



FAIR LABOR ASSOCIATION

UPDATE

November 2, 2003

Union and Management Reach Agreement at Jaqalanka in Sri Lanka

On October 16, 2003 the Sri Lankan Free Trade Zone Workers Union (FTZWU) and management of the Jaqalanka factory settled the ongoing labor dispute that has been the subject of a far-reaching international solidarity campaign. The FLA intervened in response to a third party complaint filed by the FTZWU, and upon the request of Nike and VF, two FLA companies that are currently producing in the factory.

In coordination with its local partner organization, the Centre for Policy Alternatives (CPA), the FLA organized a series of negotiations which included representatives of Jaqalanka, the FTZWU, the Sri Lankan government, Nike, and the FLA. After a week of negotiations, an agreement was reached whereby management recognized the FTZWU, and in turn, the FTZWU called off the international campaign.

The provisions of the agreement will be implemented over the next six months, during which time the FLA will monitor the situation in coordination with CPA. Please see the attached press release for additional information.

FLA Hosts Living Wage Forum in NYC

On October 20, 2003, the FLA hosted a Forum, entitled "Beyond Questions of Principle," at Columbia University, which focused on various practical questions surrounding the payment of living wages in today's global economy. At the Forum, seventy representatives from the business, academic and labor and human rights communities participated in discussions that addressed living wage measurement, approaches to factory level implementation, and ways to distribute costs associated with wage increases throughout the supply chain. Group discussions highlighted the complexities of the issue, especially in today's global market, as well as some methods that companies can use to increase wages in supplier factories.

While the FLA Workplace Code currently does not require factories to pay a living wage (it requires that all employers pay the minimum wage required by local law or the prevailing industry wage, whichever is higher, in addition to legally mandated benefits), the meeting informed companies of actions that could be taken to increase wages in the facilities where they produce. It also provided ideas for potential pilot projects in the future.

The FLA organized the event in cooperation with the Schell Center for International Human Rights at Yale Law School; the Center for the Study of Human Rights at Columbia University; and the Human Rights Concentration at Columbia University's School of International and Public Affairs. A complete report on the meeting will be made available in the future. For more information about the Forum, please contact Anne Lally at annelally@fairlabor.org.

FLA Board of Directors Assembles in Princeton for Quarterly Meeting

FLA Board members met on October 22, 2003 at Princeton University in New Jersey for their quarterly Board meeting. Among other things, Board members:

- Reviewed the development of various third party complaint cases;
- Approved the budget for fiscal year 2004;
- Discussed Aurret van Heerden’s promotion to CEO and the creation of the new COO post;
- Approved Gildan Activewear’s application to become an FLA Participating Company and New Era’s application to upgrade from a Category B Licensee to a Participating Company; and
- Considered allocation of the Kasky v. Nike settlement funds.

The Board made no final decisions about the use of the Kasky settlement funds, the first installment of which is due in 2004. It was decided that the Board will return to the subject of allocation of these funds when it meets again in Washington DC on January 13, 2003. The Board is committed to disclose publicly the ways in which the FLA utilizes this money.

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Adele Simmons Leads Board as New FLA Chair

Adele Simmons presided over the FLA Board meeting for the first time on October 22, 2003. Simmons, who brings to her position experience as former President of the MacArthur Foundation and Hampshire College, has actively applied her leadership skills and background in labor and human rights to the FLA cause since she took the position of Chair last month. The FLA Board and staff warmly welcome Simmons to the FLA community, and look forward working with her to effect change in workplaces around the world.

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New FLA Participating Companies: Gildan Activewear, New Era Cap Company

The FLA Board approved the application submitted by Gildan Activewear to become an FLA Participating Company at the October 2003 Board meeting. Gildan is an apparel manufacturer based in Quebec, Canada, which sources from facilities in Canada, Latin America and Asia, some of which are owned and operated by Gildan. As part of its monitoring plan, Gildan opted to submit factories in Honduras, where there are allegations of non-compliance, to FLA independent external monitoring soon after it enters the FLA. As most other Participating Companies, Gildan will have a three-year initial implementation period to fulfill its company obligations in accordance with the FLA Charter. The company’s progress will be reported on annually in the FLA Public Report.

The Board also approved New Era Cap’s application to change its status from FLA Category B Licensee to FLA Participating Company. New Era now commits to implement FLA standards in all of its facilities, instead of limiting the scope of its FLA involvement to facilities where its college- or university-licensed goods are produced, as was previously required of the company as a Category B Licensee. New Era’s progress in implementing the FLA Code as a Category B Licensee will be reported upon in tracking charts that will be posted on the FLA website in coming weeks and months, and in the next Public Report.

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FLA Monitoring Committee Meeting, October 2003

The FLA Monitoring Committee met on October 23, 2003, the day after the FLA Board meeting. At the meeting, Homero Fuentes and Dennis Smith from the FLA-accredited monitoring group, COVERCO, spoke to the Committee about their unique monitoring methodology and their experiences in the Guatemalan context. The Committee also focused discussions on recent steps that the FLA has taken to improve accredited monitors' capacity to effectively monitor Freedom of Association, and approaches FLA companies can take to promote worker representation in factories. The committee ended with a logistical discussion about ways to streamline the FLA's independent external monitoring procedures.

The FLA Monitoring Committee consists of representatives of participating companies, NGOs and universities. Its purpose is to provide guidance to the FLA monitoring program and other staff relating to the implementation of FLA standards. For more information about the Monitoring Committee and the FLA Monitoring Program, please contact Margaret Hawley (margarethawley@fairlabor.org).

UAC Executive Committee Meeting Focuses on Improved Systems

The University Advisory Council Executive Committee met in Princeton, NJ on October 21, 2003. The Committee tackled a range of subjects during the meetings, including: approaches that can be taken to improve the FLA's communication with university members; ways to ensure that students contribute to FLA decision-making processes; and systems for improved cooperation and communication among universities, the FLA, and licensees.

Mark your calendars: The University Advisory Council Annual Meeting will be held on Friday June 18, 2004, in Washington D.C. Many thanks to university representatives who responded to the poll with respect to dates for the 2004 UAC

Annual Meeting. Most poll respondents opted to hold the meeting in June or February/early March (to coincide with the CAMEX meeting). To allow enough time for planning purposes, we will explore the possibility of scheduling the meeting to coincide with the CAMEX meeting in 2005.

For more information relating to university and licensee involvement in the FLA, please contact Kathy Stevens (kstevens@fairlabor.org).

FLA Staff Education, October 2003

- **Homero Fuentes** of COVERCO monitoring group in Guatemala briefed the FLA staff on the group's work in different sectors, the current political situation in Guatemala, and the potential effect of the MFA phase-out in 2005 on the country's textile industry.
- **Anton Marcus**, Joint Secretary of Sri Lanka's Free Trade Zones and General Services Employees Union in Sri Lanka, met the FLA staff to discuss Freedom of Association in Sri Lanka, with a special focus on the recent union election efforts he and his colleagues have been undertaking at the Jaqalanka facility.
- **Lejo Sibbel**, Director of the ILO's monitoring project in Cambodia, presented on his project, which essentially links US export quotas to improvements in working conditions. He and the staff spoke of their respective experiences with monitoring, noting the large similarities in the two systems.
- **Helena Perez**, an FLA consultant and labor lawyer, gave a brown bag presentation on the workings of the ILO. She will also give two more presentations in areas of her expertise: Freedom of Association and Non-discrimination.
- Various members of the FLA staff attended the **International Conference on Public Policy for Corporate Social Responsibility** on October 8-9, 2003 at the World Bank.
- The FLA Monitoring Program staff participated in a **training day with ALGI** in New York City in late October. Half the day

was spent training at ALGI offices and the other half was spent visiting facilities.

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**Six Multi-stakeholder Groups Convene Again;
Sights Set on Cooperation**

On October 18, 2003, Auret van Heerden joined representatives from the Clean Clothes Campaign (CCC), Ethical Trading Initiative (ETI), Fair Wear Foundation (FWF), Social Accountability International (SAI), and Workers Rights Consortium (WRC) at the Clean Clothes Campaign offices in Amsterdam, Netherlands for another meeting focusing on multi-stakeholder cooperation.

As mentioned in the previous UPDATE, the group will conduct a pilot project in Turkey which aims to identify best practices in monitoring and remediation. At this October meeting, participants hammered out elements of a common Code for use in this pilot, reviewed the draft background study compiled for this project, considered the project design (with special attention paid to measurements of the impact of the project on workers' lives), and developed a revised fundraising strategy for the project.

The group will meet again just after the FLA Board meeting in Washington DC in January 2004 to solidify various aspects of the project.

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Please visit our website www.fairlabor.org to learn more about the FLA and our recent activities.

Contact Anne Lally (annelally@fairlabor.org), Coordinator of Outreach and Transparency, if you would like to be added to our email list to receive regular *UPDATES* from the FLA.