

“The Public Eye Awards”

Nominations form

Nominated company (name):

North Sails (brand name)
GST (Global Sports Technologies) Holding AG
Boards & More Group

Short description of the company:

It's about North Sails windsurfing sails which are manufactured in Sri Lanka at Global Sports Lanka (formerly: North Sails Lanka), located in the Katunayake Free Trade Zone.

GSL (Global Sports Lanka) Ltd.
Phase 2
Ring Road 3
EPZ - Katunayake
Sri Lanka
Mr. Meinhardt Schwendtke (managing director)

GST (Global Sports Technologies) Holding AG is the owner of GSL Ltd in Sri Lanka.

GST Holding AG
Industriestrasse 13
CH-6300 Zug
Switzerland.
Mr. Christoph Syz (Chief of Production)

GST (Globe Sport Technologies) belongs to the Boards and More Group. The brand portfolio of the BOARDS & MORE group comprises the Mistral, F2, Fanatic, North Sails and Arrows brands. Boards & More markets North Sails windsurfing sails and accessories under license.

Boards & More AG
Weinbergstrasse 139
8006 Zürich
Switzerland
Yves Marchand (CEO)

Send your nominations to: The Public Eye on Davos, Berne Declaration, Quellenstrasse 25, PO Box, CH-8031 Zurich, Switzerland; email: publiceye@evb.ch; fax: +41 (0)1 277 70 01. 1

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Nominated for the following award categories:

- environment
- human rights
- labour rights
- corruption
- special prize _____
(name a award category in the style of the above)

More than one category can be chosen, if a company has acted irresponsibly in all these areas or if it cannot be assigned to just one category. In this case the organising committee will decide the final category.

Reasons for nomination:

Under this heading there should be presented as much information as possible on the irresponsible behaviour of the nominated company – ideally covering each of the points below, including references or sources. Please use a separate page for each case example of the company. Additional supporting material such as reports or newspaper articles, and also film material, is welcomed.

General information on the case and date or time period

Since September 2002, the Clean Clothes Campaign (CCC) has been supporting an appeal to give assistance to workers at Global Sports Lanka (formerly: North Sails Lanka), a facility in Sri Lanka's Katunayake Free Trade Zone. In March 2002, 207 workers were dismissed and suspended because they went on strike to protest the cancellation of a quality bonus. Workers were paid *extremely* low wages at North Sails Lanka (approx. 63 to 73 euro per month at that time) including overtime and other incentive payments. Management broke its promise made in October 2002 to reinstate the workers unconditionally. Therefore, the workers have filed complaints with Sri Lanka's Labour Tribunal. See for more information on:

<http://www.cleanclothes.org/companies/northsails.php>

In September 2003 international solidarity actions for the North Sails workers in Sri Lanka have taken place, see: <http://www.cleanclothes.org/companies/northsails-03-09.htm>

From December 4th till 14th, the Clean Clothes Campaign organised a speaker tour with guests from Sri Lanka, with Indrani Wijebandara (North Sails Lanka) and Anton Marcus (FTZ&GSEU) to meet with Boards and More and to try and push for an improvement of their situation using international pressure, see:

<http://www.cleanclothes.org/news/03-12-18.htm>

Global action had led to a 6 point Memorandum of Understanding (MoU) in December 2003 (<http://www.cleanclothes.org/companies/northsails-03-12.htm>). The Clean Clothes Campaign agreed to suspend her campaign activities for as long as there were constructive negotiations going on.

Meetings between local management and union have taken place in January and April 2004. Since then, negotiations with the union stopped. Instead of serious attempts to resolve legitimate problems, management has taken actions that are at odds with the spirit of the December 2003 agreement. On October 18, 2004,

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management and the union met again at the Sri Lankan Ministry of Labor. Unfortunately, the discussion was concluded without any solution in sight and without a future appointment, even though the union had put forth a new proposal. On October 19, 2004, the CCC therefore re-opened the North Sails campaign. See: <http://www.cleanclothes.org/companies/northsails04-10.htm>

Until today the court has not ruled on the case, and negotiations between local management and the union are deadlocked.

Characteristics of the company's irresponsible behaviour

The agreement made and signed in the MoU clearly stated that all would accept and not appeal the court's decision AND that North Sails Lanka meanwhile would negotiate directly with the FTZ&GSU, as well as permit the establishment of unions. In the MoU and in the April meeting, it was recognised that direct negotiations with FTZ&GSEU should cover the fate of the dismissed workers, specifically those still fighting their case in court. At the April meeting it was further agreed that, when hiring new workers, preference should be given to those who had earlier been dismissed. The notes of the discussion of the meeting written by Mr. Schwendtke (managing director of GSL) expressly state: "Mr. Anton Marcus's request to give first preference to the 38 workers who have filed cases for future positions at NSL was considered favourably by Mr. Meinhardt Schwendtke based on suitability". Since then, NSL has hired 90 new workers without even calling the dismissed workers up for interview and checking their suitability. Point 5 of the MoU agrees to substantial negotiations, the CCC cannot consider negotiations substantial if concessions are made and subsequently withdrawn, or if communication on such vital issues remains unanswered.

On October 18, 2004, management and union met again at the Sri Lankan Ministry of Labor. The union put forth a new proposal (start re-employing at least some of the workers who have brought the case to the court and in this way show good faith), but this proposal was opposed by management.

In response to the restart of the campaign, local management sent a letter to its distributors worldwide heading: 'Don't be misled by the Clean Clothes Campaign'. The information in this letter is incorrect and is another attempt to divert attention from the real problems faced by the workers and the work to be done to come to a solution of the problem. From our view, management at the local level is creating obstacles to resolving this dispute, not moving closer to resolution.

Union made a proposal: start with a mediation process and also proposed an organisation to guide this process, namely CPA which is a well respected, independent organisation highly regarded concerning human rights and mediation work. CPA was involved in successfully mediating a dispute at a factory in Sri Lanka where amongst others Nike is a client of. Christoph Syz from GST and the CCC agreed upon that the core problem is the deadlocked situation and that CCC has to break this deadlock and find a solution as soon as possible. He travelled to Sri Lanka in November and reported back to us. But apparently his mission has been primarily

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concerned with fact-finding, rather than with laying the groundwork for dispute resolution. In his report he suggests that they (GST and local management) will do everything possible to speed up the legal process. Even if the legal process speeds up, and CCC cannot be sure, this is not the key issue, it has always agreed to stick to this. The MoU calls for good faith negotiations notwithstanding.

Christoph Syz didn't attempt to contact CPA or the union when he was in Sri Lanka. They (GST and local management) are generally not against a mediation process, but believe that before starting mediation, there should be a fact finding mission. CCC is not asking for a social audit, it is questionable how useful this will be in this case since all parties already agreed that there is a problem: deadlock between union and management. This cannot be solved by an audit, it can be solved by mediation. CCC is therefore frustrated and disappointed in the fact they haven't give any reaction on our suggestion to take CPA as mediator. Final proposal from CCC is that when independent mediation is refused, the only alternative left is to refer this matter for voluntary arbitration. CCC is waiting for a response (dd 9 December 2004).

Consequences

CCC's issue relates to freedom of association and the right to collective bargaining. Management says there is no labour conflict in the factory. CCC does believe there is. This ongoing conflict has a chilling effect on current workers. They will be afraid to speak out. Workers, through unions of their choice, must be able to negotiate with management. If they can't, then this is a problem.

Some of the dismissed and suspended workers worked at the factory for more than 10 years. Some of them have found temporary work elsewhere, while others have had to remigrate to their native villages. They are very willing to work for GSL. Finding a new job is difficult, because many of them are considered too old and because management has blacklisted them as "troublesome". The situation of these workers is becoming more difficult by the day.

Negotiations are not being conducted in good faith. Management is breaching the MoU.

Demands made to the company

A review of the current situation is not what's needed, what's needed is a solution to a problem (deadlocked situation, finding solution for dismissed workers), we all already agreed a year ago that this urgently needed to be done.

In CCC's opinion, a meaningful next step requires competent mediation. Obviously mediation includes an element of fact-finding, as suggested by Christoph Syz in his report, and obviously both sides need to agree to the mediator, and the mediator needs to be independent. CCC therefore welcomes the fact that they are not in principle against mediations, but are disappointed as also mentioned above that not a single reaction is given to CCC's suggestion for CPA. Instead, by telephone they

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suggested the BOI for mediation, which is an organisation whose purpose it is to first and foremost defend employer interests. If independent mediation is refused by GST/local management, the only alternative left is to refer this matter for voluntary arbitration under section 4(2) of the Industrial Dispute Act. Both parties can request to the Commissioner to do so and the Commissioner is empowered to do so, this does mean however that both parties must agree on the nature of the dispute, i.e. on what issue CCC is asking the third party to intervene. From CCC's perspective, the question is whether the MoU has been violated, and whether the Union was justified to call for preference for the dismissed workers when hiring new employees.

The FTZ&GSEU calls upon Global Sports Lanka to:

- reinstates the unfairly dismissed workers
- constructively negotiate with the union representing the workers
- respects union rights, now and in the future.

Sources / references

<http://www.cleanclothes.org/companies/northsails.php>

FTZ&GSEU (Free Trade Zone & General Services Employees Union)
Anton Marcus, e-mail: ftzunion@diamond.lanka.net

ÖGB (Österreichischer Gewerkschaftsbund Landesorganisation Oberösterreich)
Dr. Erich Gumplmaier, Secretary Austrian Trade Union Federation of Upper Austria

Clean Clothes Campaign Austria
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Nomination submitted by

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