

## VII. SPECIAL PROJECTS

The FLA has developed a number of special projects to help address systemic noncompliance issues that have proven particularly difficult to remediate on a factory-by-factory basis. The projects seek to involve a wide range of interested parties in testing and innovating new strategies to improve Code compliance. The special projects described here fall into three categories. One category involves projects developing approaches to sustainable compliance by addressing the root causes of common compliance issues through capacity building. These will eventually form modules of a comprehensive set of diagnostic and capacity building tools available to companies on our website. The projects include: a pilot project focusing on hours of work in China; a project conducting sustainable compliance assessments leading to capacity building to improve labor-relations and human resource management systems; a project addressing discrimination, harassment and abuse, and freedom of association in Central America's maquila sector; and a freedom of association project. A second category concerns collaboration with other Multi-stakeholder Initiatives. In this regard we describe the work of the Joint Initiative on Corporate Accountability and Workers' Rights (Jo-In). A third category involves initiatives addressing strategic compliance issues that face many FLA companies and warrant a combined response. The Chapter describes the work of the Soccer project, an example of the latter category of special projects.

### **Hours of Work in China Project**

The Hours of Work (HoW) in China Project, initiated in December 2003, is based on the premise that excessive hours of work persist in Chinese factories because the underlying causes have not been clearly defined and addressed in compliance audits and corrective action programs. Thus, it is necessary to equip factories to cope with those causes and remain competitive, while improving in relation to Code or legal limits on hours of work. The project is funded to a large extent through funds the FLA received from a settlement of a lawsuit, *Kasky v. Nike*.

The project operates through assessment visits to the Chinese supply chain of participating companies (PCs) in which we:

1. Determine the underlying causes of excessive HoW;
  2. Design a training program capable of improving HoW compliance;
  3. Develop a pilot program to test the components of the training program;
- and

4. Regularly measure the results of the project, the achievement of its goals, and the relationship between improved HoW compliance and factory productivity.

The project is currently in the pilot phase. FLA Participating Companies nominated factories for participation and organized consultations with company internal compliance staff and suppliers to study the underlying causes of HoW noncompliance at the designated factories. The FLA has employed a consultant based in Beijing to conduct the needs assessments and develop training materials to address the capacity gaps identified. Next steps include discussing remedial options with local stakeholders in China; developing and leading worker-manager training sessions (capacity building); and measuring the effectiveness of the remedies using the project survey. The implementation phase will finalize materials and prepare an HoW "First-Aid Kit"; hold "train-the-trainer" sessions and factory-level, worker-management capacity building sessions; and monitor the key performance indicators. The intention is to encourage other factories to improve HoW compliance using the model implemented in the pilot.

### **Sustainable Compliance in China Project**

The FLA Sustainable Compliance in China Project aims to develop the capacity of factories to manage code elements on a self-sufficient basis. Participating Companies and suppliers are participating with the FLA in the project, which is primarily funded from funds the FLA received from a settlement of a lawsuit, *Kasky v. Nike*.

The goals of the Sustainable Compliance Project are to:

1. Improve code compliance and sustainability by developing and improving labor-relations and human resource management systems at designated factories;
2. Regularly monitor and measure the effects of the project and the relationship between improved labor-relations and sustainable FLA Code Compliance;
3. Develop the ability to use empirical information to educate and inform the public; and
4. Inform the future development of the FLA system.

The project is currently in the pilot phase. To achieve the above goals, the FLA has developed the sustainable compliance assessment tool (SCAT) and generic grievance policies, procedures and training materials to be used as guides for factory management. Consultations and trainings have focused on the benefits

to all parties of implementing more effective labor relations and dispute resolution systems.

### **Discrimination, Harassment and Abuse, and Freedom of Association in Central America**

The FLA Central America Project seeks to develop mechanisms and tools that will produce measurable improvement of workplace conditions in El Salvador, Guatemala, and Honduras, particularly in regard to the issues involving discrimination, harassment and abuse, and freedom of association in the apparel assembly or maquila sector. The FLA is seeking to establish these tools in such a way that they will continue to be usable beyond the lifetime of the project. Collaborating with the FLA in the project are Participating Companies including adidas-Salomon, Eddie Bauer, Gildan, Liz Claiborne, Nike, Phillips-Van Heusen and Reebok, trade associations such as VESTEX (Guatemala), and ministries of labor in the region. The project is funded by a grant from the U.S. State Department and by the FLA.

A consultant based in Guatemala coordinates the project. She has worked with the multiple stakeholders to develop Guidelines for Good Practice in Hiring, Termination, Discipline, and Grievance Procedures in the Spanish language that guard against discrimination and harassment and abuse and promote respect for freedom of association. The consultant has made the guidelines available to zone authorities and participating factories and has trained factory and zone authorities, Ministry of Labor personnel, and staff from the PCs on the guidelines and how to incorporate them into their activities. The intention is that the project will create awareness on the part of factory management of the benefits of positive labor relations and an understanding on the part of zone and government officials of the potential long-term benefits of providing a factory base close to the U.S. that has a demonstrable commitment to improved workplace conditions. In addition, an ombudsman was hired, under an arrangement with the Worker Rights Consortium (WRC), to receive, process, investigate, and help remediate complaints brought forth by workers and others, particularly in regard to systematic barriers to freedom of association, such as blacklisting.

In Guatemala, requests for training administered by the FLA Project Coordinator have come from the labor inspectorate within the Ministry of Labor, including the specific unit that covers the maquila sector, and Vestex (the apparel exporters association in Guatemala). A request for training has also come from the free trade zone authority in the Dominican Republic (a country not covered by the project). The FLA sponsored a stand at Guatemala's Apparel Sourcing Show, the largest such event in the region, and organized a seminar in which speakers from

adidas, Reebok, a local Guatemalan supplier, and the FLA participated. The show organizers confirmed that the FLA event had the best attendance of all the seminars on the program, which is an indication of the high level of interest in the area regarding code of conduct compliance. In Honduras the project has held meetings with the Honduran Maquila Association and FLA PCs in order to discuss the possibility of cooperation and has also held meetings in El Salvador.

### **Freedom of Association Project**

The Freedom of Association project has drafted a manual that explains the ILO Conventions on Freedom of Association (FOA) and describes how FLA companies should monitor and remediate FOA issues. It also discusses challenges arising in specific jurisdictions, such as China, Vietnam, and Bangladesh, where domestic law significantly encumbers the practice of FOA, and proposes strategies for respecting FOA within the limitations of those labor law systems. The manual is presently being edited for publication. Guidelines for developing labor-management dialogue are in preparation; they are being piloted in one factory in China.

### **Joint Initiative on Corporate Accountability and Workers' Rights**

Since February 2003, the FLA has been working with five other multi-stakeholder initiatives (MSI) to identify ways in which cooperation can further enhance efforts to improve workplace conditions globally. This collaborative effort, referred to as the Joint Initiative on Corporate Accountability and Workers' Rights (Jo-In), involves the Clean Clothes Campaign (CCC), Ethical Trading Initiative (ETI), Fair Labor Association (FLA), Fair Wear Foundation (FWF), Social Accountability International (SAI), and Worker Rights Consortium (WRC). While each of these organizations takes a different approach to code implementation, they share an interest in improving workplace conditions and therefore have convened in order to share their learning. Jo-In's goals are to:

- Maximize the effectiveness and impact of MSI approaches to the implementation and enforcement of codes of conduct, by ensuring that resources are directed as efficiently as possible to improving the lives of workers and their families;
- Explore possibilities for closer co-operation between the organizations; and
- Share learning on the ways in which voluntary codes of conduct contribute to better workplace conditions in global supply chains.

Funded by the European Commission (DG Employment) and the U.S. State Department, Jo-In has selected Turkey as the site for its pilot project, which will

run for a total of 30 months. It is overseen by an international project manager, a local coordinator in Turkey, and the project steering committee, consisting of leaders from the six participating organizations. In Turkey, the pilot project will test various aspects of code implementation, focusing on remediation relating to wages, working hours, and freedom of association. A draft Common Code, which adopts the highest standard across the different MSI codes, has been developed to ensure a common standard for testing. Approved only for use in the context of this project at this time, the draft Code and its applicability will be considered again at the end of the project with the longer-term goal to develop a single code that can be applied throughout the industry.

In developing the pilot project in Turkey, Jo-In has been working collaboratively with all stakeholders, including local and international trade unions, NGOs, brands, factories, employers associations, and other interested parties. A total of eight European and US companies, four of which are FLA brands, have signed up to participate in the project. These are adidas, Gap Inc., Gsus, Marks & Spencer, Nike, Otto Versand, Patagonia, and PUMA. Consultations with various stakeholders have ranged from informal informational meetings with individuals, to larger consultation meetings in Turkey, to a meeting at the Massachusetts Institute of Technology (MIT) focusing on trial methodology. Stakeholder consultations will increase in number and frequency as the project moves forward. Scholars from MIT are also expected to further advise Jo-In as the project develops. Trials will begin in Turkey in late 2005, and will continue through 2006.

Updates on the Jo-In project are periodically posted at <http://www.jo-in.org>. Please access that website for more information on this collaborative project.

## **Soccer Project**

The Soccer Project is a new proposal to review compliance levels in the manufacture of soccer products and then to develop appropriate remedial responses and reporting media. The project is also piloting the FLA 3.0 methodology, according to which Monitoring Matrices have been developed for the two project countries – Thailand and China – and proactive remedial programs launched on two priority compliance issues, hours of work and grievance procedures. A series of stakeholder consultations will also be held to discuss the compliance issues and remedial strategies involved in the project. The project is coordinated by an FLA consultant based in Shanghai. The project is funded out of the monitoring fees paid by the Participating Companies involved.