

## “The Public Eye Awards 2006”

# Nomination form A

(for companies that have excelled in socially and environmentally irresponsible behaviour)

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The nominations will be made public before the Awards Ceremony. Handing in a precise, detailed and formulated nomination (please do not just send keywords, but full sentences) in the given form saves us a great deal of (editorial) work!

### Nominated company or corporate group

Name: **FILA**

Headquarters:

**Sport Brands International/FILA  
8 West 40th Street, 14th floor  
New York, NY 10018, United States**

Turnover / net profit:

**Net income US\$85million (no date)** \* Source: *Sportswear Industry Data and Company Profiles: Background Information for the Play Fair at the Olympics Campaign, Clean Clothes Campaign, March 1, 2004*

Branch of trade: **Sportswear, Athletic footwear, apparel, leisure and casual footwear and apparel**

Owned by: **Sport Brands International**

Number of employees: **2301 (no date) (not taking into account the vast number of workers employed in sub-contracting factories)** Source: *Sportswear Industry Data and Company Profiles: Background Information for the Play Fair at the Olympics Campaign, Clean Clothes Campaign, March 1, 2004*

CEO: **Steve Wynne, President and CEO of SBI International, Ltd.**

Source: <http://www.FILA.com/zz/eng/corporate/mediacenter/bios>

Further information/data on the company/corporate group:

- **Countries with FILA sales and distribution subsidiaries include: Argentina, Australia, Brazil, Canada, France, Germany, Hong Kong, Italy, Malaysia, Mexico, Singapore, South Korea, Spain, Taiwan, UK, US (Dec 2000)\* Other countries include India and Turkey (licensing agreements) and Central and South America, Israel, Philippines, Japan and Uruguay (2000)**

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Source: *Sportswear Industry Data and Company Profiles: Background Information for the Play Fair at the Olympics Campaign, Clean Clothes Campaign, March 1, 2004*

- **FILA has a 2.66% share of total world athletic footwear market and 1.2% share of athletic apparel (2002)**

Source: *The Play Fair at the Olympics Campaign: an evaluation of the company responses* <http://www.cleanclothes.org/campaign/olympics2004-eval-company-response.htm>

- **FILA sponsors tennis players Kim Clijsters, Svetlana Kuznetsova and Mikhail Youzhny.**
- **FILA also sponsors the Australian Cricket team**
- **The company sources most of its production from East Asia including Thailand, Indonesia, Cambodia and China.**

**Nominated in the category (please do not tick more than one category):**

- social rights (human and labour rights)

#### **Reasons for the nomination:**

The rationale should include detailed information and, if feasible, it should be listed according to below aspects of irresponsible behaviour of the nominated corporate group. In addition, your rationale should include a list of sources. Moreover, enclosures such as studies or newspaper articles on the case as well as film material are most welcome.

*General information on the case and characteristics of irresponsible corporate behaviour*

**Worker testimonies (2003 – 4) show that FILA is failing on fair play in its supply chains in a number of ways:**

- **excessive working hours, responsible for workers' exhaustion and poor health, and compulsory, underpaid or even unpaid overtime**
- **wages sometimes below the legal minimum, mostly too low to live on**
- **intimidation and harassment for participating in trade union activities**
- **sexual harassment and verbal & physical abuse**
- **falsification of evidence during inspections**
- **factory closures without compensating workers.**

**These abuses of workers' rights are common throughout the sportswear industry – what makes FILA particularly worthy of this award is its failure to act constructively to resolve these issues.**

**FILA was one of the five sportswear brands targeted in the Play Fair at the Olympics Campaign: In the lead-up to the Athens Olympic Games in August**

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2004, and since then, Global Unions, the Clean Clothes Campaign, of which Labour Behind the Label is a member, Oxfams and their allies around the world campaigned with sportswear workers to persuade sports brands and the International Olympics Committees to Play Fair At The Olympics and ensure respect for sportswear workers' rights.

. FILA failed to respond in any meaningful way to recommendations made by the Play Fair at the Olympics Campaign.

The first recommendation was for key industry actors in the sportswear industry to work together at the sectoral level and to carry out, in co-operation with appropriate trade unions and NGOs, a comprehensive, far-reaching programme for improvements in the sector. FILA have failed to respond constructively to this recommendation. A number of other companies with an equivalent market share to FILA have now acknowledged the value of this approach.

A second recommendation of the Play Fair at the Olympics Campaign was that companies should develop and implement a credible labour practice policy, which should ensure that suppliers and their sub-contractors respect internationally recognised labour standards. In a meeting with campaign representatives, FILA argued that they have little control over suppliers or licensees since labour clauses had not been included in the contracts. By completely restructuring the company, FILA management claimed it had every intention to regain control over the company, its product, the supply chain, and the means by which merchandise is manufactured under the FILA label, including the global adoption of a standard of engagement for the selection of factories. By August 2005, no evidence has been presented to campaigners that FILA have changed policies or improved systems to ensure workers' rights are not violated.

Finally the campaign recommended that companies look at their own purchasing strategies to check they do not have a negative impact on working conditions in their supply chain. As with the previous recommendations no evidence has been presented to show that FILA have changed their purchasing practices so that they do not lead to workers exploitation, with prices being made fair, deadlines realistic, and labour standards given the same status as price, time, and quality.

Added to this failure to respond constructively to the Olympics campaign is the fact that, to our knowledge, FILA has done nothing to rectify the situation facing workers at a specific factory, PT Twa Hae in Indonesia which, until earlier this year, had been producing FILA sports shoes for a decade. The thousands of workers at this factory lost their jobs when the factory closed in February and still have not received money that is owed to them.

This factory first came to the attention of campaigners in April 1999 when one of its workers, Ms. Parkati, was dismissed from the factory. There was evidence indicating that Ms. Parkati's dismissal had been related to her active

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involvement in trade union activities. PT Tae Hwa Indonesia had appealed three times against decisions by the Indonesian labour arbitration system in Ms. Parkati's favour and continued to refuse her reinstatement. Finally, in 2001 they got the courts to endorse their decision. This sent out a powerful anti-union message to the remainder of the workers. During the time of Ms. Parkati's dismissal FILA were sourcing from the factory and the CCC pressed the company to demonstrate its respect for freedom of association by ensuring the reinstatement of Ms. Parkati and compensation for lost wages.

Research done at the factory by the Play Fair at the Olympics coalition in 2004 highlighted further problems at the factory including: sexual harassment, verbal abuse, inadequate wages, compulsory overtime, unreasonable production targets, and denial of trade union rights. At the time FILA orders accounted for between 70 and 90% of factory production. This research was turned into a factory case study (see below for reference) and more pressure was put on FILA to work with its supplier to rectify these violations and prove its commitment to freedom of association by reinstating Ms. Parkati. The CCC never received a response to communication sent by them about this case.

On February 11<sup>th</sup> 2005, when the thousands of mainly women workers, showed up for work on February 11th, they found that the PT Tae Hwa factory had shut down. Suddenly they were unemployed, and now months later they have not yet received the back wages or the compensation they are entitled to. The Indonesian courts reaffirmed their right to this compensation on May 2, 2005. Given that FILA had been producing at the factory for a long period of time and that it bought a high percentage of the factory's production, the the Play Fair at the Olympics Alliance would expect FILA to take some responsibility towards the well being of these workers, yet to date no response has been received from the company.

*Current status and demands made to the company*

***As part of the Playfair Alliance Labour Behind the Label would like to see FILA:***

- ***demonstrate that it is willing to take labour rights issues seriously, including for its licence partners, by satisfactorily dealing with outstanding labour standards violations - specifically PT Tae Hwa Indonesia***
- ***take immediate steps to update its code and develop a credible labour policy***
- ***begin to cooperate immediately at the international level with Play Fair alliance organisations engage directly with local unions and NGOs at the point of production***
- ***make public information regarding its supply chain, including the disclosure of its supplier list and working conditions at supplier factories.***

- *Sources / references*

- ***Sportswear Industry Data and Company Profiles, Background information for the Play Fair at the Olympics Campaign***

***<http://www.cleanclothes.org/publications/olympic-profiles.htm>***

- ***Labour Behind the Label FILA campaign pages:***

***<http://www.labourbehindthelabel.org/campaigning/fila.htm>***

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- **Clean Clothes Campaign FILA campaign pages:**  
<http://www.cleanclothes.org/companies/fila.htm>
- **Play Fair At The Olympics: Respect workers' rights in the sportswear industry**  
<http://www.cleanclothes.org/publications/04-olymp-report.htm>
- **The Play Fair at the Olympics Campaign: an evaluation of the company responses**  
<http://www.cleanclothes.org/campaign/olympics2004-eval-company-response.htm>
- **Tae Hwa Indonesia – a case-study of labour conditions in the sportswear industry**  
<http://www.cleanclothes.org/publications/04-08-tae-wha-case-study.htm>

## Information for the organisers:

### Nomination submitted by:

*Name of organisation: **Labour Behind the Label in collaboration with the Clean Clothes Campaign***

*Name of contact person: **Sam Maher***

*Address: **38 Exchange St, Norwich, NR2 1AX, UK***

*Email: **info@labourbehindthelabel.org***

*Phone: **+44(0) 1603 666160***

The contact person may be contacted for any follow-up queries from the organisers. In addition, it is planned to make this information available to the interested public in the course of the publication of the nominations (on [www.evb.ch/publiceye.htm](http://www.evb.ch/publiceye.htm)) Please tick below if you do not wish your contact details to be made public.

## Award's Ceremony in Davos

If the company you nominated is awarded a price, would your organisation be in the position to send a person to Davos to give a speech and to conduct a workshop on the topic? This person should have expert knowledge on the nominated company because she/he has written a report on it or carried out a campaign on the topic. Travel, accommodation and expenses of the spokesperson will be covered by the organisers.

**It is very possible a presentation of the case in Davos could be made at the end of January 2006.**

*Name of the person: **To be confirmed (please contact Sam Maher as above)***

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