

Terms of Engagement

Six organisations committed to improving the lives of workers in global supply chains (through the promotion of international labour standards), have agreed to a collaborative project focusing on the garment industry in Turkey. The project seeks to find ways to maximise the effectiveness and impact of the work of all the organisations by ensuring that resources are directed as efficiently as possible to improving the lives of workers and their families. It will assess how voluntary codes of labour practice and various approaches to their implementation can best contribute to better workplace conditions. The six organisations will agree a draft Common Code for the purposes of this project, which will consist of the highest provisions from the different codes of all six organisations.

The three European and three American organisations involved in the project are 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). Collectively they are referred to below as the 'six organisations'. The project will also involve garment producing facilities / production sites ("facilities") of European and US companies in Turkey that are engaged with any of the organisations listed above as well as local trade unions, NGOs and other interested parties.

The project represents a unique opportunity for European and US companies and their facilities in Turkey, to participate in a new and innovative project and to stay in the forefront of developments in code implementation and means to improve labour practices in global supply chains.

Participating companies/organisations will work together in good faith in support of the objectives of the project. The following terms of engagement are designed to ensure the conditions necessary for the success of the project are in place.

1. The company agrees to the following terms of engagement:
 - 1.1. The company is willing to cooperate with the project.
 - 1.2. The company will continue to work with any multi-stakeholder initiative with which it is already engaged, executing any programmes already agreed, and fulfilling any other existing obligations.
 - 1.3. The company is interested in the development of a Common Code and, in support of this ongoing process and for experimental purposes, supports the application of the draft Code (attached) for its participating facilities in Turkey for the duration of the project.
 - 1.4. The company will provide the six organisations with a list of its facilities in Turkey. They will be chosen for potential participation as follows:
 - The company will provide a full list of their facilities in Turkey to a sub-committee of the Steering Group under a confidentiality agreement (see attached confidentiality agreement).
 - The company will provide specified information (see attached questionnaire) about each of its facilities, including its degree of

commitment to remain in a commercial relationship with that facility, absent a material breach by the facility (as described in 1.6 below), during the course of the project. The project may ask for an update of this information during the course of the project. All information provided will be subject to the confidentiality agreement.

- The Steering Group will use independent means to identify facilities (through consultation with Turkish organisations).
 - The selection of facilities will be made by a sub-group of the Steering Group, taking into account the views of the Turkish organisations and information provided by companies.
 - The company and Jo-In will undertake to inform selected facilities about the Jo-In Project.
 - The company agrees to make a good faith effort to use every reasonable means of persuasion, influence and leverage it possesses to convince the selected facility to participate in the project. In order to develop a clearer understanding of the leverage the company has in Turkey, where a supplier refuses to participate in the Jo-In project, the steps taken to persuade the supplier and reasons for their refusal will be conveyed to the Jo-In Steering Committee.
- 1.5. The company agrees to participate in the project's experimental activities which will include: looking at business models, management systems and buying practices with a view to longevity of relationship, testing various aspects of code implementation, monitoring and verification (such as workplace inspections, consultation of stakeholders, worker interviews, review of contracts and agreements, development of grievance procedures and training and education for workers and management).
 - 1.6. The company commits to working with the selected facility / facilities to resolve problems. In order to ensure a stable commercial relationship during the remediation period, the company agrees not to terminate the relationship ("contract") with a participating facility during the course of the trial period except in the case of a material breach of one or more commercial aspects of the contract (i.e. issues relating to product, time, delivery and other commercial agreements in the contract). The company also agrees not to terminate its relationship with the facility as a result of the discovery of non-compliance with the standards in the draft Code, except in instances where the facility refuses or is unable to take reasonable corrective action. Where the company decides to terminate the relationship with a participating facility due to a material breach of commercial aspects of the contract by the facility, the company will provide the Steering Committee with information describing the reason(s) for its decision.
 - 1.7. The company will take up any complaints against a participating facility in Turkey received by the company during the course of the project, according to their standard procedures.
 - 1.8. The company will provide proactive communication and support to participating facilities throughout the project. Where this involves the training of facilities not participating in the Jo-In project, project partners will be subject to a confidentiality agreement binding them to treat

information gained from such training about non-participating facilities as confidential.

1.9. This project will report regularly on what is learnt as well as what is found. Different approaches to reporting will be tested. The company agrees to one of the following levels of disclosure, at the company's sole option, for reporting on labour standards and remediation efforts in the supply chain:

- i.) **Full public reporting:** The company, factory name and issues are publicly reported.
- ii.) **Incremental reporting:**
 - Phase 1: The company and a nominal code for the factory (i.e. factory 1; factory 2; factory 3) on which issues are publicly reported.
 - Phase 2: The company, factory name, issue and remediation actions are publicly reported.
- iii.) **Partial reporting:** Sourcing and nominal code for factory on which issues are reported, such that factory is not identified and company is not associated directly to any factory.

Where the project is made aware of serious issues requiring urgent attention these will be addressed differently (see number 2.3 below)

2. The six organisations commit to the following terms of engagement:

- 2.1 Reporting will be done by the 6 organisations as a group. The companies will have an opportunity to review and comment on the report before it is published and will have the opportunity to offer 'a company perspective' within the report.
- 2.2 The six organisations will provide appropriate and feasible assistance to the company and their participating facilities in order to support them meeting their commitments in the project. This might include providing information, training and other expertise where necessary.
- 2.3 Should issues arise in the facilities involved that require immediate resolution there will be every effort to resolve issues in good faith through an agreed dispute resolution procedure (see attached Jo-In Dispute Resolution Procedure). If this mechanism fails to resolve the issue then any one of the six participating organisations can take the complaint forward according to its existing complaints mechanism, which may include public reporting. All parties involved will have an opportunity to have their perspective included in any final published reports. Where a complaint arises from a facility not actively involved in the project this may be taken up by any one of the participating organisations through its existing mechanism.

Signed and Dated _____