

Sweatfree Procurement Forum for Purchasing Officials Thursday, August 27, 2009

Topic: Sweatfree Purchasing Consortium

Next forum:

Thursday, September 24, 4pm ET / 3pm CT / 2pm MT / 1pm PT

Call: 712-432-0800

Access code: 946 641#

Duration: 1 hour

RSVP to bjorn@sweatfree.org is appreciated but not required.

Present:

Colleen Gardner, New York

Michele Reale, New York

Henry Oyekanmi, Berkeley

Diane Berndt, Milwaukee

Sam Dominguez, Austin

Byron Johnson, Austin

Lee Tuneberg, Ashland Oregon

Ron Hermes, Wisconsin

Farshid Yazdi, Los Angeles

Dan Soper, Washington

Galen Leung, San Francisco

Carmen Herrera, San Francisco

Bjorn Claeson, SweatFree Communities (facilitator)

Liana Foxvog, SweatFree Communities (note-taker)

Letter from the Sweatfree Purchasing Consortium

Everyone on the call should have received an invitational letter in the mail from the Sweatfree Purchasing Consortium in July. If you did not receive the letter, please let Bjorn (bjorn@sweatfree.org) know and he will resend it.

Presentation: Consortium Background & Overview by Bjorn

Purpose of the Consortium: Support procurement officials in enforcing sweatfree procurement policies and make enforcement more cost-effective.

Consortium's Leadership: Up to this point the development of the Consortium has been led by an Interim Steering Committee, and it is under SweatFree Communities' 501c3 non-profit status. The Interim Steering Committee includes government officials from Los Angeles, San Francisco, Maine, and Pennsylvania, along with human rights and labor rights experts from non-governmental organizations. This make-up has been very valuable in developing the Consortium. The plan is to soon formally form a governing board from this Interim Steering Committee – the majority of the Board of Directors will be public officials.

In March 2007 the Interim Steering Committee was formed at a meeting in Harrisburg, Pennsylvania. Since then, the Committee has organized leadership, developed internal policies, established a Sweatfree Code of Conduct and a White Paper outlining plans for monitoring and services. In addition, multi-state contract for an independent monitor has been developed by Pennsylvania using language from the Consortium.

The Consortium's current priorities include:

- Developing a cost-sharing system for independent supplier factory monitoring
- Creating a common supplier factory and vendor database
- Establishing a formal board and by-laws
- Problem solving on legal issues (Legal analyses show that sweatfree procurement is consistent with US trade obligation and not preempted by federal legislation. Consortium is helping to educate members and others interested.)
- External awareness raising to build membership (There are a large number of cities, counties, and school districts that have committed to buying sweatfree. However, there is a difference between commitment and accomplishment. Joining the Consortium will help these public entities accomplishing their goals.)

Status & growth plans: So far, public entities with annual apparel purchasing of \$15 million have committed to joining. Four of these entities have already joined. Because the Consortium relies on pooling purchasing power, the more that join, the more effective the Consortium will be.

SweatFree Communities is also reaching out to federal agencies, which procure \$4 billion in apparel per year; most is made in the U.S. and is for the military. \$100 million in federal purchasing stems from overseas factories. Sweatfree standards should also be applied to factories in the U.S.; in fact, in some cases that is quite necessary.

Discussion

Comment/question: Would like to know more about plans to develop a list of compliant factories.

Plan is for members to share supply chain information, including factory names and locations, with the Consortium. The Consortium will develop an online searchable database where this information will be posted. Through monitoring work certain suppliers or contracts will eventually achieve a sweatfree designation of some type. It is important to note that there are precious few of those suppliers today and that the job of the monitor is not simply to identify them. Instead the monitor will have to work with suppliers, both the brands and factories, towards better and better compliance with sweatfree standards. Because this is a gradual process, it may be desirable to identify grades of compliance.

Suggestions for the online database from several participants on the call:

- Space for procurement officials list which suppliers they are using and to comment on their experience (positive/negative) with those suppliers
- Categorized/searchable by type of uniform product (ex. fire resistant), factory, manufacturer, vendor, dollar amount of contract
- The Consortium could send an online survey to this group to solicit additional input before the database is finalized
- Include information on labor standards from the Consortium's monitoring reports (and reference information from any other monitors that meet that Consortium's standards)

Please send any other database input to Bjorn at bjorn@sweatfree.org.

Comment/question: How quickly would a Consortium's monitor be able to get out to a factory?

Before monitoring can start, the Consortium will need sufficient income to provide the service. The Consortium is currently exploring these two avenues for funding its monitoring services:

- Percentage administrative fee on a multi-state/city apparel purchasing contract
- Seed funding from U.S. Department of Labor

Monitors know that it is sometimes important to react quickly to a labor violation or an alleged violation. Consortium's monitor would have staff worldwide and work with an international network of investigators. A rapid response from the monitor should be possible as needed.

What would be the annual cost to the Consortium of hiring a monitor?

This depends on how many investigations and how intensive the work would be. For example, a comprehensive investigation with pre-screening, worker interviews, and report write-up costs \$12,000 - \$15,000, which can be a lot for one public entity but becomes more affordable if the factory under investigation is supplying products to multiple public entities which can share the cost.

It is important to keep in mind that there are a variety of services the monitor will provide, in addition to comprehensive investigations. The additional work includes initial and ongoing outreach to workers in production countries to educate them about the Consortium, which factories are in the supply chains, which are significant suppliers to Consortium members, and the complaints process. Other work includes preliminary inquiries and ongoing communication with human/labor rights organization and ongoing monitoring work. This type of work is much less expensive than a full-fledged investigation and remediation program, but is also valuable in ensuring compliance with sweatfree standards.

Plans for cooperative purchasing?

Several public entities have expressed interest in a multi-state/city apparel purchasing contract under sweatfree standards. Sam Dominguez from Austin mentioned they have

done cooperative purchasing through U.S. Communities. Sam is interested to be part of developing such a cooperative apparel purchasing contract and may be reached at sam.dominguez@ci.austin.tx.us.

[post-meeting note: the Consortium Steering committee will help convene a group of procurement officials who would like to work on this contract]

Update: Labor Rights Situation in Honduras

In late July, a group of four U.S.-based apparel brands that have products made in Honduras sent a joint letter to the U.S. Secretary of State and the Organization of American States expressing concern about the erosion of labor rights and working conditions in Honduras following the military coup. Under the de facto government, the Honduran Congress has suspended civil liberties, including freedom of association. This has escalated the conflict and increases the risk of more violence. Also, some Honduran employers have reportedly forced their workers to take part in marches supporting the de facto administration.

The four brands that sent the letter were Nike, Adidas, Gap, and Knights Apparel. In addition, SweatFree Communities is contacting nine additional brands to ask them to send a similar letter. The brands are: Cintas, Dickies, Fechheimer, Russell, Gildan, Hanes, Lion Apparel, New Balance, and VF.

Questions/ comments: It was requested that a copy of the letter be sent to the group. This will accompany these meeting minutes.

Input on topics for future teleconferences?

Sharing of how responsive vendors have been to disclosure requests from public entities. For example, the City of Austin sometimes receives incomplete responses to factory disclosure requests from bidders. How do other public entities deal with this? Do they not award the bids? Or are bids still awarded even when vendors don't provide all the requested information?

Bjorn has been in conversation with procurement officials in Sweden who are dealing with many of the same questions that we are dealing with. Would an international exchange be useful to the group? A couple of participants showed interest.

Suggestion to use multimedia in these teleconferences.