

Jo-In Participants Seminar

October 3, 2005
Istanbul, Turkey

Objectives:

- A. To report back to stakeholders on progress of Jo-In
- B. To inform stakeholders of the Jo-In consultation process
- C. To provide a brief overview of the six international initiatives involved in Jo-In.
- D. To consult with stakeholders on the design of the project trials.

Participants:

3 Jo-In Project staff
9 Jo-In Steering Committee Members and alternate members
10 Representatives of Multinational brands
8 International and National Trade Union representatives
4 Local and international NGO representatives
2 National Employer organization representatives
1 Government representative
13 different Turkish supplier companies

The morning session included an overview of the activities of the Jo-In project to date. The progress to date includes:

- The drafting of a common code of conduct;
- Consultation with national and international stakeholders;
- Engagement of buyers and invitation to 14 different suppliers;
- Detailed action plan for trial methodology in factories prepared and currently under final review.

Representatives of the six multi-stakeholder initiatives (MSI's) each gave an overview of their respective initiatives and the ways in which each seeks to contribute to improved labour standards.

Afterwards, participants asked several questions, which are reported below along with responses by MSI representatives and the international project manager:

1. If WRC keeps a database of all factories and Nike has now gone public with factory names, are concerns about factory disclosures infringing upon competition merited?

Short Answer: No, there have been no problems that WRC knows about regarding competition. If brand and factory are committed to good conditions, there is no reason why the suppliers names' should be kept confidential. Representatives from Puma mentioned that like Nike, they are also disclosing their list of factories.

2. Are each of the MSI's prepared to adopt the new code at the conclusion of this project?

Short answers:

- FWF: willing to change its code as a result of this project – based on the learning's of this project.
- SAI – regularly revises its code; in 2006, it will be revised again. It is on the agenda to consider the Jo-In code provisions at that time. Because the Jo-In code is nearly identical to SA8000 -- with the exception of the Jo-In code's lack of a management system provision -- conforming to the new common code would not be a big step, and is quite likely.

- CCC – has a model code (with ICFTU) with the view to a common code. The Jo-In code is an improvement over the CCC code, and it is a collection of the highest standards among the 6 groups, so it would support the adoption of this code. Really hopes that this standard can represent some unification.
- WRC – it makes it easier to have a common code. WRC would be willing to adapt this one – in some ways it is an improvement.
- FLA: expects this is a learning experience. Whether the FLA code will be revised is another question. It is a possibility that the code be revisited (and rewritten) based on practical learning of this project. What is most important about this exercise, however, is determining how to *enforce* ILO standards in workplaces, rather than simply codifying them. This is the FLA's main focus in this project.
- ETI – code is pretty similar to the Jo-In code. ETI is open to the learning's from the project and will consider what needs to be changed after the project is complete.

After a short break, the participants were presented with an overview of the trial methodology, which had been circulated to them in English and in Turkish prior to the meeting. A summary of the 5 major steps of the factory trials was presented:

1. Factory assessments (highlighting that these are not audits)
2. Synthesis report on all of the improvements made in the factory and current conditions as they relate to freedom of association, hours of work and wages.
3. Remediation plan agreed upon;
4. Implementation of remediation plan
5. Follow up assessment.

After the presentation, questions were asked regarding the technical nature of the project. The questions and the answers that were given are presented below:

1. Is this project considering the high number of unregistered workers and is it focused on improving the subcontractor chain?

Short Answer: According to some estimates, there are 3.5 million workers in the textile and garment industry in Turkey, of which 2/3 are unregistered. The draft code that was developed for Jo-In is explicit that all workers are covered by the code. The trials of the Jo-In project will focus primarily on the level of prime contractors. Since most of the unregistered workers in the garment and textile industries work lower down the supply chain, the project will also research non-registered and home based workers in and around Istanbul. It is expected that this will lead to a greater understanding of how the supply chain is organized and the priorities for improvement of the labour conditions lower down the supply chain. Moreover, with government officials as one of the stakeholder groups of the project, it is hoped that this project will contribute to the debate on how to solve the problem of unregistered workers in Turkey.

2. Do all of the initiatives agree on the standards in the code regarding collective bargaining and living wages, in particular?

Short answer: There is agreement on collective bargaining, but the FLA does not have a living wage clause and the others do not necessarily agree on how to define, measure and implement a living wage. By addressing this diversity and seeking more understanding about living wages, the project seeks to better clarify this issue and offer guidance for all the stakeholders involved.

3. Will factories be expected to provide all their employees with a living wage at the end of the project?

Short answer: The common code that was developed for this project includes a provision on living wage, and factories are expected to make real, good faith efforts to comply with the code elements during the course of the trials. However, as is indicated above there is ongoing discussion about what exactly constitutes a living wage. It is important to emphasize that this is dynamic project, in which everyone will contribute to help clarify, define and implement the code of conduct.

4. Will trade unions be involved in assessing freedom of association by providing recent data to help identify which companies may have violated this right in the past?

Short Answer: This will be developed as part of the assessment methodology. Based on the current practices of the initiatives; the unions and NGOs will be consulted.

5. What is new about the newly focused design, and how will it address audit fatigue? Why is one of the objectives of the project not seeing how a mature labor relations system enables workers and management to monitor their own factories?

Short answer: Through the trials, Jo-In aims to develop a common interpretation and application of freedom of association, hours of work, and wages, between the participating organizations –and their member brands. In time, it is hoped that this will lead to convergence on a common code

and opportunities to combine compliance resources among the organizations and brands, which in turn will lead to a decreased number of audits. Regarding the second question, the objective to improve workplace conditions and make sustainable improvement encompasses the need for a mature labour relation system.

6. a.) Besides wages and freedom of association, will the project address and report on other elements like health and safety? b.) Keeping in mind that business relationships (e.g. buyer commitments to factories, and the percentage of brands' sourcing in a given factory) have an impact on the kind of remediation a factory can undertake, will the project take such relationships into account when assessing factories? c.) Will companies increase their orders if the factory takes action to help motivate changes?

Short answer: Because health and safety is an area where factories are most advanced in general, this was not included as part of the remediation phase. Past improvements in this area will be reported on during the assessment phase. The answer to the second question is yes; the business relationship between the brand and the supplier will be analyzed during the factory assessment phase.

On the third question, one of the brands responded in the following way: One of the goals of the company was for factories to join voluntarily because our brand would not tie its future relationships to the performance in this project. In order to ensure a stable commercial relationship during the remediation period, all the brands agreed not to terminate the relationship (or contract) with the participating suppliers 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 brands also agreed not to terminate their relationship with the suppliers 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. Although the brands cannot guarantee long-term sourcing conditions, by participating in the project, factory performance can be enhanced, thereby improving the likelihood of continued sourcing.

7. We are concerned by the limited number of brands involved in this project. The more brands involved, the more support factories will receive in a competitive environment.

Short answer: Because the MSIs consist of many other brands, this project will impact many other brands through the organizations that are at the table, even though only eight brands are directly involved in this project. This is a project that is being observed globally.

8. What are the safeguards of project to ensure that there is no internal competition between the MSIs and between the factories?

Short answer: It is important to clarify that we are not looking at how one MSI vs another MSI conducts their factory assessments, but rather are looking for common ground on how to improve factories and tackle the many unresolved issues that all six of the participating organizations face.

9. What is the role of trade unions in this project and are there any safeguards to ensure that they are not limited to being involved only in reports?

Short answer: One answer is that you are here in this room and the project foresees a more regular consultation mechanisms in the future. Another answer is that an improved labour relations environment is central for lasting improvements and that freedom of association is one standard that will be assessed and remediated in factories. Trade unions and NGOs have been consulted for this project and the steering committee will continue to look for ways to improve their involvement (more on stakeholder consultation later in this document).

After lunch, participants were asked to convene into their different stakeholder groups to consider the following questions:

- Are you satisfied with the consultation process or would you like to be consulted in a different way?
- What obstacles do you see to achieving a positive outcome from the project?
- What ways do you see to overcome these obstacles?
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1. Supplier group #1: Jo-In's meeting was effective. Question whether government was invited because it is a shame that government is not here. [Ministry of Trade is here, but the Ministry of Labor could not attend.]

1. Approach of consultation: Quite satisfied with the approach. We think this project is positive, because it includes ideas from all sides of the industry.

2. Obstacles to project: suppliers would like to participate in the activities of the project– it is important to observe how the brands approach the suppliers. With regards to the focus on the areas of wages, hours of work and freedom of association, the suppliers should have input but brands should be involved in implementation. They should have a consolidated remediation plan b/c brands do not work in a coordinated manner:

- In the supplier assessment, brands have their own CSR units. There are problems of communication with different departments. Compliance and technical departments of brands do not work together and this has implications for wages and hours of work
- Living wage – the pricing policies of brands in a globalizing world are very important. The brands let us know the wages in competing countries. There are discrepancies between the brands’ pricing policies and what they are requesting us to pay our employees. In the Turkey, we estimate that the LW is around 3 times what is now paid; around 900 ytl including benefits, food, transportation, allowance for heating, etc. To pay for this, we need to focus on productivity and quality, and this may be achieved by having continual orders from the brands and Government to support to our factories. We are currently in a difficult position to pay the high social insurance premiums (employers 21.5%, workers 15%, high taxes; 15% income tax, etc.) Meanwhile, the pricing policies of brands get fiercer by the day, putting suppliers in a very difficult position. Therefore, brands and government should assist suppliers and help them us pay a living wage.

3. Solutions:

- Increase productivity at factories and cooperation among brands.
- Universal adherence and guidance to implement International Norms. Create a common code among all the brands.
- The newly introduced penal code in June 2005 provides a legal infrastructure for the standard of freedom of association. According to the Law, hindering the right to associate carries a significant penalty. The real problem is now to try and continue to exist in a country where there are many enterprises that employ workers without benefits. This creates unfair competition for us. Brands should also take positive approach in this manner and help our government to enforce the rules. Tax exemptions would go a long way to solve this problem.

Short responses to issues raised:

On government involvement: Increasing the participation of government representatives’ is something which will need to be addressed by the Jo-In initiative. Meetings will be scheduled in the coming months with the appropriate government officials to seek their increased involvement.

On the remediation plan, living wage and brand sourcing practices: As outlined in the project document, the factories, brands and/or other relevant parties will implement the remediation plan with technical assistance of Jo-In where applicable. All the brands involved in the project have signed an agreement indicating that they will 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...” All the brands have also committed to working with the selected suppliers to resolve problems.

The project will look at how sourcing practices by the brands may support the factories’ ability to support a living wage. As outlined in the project trial document, a variety of questions will be addressed during the trial phase of the project with regards to living wage. These include, among others, “what technical assistance can brands, NGOs, Unions, and MSIs give factories to support their ability to pay a living wage”, and, “what commercial strategies would support factories’ ability to pay living wages (e.g. pricing, sourcing, profit-sharing)?”

On local stakeholder involvement: The steering committee is currently drafting a proposal for local stakeholder involvement that will be circulated for comments and input shortly. This proposal will include the creation of a local working group.

On Code of conduct consistency: See earlier comment on page 2 of this document.

2. Brands:

1. Approach of consultation: Short notice about conferences, concerns, and opinions in the project design. Brands have not been given the opportunity to be sufficiently involved in project design. Significant changes have been made to the design of the project – and we would have liked to feed into this project. Some concern also about a perceived lack of focus in the project.
2. Obstacles:
 - The timeframe for the project is very limited as it focuses on very challenging issues. The time allocated for each phase may not be enough to address the need for concrete results in factories at the end of project.
 - There were frequent changes made in the first phase of the project, and at this time there is a need for a more detailed process design.
 - There is a need to clarify how the assessment will be made (i.e. how much time in each factory and how many people will conduct the assessments?).
3. Ideas for improvement:
 - A rotating chair among the brands, which could meet together in a self-organized committee.
 - More effective communication among the brands, Jo-In and all the organizations and facilities involved.
 - Provide a more detailed process design. More details on training is also required. What type of training and who will provide it?
 - With regards to living wage, it is important to do a study of what that is reasonable in Turkey and how one can calculate a living wage. We recommended keeping living wage aspirational.
 - We expect enhanced partnering with brands to come up with assessment and guidelines. Brands can provide previous assessment reports with the consent of the suppliers. The project needs to make the legal considerations to facilitate the sharing of these reports. Should the investigation of suppliers and subcontractors be considered in a separate project?
 - For the success of the project, one of the main intentions of the factory reports should be to recognize good performance rather than focus only on the problems. The suppliers gathered here today already have a high level of performance relative to other suppliers. They will not be making great leaps, since they have already achieved much and the project needs to recognize what they have achieved already. If not, we need to focus on the subcontractors.

Short responses to issues raised:

Increased stakeholder involvement and time given: As explained above, the steering committee is currently putting the final touches on including specific references in the trial design document on stakeholder involvement throughout the project. Also, more regular updates about the project will be given in the future, and opportunities for input will be provided as the project moves forward.

International involvement of brands: Structural changes to allow more input from the international brands and trade unions are currently being discussed by the steering committee.

Need for more detail in the project design: The Jo-In team and steering committee are presently working to refine the variables to be assessed during the trial phase and the qualification criteria for the factory assessors (GIE's). Once these are completed, they will be sent around to the stakeholders for your comments and suggestions.

Brand involvement in factory assessment: Previous audit reports and brand experiences with the factory will be sought and referenced during the factory assessment phase of the project.

Self-convened committee of buyers: Jo-In encourages the buyers involved in this project to establish a self-convened group to provide input to the project.

Timeframe of the project: This is an issue that may need to be addressed as the project moves forward. While every effort will be made to adhere to the project timeline, the most important aspect of this project is realizing the objectives, rather than adhering to a strict timeline.

- **Lack of focus in the project:** In close consultation with the project stakeholders, including the brands, it was decided to focus the efforts of the project on the three issues central to code of conduct implementation; hours of work, wages and freedom of association. The aims of the project still remain the same as at the outset:
 - To maximize the effectiveness and impact of the organizations involved in the initiative by ensuring resources directed as efficiently as possible at improving lives of workers and families;
 - To explore possibilities for closer cooperation between the organizations involved and common approaches so as to reduce duplication and reinforce each others' efforts;
 - To share learning on the manner in which voluntary codes of labour practice contribute to better workplace conditions in global supply chains.

3. Trade unions: We would like to thank the project for their efforts to seek the input of the local stakeholders.

1. Approach of consultation:

- Consultation is one thing, but what exactly does this mean? How will feedback be used in the project?
- Who is on the steering committee from trade unions? Perhaps they thought that through the MSIs they are represented on the steering committee, but the major trade unions should not be replaced. NGO's are already represented in the steering committee, and trade unions should also be represented.
- Trade unions feel their names are being made use of – that they are used as “window-dressing”. In selecting the factories, the process has not been transparent enough. The names were kept confidential – do not understand that.

• Obstacles:

- There is an inadequacy in the laws relative to ILO standards. For example, the lock out and strike law, as well as collective bargaining are addressed by an applications committee. Will ILO standards or local law be used? The project should use be ILO standards because the laws in Turkey currently do not comply with ILO standards.
- Weakness in informing trade unions and workers in Turkey. Non-compliance with Convention 135, which calls for information for trade union representatives and workers.
- Labor relations – the project needs to the clarify relationship between employers and workers' side in use of this term.
- Improvements should be defined. This project should be active in ensuring established complaint mechanisms.

3. Solutions:

- Trade union membership on steering committee
- ILO standards should be used, particularly relating to freedom of association (ref the Conventions)
- There should be a local working group in Turkey. It has been tough to negotiate the buy in of buyers and their suppliers, and in order to do that, the project has neglected the local stakeholders. Moving forward this project needs to involve local stakeholders in a more meaningful ways.
- A mechanism for sustainable social dialogue should be set up.

Short responses to issues raised:

Involvement of local and international trade unions: Codes need to be implemented at a local level, so input at that level is key. For this purpose, it is likely that a local working group will be established that will include all local project stakeholders. As for international trade union involvement, this subject is currently under discussion within the steering committee, along with brand participation.

Selection of supplier companies: Supplier's names were not shared publicly with trade unions, as brands asked for these lists to be kept confidential. Nevertheless, trade unions were actively involved in the selection process and influenced the selection process.

Use of local law versus international law : The project will use the common code of conduct developed for this initiative by a working group (which included, among others, two representatives from international trade unions). The Code requires that workplace conditions, policies and procedures not only meet national law but also are at a minimum consistent with international labour standards and international human rights and respect the principles contained in specific ILO conventions (including convention 98, 87 and 135, among others).

4. NGOs: thank you to everyone working in this organization.

1. Approach of consultation:

- Would like to take part in this project, be it in the steering committee or at another level.
- Hopefully communication will improve.

2. Obstacles to the project:

- The industry that the project is focusing on is under-registered. In general, there is a lack of adherence to the rule of law. We are rowing against the tide.
- Most important problem is transparency; there is a need to access key information such registration documentation. There is intimidation in the industry vis-à-vis workers to ensure they do not tell the truth.

4. Solutions:

- NGOs should be actively be involved in the research studies. We can provide information that makes the work of Jo-In easier, and in turn, the efforts of the MSI's can facilitate the work of local NGO's.
- NGOs can also play an important role in collecting information. The cooperative of home-based workers are an important group for this project to collaborate with. They have organized the most isolated group of workers – home-based workers.
- There is work that has already been done at the top, but there is a need for more of a bottom to top approach. The general problems of the industry can be addressed at the macro-level. Important to consider other experiences through projects. We hope that you will share the game-master experiment, for example.
- The project should address purchasing practices by buyers, maybe in a separate piece of work.

Short responses to issues raised:

NGO Involvement in the project: The active participation of NGO's will be sought in the studies that are planned as part of the project. They will also be invited to join the planned local working group. As indicated above, every effort will be made to improve communication with all stakeholder groups in the project.

Purchasing practices by buyers: See response given above under 'supplier group 1'.

5. Government and business associations: only 2 representatives present in the afternoon so they joined supplier group 2.

6. Supplier group #2: The previous groups mentioned much of our feedback, the main topic is we want to address is the consultation process; we would like to take part more in the project. All other topics are more or less the same.

End of meeting – Closing remarks and summary of main issues raised. Jo-In promised timely feedback on all the issues raised.