

## **SweatFree Procurement Forum for Purchasing Officials**

Thursday, February 26, 2009

Recording available at: <http://206.147.9.61:8080/fcc/cgi-bin/conf.pl?id=2183394600:858342>

### **Next conference call:**

Thursday, March 26, 4 pm ET/3 pm MT/2 pm CT/1 pm PT

Call: 218-339-4600

Access number: 858-342

Duration: 1 hour

### **Present:**

Dianne Berndt, City of Milwaukee

Ron Hermes, State of Wisconsin

Joe Signoretta, State of New Jersey

Sam Dominguez, City of Austin

Henry Oyekanmi, City of Berkeley

Maribeth Ladd and Bob Irvine, State of Massachusetts

Carmen Herrera, City of San Francisco

Farshid Yazdi, City of Los Angeles

Monette McGuire, City of Madison

Vicki Kaplan, SweatFree Communities, facilitator and notetaker

Jeremy Blasi, Worker Rights Consortium, guest presenter

Bjorn Claeson, SweatFree Communities

### **Topic: Best practices for Factory Disclosure**

Knowing where our apparel, footwear, and other items are produced is the first step to investigating and remediating violations of Codes of Conduct and sweatfree procurement policies. Many cities and states currently require vendors to disclose factory locations. How can we guarantee accurate information, and how can we make the process simple for vendors?

### **Guest presenter: Jeremy Blasi, Director of Research and Investigations, Worker Rights Consortium**

### **Resources:**

- WRC database: <http://www.workersrights.org/search/>
- Maine Database: <http://www.maine.gov/purchases/reports/cocdata.htm>
- Milwaukee affidavits: <http://www.ci.mil.wi.us/ApparelAffidavitforA339.htm>

### **Announcements**

(1:10) Vicki made 3 announcements:

1. Sweatfree Consortium at NASPO Meeting, March 22-24. The Sweatfree Consortium will have a booth at the NASPO meeting and Green Expo in Chicago March 22-24. All state procurement representatives are encouraged to visit the booth. Invitations to a reception will be sent out shortly. Vicki inquired as to who is planning to be at the meeting: Ron Hermes won't be there but the Wisconsin director will. For Massachusetts, probably the deputy purchasing agent. The New Jersey director is usually there but Joe could not confirm.
2. New Consortium Dues Structure. The Consortium Steering Committee has approved a new dues structure based on feedback from the January 13 meeting in Harrisburg, PA. Dues will be based on population rather than apparel procurement budget. All government entities can pay an entry level participation fee of \$500 for up to one year, but are encouraged to begin paying full membership dues as soon as able. Full membership dues range from \$500 to \$10,000 depending on population size. Formal materials are forthcoming.
3. New report out on April 15: Subsidizing Sweatshops II. SweatFree Communities will publish a follow-up to its July 2008 report, featuring investigations of U.S. city and state

supplier factories. Some new case studies and some follow-ups from cases in the first report. The brands included in the report are: Dickies/Workrite, Lion Apparel, Cintas, Fechheimer, Propper International Inc., Eagle Industries, Armor Holdings, Elbeco, and Rocky/Lehigh Safety Shoe. Procurement officials are encouraged to contact their vendors to encourage appropriate action related to remediating problems found in these factories. SweatFree Communities will be in touch individually with each office about applicable report details and suggested steps.

### **Summary of Jeremy Blasi's presentation:**

(7:45) The Worker Rights Consortium is a labor rights monitoring organization started by universities and colleges in the US and Canada. The WRC monitors factories and facilitates remediation in factories making clothes bearing university logos, and they also do monitoring work for the City of Los Angeles.

#### What is disclosure?

Public disclosure of names and locations of the manufacturing sites of products procured by city and state governments.

#### Why is disclosure important?

- One cannot meaningfully enforce a code of conduct if complainants (workers and their local advocates) don't know that their factory is covered by your code of conduct.
- Best practice is to create a searchable online public database, like WRC and other monitoring organizations have done. This way workers and their advocates can check if a particular factory is covered by your code of conduct.
- Just as sunshine is the best disinfectant, public disclosure is a strong means for having suppliers clean up their facilities.
- Code of Conduct violations are pervasive in part because of the shroud of secrecy. "Bad things happen in dark places." Knowing that their suppliers could be subject to a complaints-based investigation makes vendors more inclined to clean up their own act.

#### (11:54) History of Factory Disclosure and Present Status

- First initiated in context of university apparel licensees to enforce Codes of Conduct.
- This was in the late 1990s when universities were first adopting anti-sweatshop codes of conduct. At the time, Jeremy was an academic researcher at UC Berkeley. Pressed by campus activists, universities decided that full public disclosure of the names and locations of factories was a pre-requisite for meaningful enforcement.
- When notified of this requirement, brands replied by saying the sky would fall – supplier factories were trade secrets, that if revealed would ruin their business.
- Jeremy sat on the UC President's advisory group and was in the room when Nike representatives said they would consider leaving the university market altogether if this went through. Universities went ahead with disclosure anyway.
- Ten years later, all university licensees submit their disclosure data quarterly. The sky did not fall.
- WRC receives disclosure information primarily from 2 groups- the Collegiate Licensing Company and the Licensing Resources Group. Some universities gather it themselves and then send to WRC.
- Data then goes on WRC website in a searchable database. It is as a fundamental piece of their work, without which WRC could not do effective complaint-based monitoring and establishes greater accountability to the process. It's not controversial in the least in the context of the university apparel monitoring work
- Database can be viewed here: <http://www.workersrights.org/search/>
- Not only did the sky not fall, but brands began to voluntarily disclose locations of not just university supplier factories but all factories in supply chain. In fact, Nike was the first to do so, and in 2005 made public all its factories – more than 700. Nike said they decided to

make all this public because it would “provide greater visibility into shared suppliers, allowing buyers to minimize duplication of monitoring and increase effective joint efforts to promote factory remediation.” And that “suppliers will be able to show their own corporate responsibility and the move will foster common standards and greater co-operation.”

- Other brands soon followed suit. Now, Adidas, Reebok, Levi-Strauss, Mountain Equipment, Timberland, Puma, Gear for Sport, and Jansport have done the same. All of these companies are competitors in the same field, and produce sophisticated products like Nike and Reebok shoes.

(17:04) How to gather data effectively:

1. Needs to be part of the bid process in an automatic way.
2. Standard format makes it simpler for vendors.
3. Important that vendors understand that what we’re talking about is not their corporate headquarters but rather the production facility/manufacturing site.

Arguments Brands Make against Disclosure:

In the case of university licensing, the most frequent concern was that factory location was a closely held trade secrets. Legal counsels of many universities concluded that this argument lacked merit and more than 200 campuses went ahead with disclosure requirement. To Jeremy’s knowledge, no legal action has ever been taken on this matter since then (past 10 years).

This line of argument also conflicts with basic reality that we find in labor rights monitoring work – most factories producing simultaneously for many different brands and competitors. Standard for one factory to be producing for Nike, Adidas, and VF all in one. Brand reps can easily see their competitors’ products.

Same is true for uniform industry. WRC recently investigated a factory in Honduras making municipal firefighter uniforms, producing for Fechheimer, Cintas, and Lion. A factory in Nicaragua we investigated is producing for Landau, Cintas and Dickies – again, all competitors.

The point of production is no big secret among vendors. The only people that don’t know where products are being made right now are cities and constituents, who are footing the bill for these products.

**Questions**

(24:06) Q: For those on the call, what kinds of responses have you received from vendors regarding your disclosure policies?

A-Farshid: Farshid met with City Council last week to discuss posting the disclosure info on the City’s website in order to better disseminate information to the public. As for the question: In some cases, the volume of the purchase from the vendors has caused some problems. If the volume is not significant, and the vendor working with the city is not the actual manufacturer, the vendor has problems obtaining that information from the actual manufacturer, because their order does not account for a significant portion of that production facility’s output.

A- Jeremy: This raises the value of government entities working together to establish common standards for gathering disclosure data, so you have a pooling of influence. It helps to adopt a standard protocol. Oberlin, for example, a small school, might only order a few hundred shirts from a factory per season, but by working with other universities they have managed to get the idea through pooling of influence and standardization.

Q: Jeremy, do you have suggestions on how to approach vendors that sub-contract and claim that the subcontractors won’t provide the information?

A-Jeremy: Different system in university context, but we do have many layers of subcontracting. Nike will be doing business with a university, which works with an agent in Korea that then subcontracts to a factory in Honduras, which it makes it difficult to acquire the data. Best practice is to establish an expectation upfront with suppliers that this is a prerequisite for doing business with government, and common standards and protocol. Needs to be seen as a standard form of business rather than an oddity.

Q: How feasible is it for cities, like Madison and Milwaukee, to use the same disclosure requirements and forms?

A-Diane: What goes into the affidavit would depend on what your ordinance requires or requests.

A-Carmen: In San Francisco, we're finalizing it, but we will have a compliance standard plan for each of the vendors that will be awarded a contract. We request the information before the contract is awarded. We find that some vendors can't provide all the information, but we ask them to give us as much as they can, and we evaluate them on a points system.

(36:18) Q: Do any cities or states on this call request or require disclosure of wages, hours, or other information beyond factory location?

A-Diane: Milwaukee requires wage and benefit information. At first, they didn't want to share it. Now it's easier, but still an uphill battle with certain manufacturers

A-Monette: We patterned our disclosure requirements on Milwaukee. But we have no way of verifying that the information is accurate. It would definitely benefit us if all cities and states used the same form, including those agencies that may not even have policies in place yet. We need to show them that this is the way government works.

A-Bjorn: In Maine, as the years have gone by it's become easier to acquire the information. See Maine's public spreadsheet on their website: <http://www.maine.gov/purchases/reports/cocdata.htm> As we review more disclosure data, we see that there is a lot of overlap. Could benefit from a shared database like WRC has; we see that companies are already disclosing the data.

(42:38) Q: How have universities verified that disclosure information collected is accurate?

A-Jeremy: It's been challenging. We've had companies overdisclose, meaning they disclose their whole supply chain, and we go and investigate a factory, we find that that factory is not producing for universities but rather for other clients. We've also received bad data. The most effective strategy has been to have major universities lean on particular companies in an informal way – VF is an example. The higher hurdle has been having companies agree to provide disclosure information in the first place.

Q: How easy is it to distinguish between the headquarters and an actual factory?

A-Jeremy: In many cases, it's easy, because what's being disclosed is a U.S. address that we can easily look up as their headquarters. Flags are also raised when 100% of the factory disclosure info is U.S., because that's rarely the case.

A-Carmen: In the bid process, when asking for disclosure, should ask bidder to identify each item as either a distribution, a headquarters, or a manufacturer. That could make it easier for those of us who enforce sweatfree policies.

A-Jeremy: I think that's a very good idea Carmen.

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