility on April 1, 2004, and appoint several managements [sic] to take responsibility for CSR.
- 3) We are checking trade lists of suppliers and their subcontractors, and investigating the situation on [the] execution of OEM agreements between them and Mizuno for... modification of such OEM agreements....
- 4) Based on the trade lists and the situation... CSR committee members will visit as many suppliers as possible by August 12, 2004, to confirm the situation [at] ‘hot places’ and also to confirm the reality of factory ‘N’ pointed out in page 62 of your report
- 5) We are introducing a system of oath, [and] we [are] enclosing a draft copy of our Letter of Trust, to make suppliers recognise that they should comply with all applicable laws, rules, regulations and requirements in the manufactur[ing] and distribution of our products
- 6) We will study several systems to monitor a situation of labour-practices to meet labour standards

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- 7) ...we will take this issue to the World Federation of the Sporting Goods Industry (WFSGI) as it is too difficult for us to work [with] each other as a commercial entity.¹⁹⁰

In closing, Mizuno expressed a willingness to meet with the PFOC to discuss the issues further.

On April 13, the PFOC partners responded,¹⁹¹ expressing the hope that Mizuno would also be prepared to critically evaluate its purchasing practices in the light of their arrangements for code compliance, to engage actively in discussions on how to substantiate an industry-wide approach on these issues and to work on establishing a more worker-centered approach. The letter continued by stating that it appreciated Mizuno's effort to investigate the violations detailed in the Play Fair at the Olympics Report (factory 'N') but emphasises that the PFOC views the cases from unnamed suppliers as examples which illustrate the general situation in the industry'.¹⁹²

Mizuno replied on April 27 to further clarify the actions it had taken after the campaign had begun:

1. We have established the CSR committee as of April 1, 2004 to which Masato Mizuno has been appointed as the chairman and [we] are enclosing a copy of the [list of] members [on] the committee;
2. We are developing a checklist to investigate suppliers and are enclosing a draft copy of Mizuno Business Standards. Overview evaluation for Vendors Human Rights Checklist;
3. We had a meeting with main suppliers in China on April 23, 2004 in Osaka to explain our labour-practices policy with our Guiding Principles For Suppliers to the Mizuno Corporation, and the Letter of Trust;
4. At the meeting, we also persuaded suppliers on the importance of labour conditions and requested [they] fill out [the] Mizuno Business Standards, Overview Evaluation for Vendors Human Rights Checklist in English and in [the] local language for suppliers and their subcontractors;
5. Masato Mizuno, Chairman of the CSR committee, will visit suppliers in China to investigate with Guiding Principle for Suppliers [...etc.] in mid-May;
6. We are still studying several systems to monitor a situation of labour practice to meet labour standards;
7. We [are] also reviewing the modification of OEM agreements in the future with regard to recommendation 2 in your letter of March 3, 2004.¹⁹³

Although Mizuno claimed that it did not intend to avoid negotiations they said it was not the proper time to start negotiations to sign a framework agreement with ITGLWF as the company's efforts and trials to improve labour-practices had just started and the company had insufficient knowledge and experience in this field'.¹⁹⁴ Mizuno expressed the hope that the PFOC would give them the time 'to review and try this issue step by step'.¹⁹⁵ The company promised to take this issue to the WFSGI, drawing the PFOC's attention to the fact that the WFSGI was an independent organisation... with its own decision-making systems.¹⁹⁶

The PFOC responded by expressing the hope that Mizuno would engage in an 'open dialogue with the campaign partners'.¹⁹⁷ The PFOC concurred, saying that

...an open dialogue with the campaign partners would be important also in this stage, since to our experience a multi-stakeholder approach is essential also in the development stage of the CSR programme of a company. The organisation represented in the campaign [has] substantial experience... to share regarding the

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effectiveness of different mechanism[s] of code implementation, and [we]¹⁹⁸ feel that Mizuno's programme, especially in the development stage, would benefit from more discussion.

Meetings between Mizuno and the PFOC

In April 2004, a meeting took place with Mizuno (and Asics), the ITGLWF, and its Japanese affiliate UI-Zensen to discuss the PFOC's concerns about the company's code compliance system and to consider the possibility of drafting an international framework agreement with the ITGLWF.

In May, a meeting between the PFOC and Mizuno (and Asics) was held.¹⁹⁹ At the meeting, issues were discussed (and clarified) concerning Mizuno's code of conduct (substance, compliance, and verification). At this meeting, the Alliance urged Mizuno to engage in dialogue and to prioritize and implement activities which promote freedom of association, worker training and a worker-centred approach to the investigation of complaints.

In a letter of May 14 Mizuno admitted that the company may have made some mistakes on the labour condition control of their suppliers but that they were making every effort '...to develop [a] CSR programme [in order] to improve the situation.'²⁰⁰ The establishment of a CSR committee has been accelerated by the PFOC.²⁰¹ (See also the steps mentioned earlier). Mizuno did send a 'Letter of Trust' to its suppliers.²⁰² With regard to a sector-wide approach, Mizuno deferred this to the WFSGI. The company agreed with the PFOC by noting that 'a "twin track approach", which means an industry-wide approach and an individual company approach was essential...'²⁰³

At the May meeting, the PFOC also stressed a number of other issues concerning certification, audits, and purchasing practices that Mizuno must also resolve. Mizuno also expressed its intention to co-operate with the various NGOs and ultimately decided to attend the ILO meeting on May 25.

Communication after May 25 meeting

On July 12, 2004, Mizuno sent an update of their activities concerning the Olympics Campaign and the Corporate Social Responsibility issues.²⁰⁴ The letter opened by stating that (among other things) Mizuno had informed and explained to Mizuno USA Inc. — which is responsible for all of its North and South American operations, including licensees — about Mizuno's CSR programme and 'Guiding Principles For Suppliers'.²⁰⁵ Mizuno went on to state that it expected these licensees to sign their 'Letter of Trust'.²⁰⁶

The letter goes stated that Mizuno had plans to use 'independent, external monitors' for their factories in China, including the aforementioned factory 'N' as well.²⁰⁷ As Mizuno had earlier promised, it further declared that its CSR committee members were visiting suppliers to affirm the situations of 'hot spots' and also to affirm the reality of factory "N".²⁰⁸

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However, Mizuno stopped short by noting that it could *not* fulfil a request from the ITGLWF TWARO to disclose the name of the independent external monitor because of the trial nature of the monitoring exercise.²⁰⁹

Moreover, Mizuno restated that this was not the proper time

to start the discussion concerning [a] sectoral framework agreement with [the] ITGLWF as our efforts and trials to improve labour-practices have just started and it is not overnight work for us.²¹⁰

The letter ended with the hope that the PFOC would grant Mizuno some time and understanding so that they might properly implement their CSR programme. They also stated that they would study and review preferentially the monitoring system including independent external monitors and our own staff with our principles and standards from now on.²¹¹

The PFOC appreciated Mizuno's sincerity concerning their intentions to map their supply chain but expressed concern that the company's plans did not provide for communicating with the workers' directly. It was not at all clear who would ensure that the workers understood their rights or to whom the workers could report if their rights under the Mizuno code were violated²¹²

The PFOC response insisted on the importance of a multi-stakeholder approach to ensure a more credible approach to monitoring compliance, with the campaign team arguing that

...experience [over] the past 10 years, and the experience of many other companies in the sportswear sector, [tells us that to obtain] the real picture of the workers situation means talking to the workers, and to organisations that are in close contact with the workers. Does the monitor you plan to engage have the capacity to communicate with the workers as well as with management?

..... a monitor can only be independent if he/she is not paid by the buyer or the supplier, but instead is engaged by another party (for example a Multi-Stakeholder Initiative). If the monitor is hired by Mizuno, this would be part of the internal monitoring of Mizuno rather than 'independent external monitoring'.²¹³

The letter expressed the hope that Mizuno would start to co-operate with local organisations like the HKCIC and affiliates of the ITGLWF-TWARO. Regarding freedom of association, the PFOC went on to argue that

...the task ahead is not so much to design a programme, but to agree and participate in a process. This is why the ITGLWF proposes the framework agreement, as a tool for the necessary dialogue for such a process. So, although we of course understand that implementing the CSR programme takes time and effort, we think this will have to go hand-in-hand with [an] international social dialogue, and therefore [we] hope you will reconsider postponing a discussion to this effect.²¹⁴

PUMA

Puma prior to the PFOC

Puma introduced an internal code of conduct in 1993. To enforce it in the first years the company sent suppliers a letter asking them to implement the code's standards. This Code was revised in 1997. In 1999, a corporate social and environmental officer responsible for implementation was appointed. In 1999, the code was reviewed (the first public version only became available in 2000). Its first social and environmental report, as a part of the annual report, was also published in 1999. The code was further revised and expanded in 2002 and 2003. According to Puma's Environmental and Social Report, their code standard is based on 'the conventions of the International Labour Organization and is displayed and accessible at all our production sites'. However, their code makes no direct mention of the ILO standards or a living wage but all ILO core labour conventions are covered.

Puma established a Social Accountability and Fundamental Environmental Standards (S.A.F.E. team), which is responsible for the implementation and monitoring of its code. The S.A.F.E. team also screens new suppliers and is able to prevent orders from being placed if the production sites do not meet the Code's standards. According to their General Manager of Global Sourcing and Logistics these standards are never compromised; he is quoted as saying: 'Never touch the rules fixed in the code of conduct'.

Puma's 2003 Sustainability Report notes that between January 2002 and July 2003, 381 supplier audits were conducted world-wide and 33 factories were removed from their suppliers list for failing to correct violations.

In 2003, a large international campaign highlighted Puma in relation with the workers' struggle at the Matamoros Garment factory. Puma sourced apparel from the Matamoros Garment factory in Mexico between July 2002 and January 2003. Working conditions here were bad and included wages under the minimum wage, forced overtime, and verbal abuse. Puma claimed that it terminated the contract on October 7, 2002 due 'to the insolvency of one of Matamoros Garment factory's major customers, and the resulting financial limitations placed on the factory, PUMA refrained from placing new orders with Matamoros Garment'.²¹⁵ According to CCC the contract termination took place just as the workers had started the process of beginning to organise an independent union. Puma claims that the contract termination took place before the workers started to organize, and the termination was a direct reaction to the factory's poor record on meeting production deadlines. Meanwhile, the factory owner had told the workers that Puma had terminated the contract because the union had organised a strike to press for better wages and working conditions.²¹⁶ Puma agreed — after a campaign by the CCC and other organisations — to relocate orders *back* to Matamoros Garment and to set up a credible verification of the Matamoros Garment situation with the co-operation of the CCC. Unfortunately, however, the factory's doors have remained closed since the end of March

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2003. To follow up the Matamoros issue Puma's first International Stakeholder Dialogue meeting was held in November 2003 at the Monastery Banz and included participation of NGOs such as the CCC participated. The moderation of this meeting was conducted by the German Network of Business Ethics Germany e.V.

Just prior to the PFOC, Puma began working with some Hong Kong-based NGOs to offer workers training courses in Chinese footwear factories. Puma also joined the Fair Labor Association in 2004.

Communication with the PFOC

On March 3, 2004, Reiner Hengstmann, Puma's Global Head of Environmental and Social Affairs, made an official statement with regard to the PFOC. By doing so, Puma is the only highlighted company that actually responded prior to the PFOC's official launch.

Hengstmann thanked the PFOC partners for providing an advance copy of the Play Fair at the Olympics Report and the Olympics Campaign Policy documents. Puma found the report to be well researched and [the] campaign objectives clearly stated and declared itself ready to enter into constructive dialogue on the findings.²¹⁷ Hengstmann went on to state that they shared the concerns related to the specific incidents described in the report, but that the 'anonymous nature of the comments contained within the report made following-up a considerable task'.²¹⁸ But undertook to investigate the allegations.²¹⁹

In the remainder of the letter, Hengstmann further noted Puma's activities that would help 'ensure that internationally accepted social and environmental standards are enforced throughout the supply chains'.²²⁰ For example, concerning PFOC recommendations on developing a code of conduct, he argued that Puma had already adopted a code of conduct in as early as 1993, and that this code covers all of the important issues. He went on to point out that it has been regularly reviewed and revised to benefit workers employed by Puma's manufacturing partners.²²¹ In connection with the PFOC's recommendations, Hengstmann further asserted that Puma had already developed a strong internal approach (through its S.A.F.E. programme) to support further development, implementation, and monitoring of compliance with Puma's code.

Our S.A.F.E. Team currently consists of seven people with different nationalities and professional backgrounds and last year completed 264 compliance audits worldwide. We have developed and implemented a detailed S.A.F.E. Manual to ensure compliance with our demands. Puma, without exception, only pursues contractual relationships with manufacturers that abide by the provisions contained within the S.A.F.E. Manual.²²²

The letter went on to state that Puma *does*, in fact, inform the public to a large extent by publishing an annual environmental and social report such as those published in 2002 and 2003. Furthermore, Puma also stated that it had already come to the conclusion that an independent, non-profit, third party monitoring scheme would complement their internal compliance programme and that is why they decided to become a participating member of the Fair Labor Association.²²³

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In a second letter, Puma also responded to a public action that took place on March 8, 2004, where Oxfam campaigners, trade unionists, students, and athletes from the University of Surrey went to Puma UK headquarters to deliver a letter adopting a sharper tone and voicing mainly the same concerns.²²⁴ Hengstmann responded directly to Oxfam on March 11, but this letter had a less constructive tone. The company here argued that it had made

... a concerted effort to remain open for constructive dialogue and balanced communication. However, in your letter we find some of your points to be overly rhetorical, inaccurate, or even misleading.²²⁵

Hengstmann noted that it remained unclear to Puma why the PFOC was so negative about its code of conduct:

You call into question Puma's Code of Conduct, an institution that has capably guided our company toward human rights improvements for over a decade. While Social and Environmental issues were first mentioned in our 1999 Annual Report, our corporate policies had been in place, and we're outpacing industry standards, for six years at that point.²²⁶

The letter further took issue with the claim that Puma was operating in a 'cutthroat' industry.

This implies a win-at-all-cost mentality that is simply not Puma's operating procedure. We experience tough competition from our rivals, no doubt, and sourcing strategies certainly play a role in this competition. But your claim that 'human rights are all too easily sacrificed to maximize profits' is unnecessarily incendiary and ignorant of the myriad considerations taken into effect when making sourcing decisions.²²⁷

The letter concludes in a more conciliatory tone, expressing the hope that Oxfam will be included (along with the CCC, FLA and other NGOs) in Puma's human rights dialogue.²²⁸

In a March 15, 2004 reply, the PFOC stated that it:

- appreciated that Puma continues to show interest and commitment to developing a pilot project jointly with CCC and its union partners and hoped that the outcome of the dialogue, would be a substantial pilot project that would contribute to better code implementation and verification mechanisms.²²⁹
- noted that the outcome of the talks would influence the way that the organisations involved would shape their upcoming activities in the context of the Play Fair at the Olympics campaign.²³⁰
- asked Puma to provide more 'detailed information on its purchasing practices in the light of code compliance'.²³¹
- solicited Puma's views on the PFOC suggestion regarding the development of an industry-wide programme to address labour issues in co-operation with appropriate trade unions and NGOs.
- asserted that it appreciated Puma's effort to investigate the violations detailed in the report but reminded Puma that companies were being 'called upon to take steps which will lead to systemic improvements for all the workers producing their goods' and not to just address issues on a case-by-case basis as they emerge.²³² 'Given the fact that presumably all of Puma's locations were at some point investigated via the S.A.F.E. programme and given

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the fact that structural violations of Puma's stated labour standards still took place [in] several countries indicates to us that it is not so much a question of *more* investigations, but rather a more credible overall approach.²³³

- concluded that Puma had mapped its supply chain well, but equally clearly, violations were either not discovered and documented in sufficient detail, or not dealt with adequately and therefore persist.²³⁴

Meetings with the PFOC

Puma was the first company to organise an official meeting with the campaign alliance after the launch of the campaign. This meeting, held at Puma headquarters on April 15, 2004, was constructive, with Puma agreeing to

- share information about its purchasing practices policies with the alliance
- review its methods for worker interviews regarding labour conditions
- share reports of factory investigations with local researchers and workers
- do more work on the issue of trade union rights.

Puma foresees discussions concerning this issue with the relevant global union federation – the International Textile Garment and Leather Workers' Federation (ITGLWF).²³⁵

A joint communiqué — agreed upon by both Puma and the PFOC — further elaborated that Puma had done its own investigations into workers' rights abuses mentioned in the Play Fair report and found some 'some discrepancies between the findings in the Campaign report and those made by Puma'.²³⁶ At the same time, Puma's own investigations did find 'similarities in the finding — for example, on excessive working hours and on curbs on the right to organise'.²³⁷

The communiqué repeated Puma's intention to set up a 'pilot project focussing on complaints mechanisms, involving other German companies, the German CCC, and trade unions'.²³⁸ On the issue of the integration between labour practices, ethical sourcing policies, and purchasing practices, the communiqué stated:

...Puma informed the Campaign that it aimed to build long-term strategic partnerships with suppliers and that 95% of the company's needed capacity are placed a year in advance. When the company assesses and discusses a suppliers' capacity to meet their orders, working conditions are taken into account. Nevertheless, the company was aware of the problem and conceded that it would be useful to consider developing standards related to ethical purchasing practices for itself and the sector as a whole. Puma agreed to share their thoughts on this with the Campaign.²³⁹

According to Puma, the purchasing practices of the 'non-brand' companies undercut the efforts made by a 'very few more progressive companies'.²⁴⁰ For this reason, Puma shared the PFOC objective to look into 'how the rest of the industry might be brought on board'.²⁴¹

Puma attended the May 25 sector meeting.

Umbro

Umbro prior to the PFOC

The company adopted a **code of conduct** at an unknown date. The code covers important areas emphasised by the ILO (without directly naming them) such as: No discrimination, health and safety issues, no forced labour, freedom of association, minimum wage standards, 48-hour maximum work week, plus maximum 12 hours of overtime per month, minimum employment age of 14/15, and no child labour. Suppliers are required to sign a Factory Agreement in which they agree that they agree to 'take steps to ensure compliance with these standards in their own operations and those who supply them'. Until at least 2001, inspections were an internal affair carried out by Umbro's own product department staff. Questions have been raised as to how qualified this staff was in checking workplace conditions.²⁴²

After the CCC's Euro 2000 Soccer campaign, a meeting had been organised between Umbro and Labour Behind the Label (CCC UK) to discuss a number of issues. The company revealed that it was looking to appoint external auditors. Labour Behind the Label had drawn Umbro's attention to the fact that one of the companies being considered had just been the subject of a report which concluded that the auditors had failed to devise effective and safe methodologies for the interviewing of workers. A proposal for further discussions on this issue was not followed up. A second proposal where Labour Behind the Label would organise the monitoring of some of Umbro's Vietnamese footwear suppliers, was well received at the time and a list of suppliers was promised. Ultimately, this list did not materialise.

Communication with the PFOC

Umbro responded publicly to the launch of the PFOC via a press release where the company argued that it welcomed the Oxfam Olympic report and was taking it very seriously indeed. Umbro has a strict code of conduct setting out the standards to which the company expect its suppliers to adhere, including issues such as wages and benefits, working conditions, and health and safety. It was constantly striving to improve its ethical working practices to deliver social responsibility requirements.²⁴³

The UK national campaign coalition — Labour behind the Label, Oxfam GB and the Trades Union Congress — sent their first follow-up letter three days after the March 1, 2004 letter, which had been accompanied by the Olympic report.²⁴⁴ The letter basically repeated the PFOC recommendations and urged Umbro to take exploitative working conditions seriously and ended with an invitation 'to meet with your company to discuss these as well as the findings and recommendations of this report'.²⁴⁵

Around the same time, a press officer at Oxfam GB received a call from Umbro, requesting the locations of the Chinese factories. Although Umbro approached the PFOC and requested

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details to investigate further, the PFOC did not receive an official response on the recommendations made in the Play Fair report in the weeks following the PFOC launch.

On April 19, 2004, a follow-up letter was sent urging Umbro to take the PFOC recommendations seriously and to start ‘communicating with the organisations involved in the Play Fair at the Olympics campaign and with their consumers as soon as possible’.²⁴⁶

At the same time, LO Norway, the ICFTU-affiliated Norwegian national trade union centre and Etiskhandel (the Norwegian Ethical Trading Initiative), generated a lot of public pressure on Scantrade, a company with a license to operate in Norway and Denmark on behalf of Umbro. Scantrade decided not only to meet with Norway representatives of the PFOC and to join Etiskhandel, but also put pressure on Umbro to respond to the campaign.²⁴⁷

On May 11, 2004, the PFOC received its first official response from Umbro’s Chief Executive Officer, Peter McGuigan. The letter opened with an apology for the delay in responding.²⁴⁸ Peter McGuigan continued by saying that Umbro had been responding personally to the numerous communications from individuals and from members of the campaign coalition ...²⁴⁹

With regard to the content of the Olympic report, Mr. McGuigan claimed that Umbro took the issue very seriously within our business and continued to strengthen its procedures. The company reiterated the request for the identity of the factories cited in the report to enable remedial action.²⁵⁰

The Umbro letter was accompanied by Umbro’s response to emails which Umbro had received from customers and anti-sweatshop activists. This response stated that Umbro:

...takes its responsibilities regarding the manufacture of its products very seriously indeed. Umbro works with manufacturing partners who understand and can deliver our quality and social responsibility requirements.²⁵¹

Umbro constantly monitors this process and compliance. All Umbro authorised manufacturers must comply with the Umbro Code of Conduct, which Umbro believes takes into consideration the relevant international worker’s rights. This document sets out the standards to which we expect our suppliers to adhere including issues such as wages and benefits, working conditions, quality control and health and safety. All employees are guaranteed a living wage and the right to join a trade union under the Code of Conduct.²⁵²

Regular quality control visits are made to our suppliers in order to check that suppliers comply with the Code of Conduct. If we discover that a factory has failed to meet any of these standards, Umbro will work with that supplier to ensure that standards are raised to ensure compliance. In rare cases this can result in termination of a relationship.²⁵³

The PFOC considered this a fairly weak response because none of the PFOC’s questions had been addressed, although the response did request a disclosure of production sites mentioned in the report. The campaign responded with a phone call urging the company to attend the ILO meeting. Umbro confirmed its participation on May 14.²⁵⁴

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In a letter dated May 24, 2004, Umbro repeated its request for the identity of the factories:

... I would like to ask again that you identify the relevant factories referred to in your report so that we can take remedial action. I reiterate the statement made in my previous letter that Umbro takes this matter very seriously. We work with our manufacturing partners on an ongoing basis to ensure compliance and continuing improvements. If improvements are not forthcoming we will, if necessary, terminate a relationship with a supplier.²⁵⁵

However, we cannot assess the situation without confirmation or further information about the allegations made in the report. We would like to discuss this matter further with you if you feel that it would be more appropriate rather than simply providing the information directly to us.²⁵⁶

Meanwhile, Umbro was confronted with a barrage of negative publicity. Umbro had planned to float its stock on the market just prior to the Euro 2004 Championship in Portugal. McGuigan told the press that 'Umbro's flotation will allow us to strengthen our brand profile and accelerate our international strategy'.²⁵⁷

Journalists linked the allegations of use of sweatshop labour and Umbro's stock market flotation. *The Guardian* (UK, May 28, 2004) wrote that 'potential investors had shied away from Umbro, which has upset consumer groups for allegedly sourcing goods from developing world sweatshops'.²⁵⁸ *The Sunday Times* (UK) concluded that the Olympic campaign 'could not come at a worse time'.²⁵⁹ *The Independent* (UK) cited sections of the Play Fair at the Olympics report relating to Umbro's sourcing practices and observed that it

...would be nice to think that before they garner their flotation windfall and bask in the comfort of Euro 2004 alongside England players sporting their leisurewear, Umbro's executives might face some questions from the FA [Football Association].

At the same time, Labour Behind the Label increased the pressure on Umbro by organising a UK tour with Neneng, an Indonesian worker employed by a factory that represents Umbro's biggest Indonesian supplier.

It seems likely that this pressure played an important role in Umbro's decision to attend the May 25 meeting and to agree to quarterly follow up meetings with the UK Playfair team and the ITGLWF.

Meetings between PFOC and Umbro

In June 2004, two bilateral meetings took place. The first meeting took place between members of the UK campaign team together with Neneng, the Indonesian worker mentioned above and Agung Hermawan of LBH Bandung (an Indonesian labour rights NGO), and Collin Henry, Senior Vice-President for Global Product, Umbro. The aim of this meeting was to clarify the labour conditions situation in the Indonesian factories (in particular), to offer Umbro the opportunity to hear about the reality of workers' lives first-hand, and to give them a chance to start a dialogue with local partners such as LBH Bandung.²⁶⁰ Although there were a number of discrepancies in the accounts offered by Colin Henry (who had recently visited the factory) and the Indonesian workers, the meeting went well. Umbro expressed its intention to work on improving conditions by, among other things, organising a meeting between LBH (Indonesian

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labour NGO) and Reebok, another large buyer from this same factory. At the end of the meeting, Henry explained that Umbro was planning to join the FLA.²⁶¹

A few days later on June 14, a meeting took place between representatives of Umbro and the PFOC to discuss issues raised by the campaign.

At this meeting, Colin Henry explained that all of its suppliers were expected to adhere to Umbro's code of conduct. Compliance with this code was monitored by over 20 staff members who are also responsible for quality control.²⁶² Concerning PFOC reports of workers' rights violations, Umbro noted that it was challenging some of the PFOC findings. The company had, however,

... conducted its own investigation in one of the Indonesian factories mentioned in the Play Fair report and interviewed workers and trade union representatives without the presence of management.²⁶³

At the same time, Umbro agreed with PFOC representatives about

the importance of conducting some interviews without management being aware of the selection process and agreed to [hold] further discussions with Indonesian labour rights organisations and workers.²⁶⁴

Henry further claimed that the lack of integration of its ethical commitments and its purchasing practices was not an issue for Umbro because it planned 'its kit production at least one year in advance'.²⁶⁵ According to Umbro, the tension identified in the PFOC report were not representative of the Umbro business, also because sourcing decisions were made by the product department rather than buyers. The PFOC clearly did not believe that the mere addressing of lead times was a satisfactory response (see, for an overview of the recommendations the PFOC made on purchasing practices, page 66 of the Play Fair at the Olympic report).

The company argued that was aiming to have 'leading industry practice with its code of conduct compliance' and restated that it had applied for FLA membership 'to further improve its approach towards labour standards compliance'.²⁶⁶ Umbro indicated that they had altered their attitude because they were now a public company and therefore more accountable. The company also agreed to organise some pilot training projects with ITGLWF.

In a joint communiqué issued by Umbro and the PFOC, the company further acknowledged that problems endemic to the industry should be addressed by working 'with others within the industry and the WFSGI' but expressed 'genuine concern' that it may take some time to deliver sustainable change'.²⁶⁷ Finally, Umbro said it was

delighted to work with the Campaign to assess how best to ensure workers are more central to the compliance monitoring process and how to ensure freedom of association is better respected. Umbro offered to liaise with the ITGLWF on this issue.²⁶⁸

Finally, the 'meeting concluded with an agreement that Umbro and the UK campaign should meet on a quarterly basis to update on progress and to discuss way forward'.²⁶⁹

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In August 2004 the company met with representatives of the ITGLWF at its headquarters in Cheadle, UK. The main purpose of the meeting was to discuss ways in which the company and the ITGLWF could work together on the issue of sustainable forms of dealing with breaches of labour rights, specifically the implementation of freedom of association and collective bargaining. The ITGLWF emphasized the need for companies like Umbro, which recognised the sense in having uniform codes and approaches for the sector, to lobby within the WFSGI for tighter obligations to be placed on its members. Focusing on company level, attention was drawn to certain omissions in the code specifically with reference to collective bargaining, a clearer management system for operationalising the code, and transparency of the company's supply chain, particularly regarding disclosure of locations and licensees. There was then considerable discussion about models of training on worker rights and worker representation, and the need to ensure that local management 'bought into' the process. It was agreed that the ITGLWF draw up a programme of such training for an Umbro supplier in Hong Kong/China

Furthermore, in the months following the company has

- appointed a project leader to oversee the review of compliance throughout the business (Julia Finch - Director of Supply Chain).
- held meetings with representatives throughout the business to review and coordinate the work that has been done to date
- met with the FLA to finalise the application..
- had business approval to join FLA
- met and undertaken business reviews of external compliance monitors to see how this would integrate with our internal systems
- had business approval to appoint CSCC
- worked with CSCC to devise a bespoke information gathering system / bespoke audit plan and reporting system / communications to factories and licensees
- reviewed and updated the code of conduct (this is currently with the FLA for final approval)
- updating factory databases for the whole of the licensee network / conducting external audits on all central and licensee factories
- reviewed and updated our factory authorisation process

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

The proposals below were developed by the ICFTU, ITGLWF, Clean Clothes Campaign and Oxfam as part of the Play Fair at the Olympics campaign. They were first presented to the ILO, the WFSGI, several of its member companies and other organisations at a consultation organized by the ILO on may 25 2004. The organizations supporting the Play Fair at the Olympics campaign welcome all feedback from industry and others.

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.

1.2. 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.

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- 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 association ²
 - 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.
2. 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.

² Including those not affiliated to the ITGLWF.

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- 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.
- 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.

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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.

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

2 Oxfam (www.oxfaminternational.org), Clean Clothes Campaign (<http://www.cleanclothes.org>) and Global Unions (www.global-unions.org).

3 CCC, ICFTU, Global Unions, Oxfam, March 1, 2004, 'letter', on file.

4 Miller, Doug, 2005, Response of WFSGI to the Play Fair at the Olympics Campaign

5 CCC, Global Unions, Oxfam, March 2004, Play Fair at the Olympics, Respect Workers' Rights in the Sportswear Industry, Oxfam GB, Oxford, available at: <http://www.cleanclothes.org/publications/04-olymp-report.htm>

6 Play Fair at the Olympics, p. 68: <http://www.cleanclothes.org/publications/04-olymp-report.htm>

7 Letter to Puma, March 11, 2004, on file.

8 See for an overview: <http://cleanclothes.tuic.nl/companies/puma-03-04-01.htm>

9 See for further discussions on these kinds of Asian TNCs:

- AMRC, 2002, 'Asian Transnational Corporations Monitoring: Workshop Report 2002'
- See also the website of Asian Transnational Corporations Monitor: <http://daga.dhs.org/atnc/introduction.htm>
- Clean Clothes Campaign, 2003, 'Asian TNCs and supply chains', SOMO Bulletin on Issues in Garments & Textiles no. 2, July 2003, <http://www.cleanclothes.org/publications/03-07-somo.htm>

10 See for company profiles: 'Sportswear Industry Data and Company Profiles: Background Information for the Play Fair at the Olympics Campaign'.

11 Ibid.

12 Prior to the commencement of the campaign, four of the highlighted companies (Asics, Fila, Puma, and Umbro) were requested by Oxfam to provide information on their ethical commitments in practice.

13 Letter to highlighted companies, March 1, 2004, on file.

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14 The letter refersto three barriers:

1. 'Companies' ethical 'codes of conduct' do not extend in any significant way to their corporate buying teams, who work in ways that are undermining the very labour standards the companies claim to uphold...
2. Some companies' ethical commitments are superficial and lack action and investment.... Compliance models are flawed.
3. Exploitative and abusive treatment of workers is endemic throughout the industry. As sportswear companies often source from the same suppliers, the ability of one sportswear brand to improve labour conditions can be thwarted by the behaviour of other sportswear companies using the same suppliers. See also the Play Fair report (p. 58-66).

15 Letter PFOC to all highlighted companies, March 1, 2004, on file.

16 Ibid.

17 Ibid.

18 Ibid.

19 Letter Puma, March 3, 2004, on file.

20 Ibid.

21 Letter from Asics, March 10, 2004, on file

22 Ibid.

23 Letter Mizuno, March 26, 2004, on file.

24 <http://umbro.com/corporate/040304b.htm>

25 Ibid.

26 Ibid.

27 Email Roberta Cantaluppi, April 26, 2004, on file.

28 Letter was written on April 28.

29 Letter Umbro, 10 May 2004, on file

30 Ibid.

31 Letter S&M Brands, April 2, 2004, on file

32 Ibid.

33 Letter to S&M Brands, June 18, 2004

34 Email Leif (Norwegian ETI), May 7, 2004, on file.

35 Labour Behind the Label, Bulletin no. 22, July 2004.

36 See for an overview of this case: <http://www.thailabour.org/campaigns/bnb/index.html>

37 The Sunday Times, May 23, 2004.

38 From Athens to Beijing — a Programme of Work for t he Sportswear Industry, <http://www.cleanclothes.org/campaign/olympics2004-07-08.htm>

39 Newsletter #7 June 2004.

40 Newsletter #4 (Weeks 5 and 6), April 2004.

41 Letter Lotto Sport Italia, July 13, 2004, on file.

42 Newsletter #8 July 2004.

43 Email to PFOC, July 28, 2004, on file.

44 Letter from John W. Sweeney, June 16, 2004, on file.

45 Ibid.

46 Ibid.

47 Ibid.

48 Ibid.

49 Ibid.

50 Ibid.

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- 51 CCC, Global Unions, Oxfam, March, 2004, Play Fair at the Olympics, Respect Workers' Rights in the Sportswear Industry, Oxfam GB, Oxford, p.14.
- 52 Ibid.
- 53 Letter Puma, March 3, 2004, on file.
- 54 Letter Umbro, May 10, 2004, on file.
- 55 Joint statement, date unknown, 'Umbro – Fair Play at the Olympics, on file
- 56 March 10, 2004, by Tetsuo Hayashi, Senior Managing Director and Representative Director and in charge of Asics code of conduct.
- 57 Letter April 28, 2004, author Gianni Lorenzato, Executive Vice-President Chief Finance & Operations Officer Lotto Sport Italia, on file.
- 58 Letter Lotto Sport Italy, May 18, 2004, on file.
- 59 Letter to Lotto, June 2, 2004.
- 60 This aim also applied to the International Olympics Committee (IOC). 'Campaigning Framework for Olympics Campaign, draft 13-6 – 2003', on file, see also 'In launching this Play Fair in the Olympics Campaign, we are lending our support to the continued struggle of a worldwide movement led by workers, trade unions, non-governmental organisations together with concerned consumers and citizens. In choosing to highlight this issue in the run-up to the Athens Olympics, we hope to bring to bear the commitment of the Olympics movement towards the preservation of human dignity upon the sportswear industry'. (find source)
- 61 Ibid.
- 62 Ibid.
- 63 Ibid.
- 64 Letter from Mizuno, March 10, 2004, on file
- 65 On file, also available via http://www.fairolympics.org/en/actnow/puma_meeting.htm (accessed, July 30, 2004).
- 66 Puma's response to the PoW, on file.
- 67 Ibid.
- 68 Ibid.
- 69 Joint statement, date unknown, 'Umbro – Fair Play at the Olympics, on file
- 70 Ibid.
- 71 Ibid.
- 72 Letter Lotto Sport Italy, May 18, 2004, on file
- 73 CCC, ICFT, Global Unions, Oxfam, March 1, 2004, 'letter', on file.
- 74 Joint statement, date unknown, 'Umbro – Fair Play at the Olympics, on file
- 75 Ibid.
- 76 Letter Puma, March 3, 2004, on file.
- 77 Letter Mizuno, May 14, 2004, on file (letter reviews the meeting).
- 78 March 10, 2004, by Tetsuo Hayashi, Senior Managing Director and Representative Director, in charge of Asics code of conduct.
- 79 Email Asics, July 27, on file.
- 80 Letter from Fila, June 28, 2004, on file.
- 81 CCC, ICFT, Global Unions, Oxfam, March 1, 2004, 'letter', on file.
- 82 Joint statement, date unknown, 'Umbro – Fair Play at the Olympics, on file
- 83 Puma — Play Fair at the Olympics, Communique, 22/6/04: Meeting between Puma and Play Fair at the Olympics Campaign
- 84 Ibid.
- 85 Letter Puma, August 4, 2004.
- 86 From Athens to Beijing — a Programme of Work for the Sportswear Industry, <http://www.cleanclothes.org/campaign/olympics2004-07-08.htm>
- 87 WFSGI, annual yearbook 2004.

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- 88 See: ICFTU/ITGLWF/FIET August 25, 1999 Comparison of the provisions of the 'FIFA Code of Labour Practice' and the 'WFSGI Model Code of Conduct'. <http://www.indianet.nl/vbifif2.html> (last accessed September 17, 2004).
- 89 WFSGI Code of Conduct, Guiding Principles, (version 2000) available at http://www.wfsgi.org/_wfsgi/new_site/about_us/codes/Code_Conduct.htm (last accessed September 17, 2004).
- 90 Email André Gorgemans, July 27, 2004.
- 91 Ibid.
- 92 Letter Lotto Sport Italy, May 18, 2004, on file.
- 93 PFOC, August 2004, 'The story so far...' available at: <http://www.fairolympics.org/en/gains.htm> (last accessed, October 10, 2004).
- 94 Email from Oxfam Japan, January 29, 2003.
- 95 In this context, Multi-Stakeholder Initiatives include human rights groups and corporations which have been established to advise on and/or monitor and report on how particular companies respect labour rights. For the apparel and sportswear sector, the most important initiatives include the Fair Labor Association (FLA), the Worker Rights Consortium (WRC), the Ethical Trading Initiative (ETI), and Social Accountability International (SAI).
- 96 Email from Oxfam Japan, January 29, 2003.
- 97 Letter Oxfam, October 16, 2003, on file.
- 98 Letter Asics Europe, October 29, 2003, on file.
- 99 Birmingham Evening Mail, March 8, 2004
- 100 Letter from Asics, March 10, 2004, on file
- 101 Ibid.
- 102 Ibid.
- 103 Letter to Asics, March 26, 2004, on file.
- 104 Ibid.
- 105 Ibid.
- 106 Ibid.
- 107 Ibid.
- 108 In April, Asics met with the ITGLWF and its Japanese affiliate, UI-Zensen to discuss the campaign calls.
- 109 Letter Neil Kearney, on file, minutes of the Koba 10 meeting, on file.
- 110 Letter to Asics, June 22, 2004, on file.
- 111 Email Asics, July 27, on file.
- 112 Ibid.
- 113 Ibid.
- 114 Ibid.
- 115 Letter to Asics, August 27, 2004, on file.
- 116 Document via OXFAM.
- 117 Carmen Picart Krichton, letter to Oxfam, January 7, 2004, letter on file.
- 118 Ibid.
- 119 Newsletter #5 (weeks 7 and 8), May 2004.
- 120 Novib, overview, May 12, 2004
- 121 Letter S&M brands, April 2, 2004, on file.
- 122 Ibid.
- 123 Letter to S&M Brands, April 14, 2004, only draft on file.
- 124 Ibid.
- 125 Newsletter #7, June 2004
- 126 Mark Westerman, Letter to Carole Crabbe, June 9, 2004, letter on file.
- 127 Letter from John W. Sweeney, June 16, 2004, on file.

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128 Ibid.

129 Letter from Robert W, Erb, June 28, 2004, on file.

130 Ibid.

131 Ibid.

132 Letter CCC, July 27, 2004, on file.

133 Source: Ineke Zeldenrust, interview September 10.

134 Ibid.

135 Ibid.

136 Ibid.

137 Letter to Fila, September 21, 2004

138 Source: Ineke Zeldenrust, interview September 10.

139 <https://www.inventati.org/mailman/public/forumromanordest/2002-June/000649.html>,(accessed January 14, 2004).

140 Rete di Lilliput, Email, June 11, 2004, on file.

141 Ibid.

142 Ibid.

143 'Kappa says it's not the job of companies to have morals (Burma)' (2002) available at: <http://www.cleanclothes.org/news/newsletter16-02.htm>

144 Amsterdam, April 19 2004, letter signed by CCC, Oxfam, Global Unions.

145 Email Roberta Cantaluppi, April 26, 2004, on file.

146 Ibid.

147 Email, PFOC, May 3, 2004, on file.

148 Email, CCC, May 3, 2004, on file.

149 An initiative seeking to create a platform for the promotion of human rights, labour welfare, and the environment through the dissemination of good practices based on certain universal principles called the 'Nine Principles'. These cover the respect and support for the protection of human rights, abstinence from human rights abuses, freedom of association, elimination of all forms of forced and child labour, elimination of discrimination in employment, and the promotion of environmental responsibility.

150 An international organisation based in the US that promotes respect for ethical values, people, community, and the environment. In conjunction with a BSR labour rights project in 2002, Li & Fung, together with several other US branded companies, created a labour rights pocket guide along with a labour law protection and aid poster specifically for the migrant factory workers of Guangdong, China.

151 See, for instance, Newsletter #8, July 2004.

152 Email to Basicnet, June 15, 2004, on file.

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156 Letter was written on April 28, 2004 .

157 Letter 28 April, 2004, author Gianni Lorenzato, Executive Vice-President Chief Finance & Operations Officer Lotto Sport Italia, on file.

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160 Letter to Lotto Sport, May 12, 2004, on file.

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162 Ibid.

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165 Letter Lotto Sport Italy, May 18, 2004, on file.

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- 170 Ibid.
- 171 Ibid.
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- 173 Letter to Lotto, June 2, 2004, on file.
- 174 Ibid.
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- 178 Letter Lotto Sport Italia, June 11, 2004, on file.
- 179 Ibid.
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- 181 Letter to Lotto, June 21, 2004, on file.
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- 184 Letter Lotto Sport Italia, July 13, 2004, on file.
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- 186 Tulder, Rob and Ans Kolk, 2001, 'Multinationality and Corporate Ethics: Codes of Conduct in the Sporting Goods Industry', *Journal of International Business Studies* no. 32, 1992: pp. 267-283.
- 187 Letter Mizuno, December 24, 2004 (on file)
- 188 Stock at Stake, 31/03/2003, 'PUMA' Draft document, on file
- 189 Letter Mizuno, March 26, 2004, on file.
- 190 Ibid.
- 191 Ibid.
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- 193 Letter Mizuno, April 27, 2004, on file.
- 194 Ibid.
- 195 Ibid.
- 196 Ibid.
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- 199 In April Asics met with the ITGLWF and its Japanese affiliate, UI-Zensen to discuss the campaign calls.
- 200 Letter Mizuno, May 14, 2004, on file (letter reviews the meeting).
- 201 The proposal on the CSR committee was made to the Board of Directors on March 26, 2004, which was originally planned for June or July, 2004. (Letter Mizuno, December 2004, 2004).
- 202 Ibid.
- 203 Ibid.
- 204 Letter Mizuno, July 12, 2004, on file.
- 205 Ibid.
- 206 Ibid.
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- 211 Ibid.
- 212 Letter to Mizuno, July 27, 2004, only draft on file.
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- 216 AFTER WORKERS UNIONIZE, PUMA CUTS AND RUNS FROM MEXICO, Campaign for labour rights: <http://www.campaignforlaborrights.org/alerts/2003/Feb05 - ActionAlert.htm#PUMA>
- 217 Letter Puma, March 3, 2004, on file.
- 218 Ibid.
- 219 Ibid.
- 220 Ibid.
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- 224 <http://www.fairolympics.org/en/events/default.htm> (last accessed, July 30, 2004).
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- 226 Ibid.
- 227 Ibid.
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- 229 Ibid.
- 230 Ibid.
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- 232 Ibid.
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- 237 Ibid.
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- 239 Ibid.
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- 242 A report from 2001 noted: 'Nothing in what we heard suggested that the team would know what to look for in relation to child labour, sexual harassment, length of working week or appropriateness of wages. 'Labour Behind the Label, June–November 2001.
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263 Ibid.

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