

No Sweat Review Report

September 2004

Maquila Solidarity Network
on behalf of the Ethical Trading Action Group



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Introduction

During the spring of 2004, the Maquila Solidarity Network,¹ on behalf of the Ethical Trading Action Group,² undertook a review of the No Sweat policies currently in place in universities and school boards across the country.³ The objectives of the review are to ascertain:

1. which Canadian companies have agreed to meet No Sweat policy standards and requirements that have been adopted by universities and school boards;⁴
2. which Canadian companies have publicly disclosed their factory locations;
3. which Canadian companies are producing for more than one institution with a No Sweat Policy, and which production facilities are being used to supply more than one institution;
4. what Canadian companies have done to date to ensure compliance with No Sweat policies; and
5. what the “best practices” are among those companies that have taken steps to ensure compliance with code standards.

In addition, some preliminary information was gathered on factory disclosure requirements and their implementation.⁵

¹ The Maquila Solidarity Network (MSN) is a Canadian labour rights advocacy group, campaigning to eliminate sweatshop abuses and promoting and defending the rights of workers in maquiladora factories and export processing zones.

² The Ethical Trading Action Group (ETAG) is a national coalition of faith, labour, student, teacher and overseas development organizations, promoting voluntary and governmental policy initiatives to challenge sweatshop practices in the global garment and related consumer products industries. ETAG members include: Canadian Council for International Co-operation, Canadian Autoworkers Union, Canadian Labour Congress, Canadian Union of Public Employees, KAIROS: Canadian Ecumenical Justice Initiatives, Maquila Solidarity Network, Ontario Secondary School Teachers' Federation, Oxfam Canada, Steelworkers Humanity Fund, and UNITE HERE. MSN acts as the ETAG secretariat.

³ For the past three years, ETAG has been promoting the adoption of “No Sweat” licensing and purchasing policies by universities, school boards and municipal and provincial governments. Local coalitions across Canada have also participated in the No Sweat campaign, encouraging their public institutions in their communities to adopt such policies. No Sweat policies require licensees and/or apparel suppliers to provide verifiable assurances that licensed and/or bulk-purchased products are made under conditions that comply with international labour standards and local laws.

⁴ While a number of municipal governments have approved motions to develop No Sweat policies, to date, no large Canadian municipalities have formally adopted such policies.

⁵ Public disclosure of factory locations and reporting on efforts to achieve and maintain compliance are key enforcement mechanisms in No Sweat policies.

In total, 11 universities and four school boards were contacted as part of this review.⁶ Nine of the 11 universities and three of the four school boards responded to our questionnaire. All four school boards are located in Ontario. The universities that cooperated with our survey included Dalhousie University, McMaster University, Memorial University, Queen's University, Trent University, the University of Guelph, the University of Toronto, the University of Waterloo, and the University of Western Ontario. School boards that responded to the questionnaire included: the Catholic District School Board (CDSB) of Eastern Ontario, the Hamilton-Wentworth CDSB, and the Huron-Superior CDSB.

Of the universities contacted, we did not receive responses from Laurentian University or the University of Alberta. However, as U of A is a member of the US-based Fair Labor Association (FLA),⁷ we were able to obtain a list of its licensees from the FLA web site. Waterloo Region District School Board was also uncooperative.

The chart attached as Appendix A shows the results of this review. Each supplier/licensee is identified on the left margin of the chart, and the schools to which they are linked are identified along the top margin. If a company is supplying a school, a check mark appears in the box where their row and column intersect.

Further, the chart shows which companies are already affiliated with or covered by the Fair Labor Association (FLA) or Worker Rights Consortium (WRC)⁸ code compliance verification systems.

Lastly, where possible, we have tried to identify some further information about each company including the number of direct employees, its annual sales, and its ownership. This data came primarily from an Industry Canada web directory. Many of the companies are not present on the directory and therefore there is no data entered for those companies. Almost all of the companies are privately owned and therefore information on their operations is not publicly available.

⁶ This research was conducted in the Spring of 2004. Since that time the University of British Columbia Bookstore and the York Catholic District School Board have both adopted No Sweat policies. Their data is not included in this report.

⁷ The Fair Labor Association (FLA) is a US-based multi-stakeholder labour standards monitoring initiative that includes major US brands, such as Nike, Reebok, adidas-Salomon, Liz Claiborne, Eddie Bauer, as well as close to 200 US and Canadian universities, including the University of Alberta.

⁸ The Worker Rights Consortium (WRC) is a non-profit organization created by college and university administrations, students and labor rights experts. The WRC assists in the enforcement of Ethical Purchasing Policies adopted by US and Canadian universities.

Statistics

Some basic statistics gleaned from the review paint a fairly clear picture of where things stand:

- Suppliers/licensees included in this review: 148
- Suppliers/licensees attached to 1 university: 118 (99 not covered by FLA & WRC)
- Suppliers/licensees attached to 2 universities: 8 (8 not covered by FLA & WRC)
- Suppliers/licensees attached to 3 universities: 9 (2 not covered by FLA & WRC)
- Suppliers/licensees attached to 4 universities: 7 (5 not covered by FLA & WRC)
- Suppliers/licensees attached to 6 universities: 1 (Russell Athletic, covered by FLA & WRC)
- Suppliers/licensees attached to 7 universities: 1 (Barbarian Rugby, covered by FLA & WRC)
- Suppliers/licensees attached to 8 universities: 2 (Dubwear, covered by FLA & WRC – and Hotline Apparel Systems)
- Suppliers/licensees attached to 1 school board: 3
- Suppliers/licensees attached to 2 school boards: 2
- Suppliers/licensees attached to 3 school boards: 1 (Halperns)
- Suppliers/licensees attached to two school boards and one university: 1 (T. Litzen)
- Suppliers/licensees covered by FLA: 30
- Suppliers/licensees covered by WRC: 29
- Suppliers/licensees not covered by FLA or WRC: 117

Discussion

A large number of the suppliers/licensees listed are not apparel companies but rather suppliers of promotional products (mugs, pens, rings, etc). The promotional products industry is probably the most difficult to affect with the No Sweat policies because each vendor tends to distribute a catalogue of hundreds of items which they, in turn, buy from other suppliers. There is therefore little effective leverage on the part of a university to either obtain real disclosure or make changes in a particular supply factory down the line.

There are similar issues with some of the apparel suppliers. Some simply embroider or screen print on blanks provided by another supplier (which is usually how Gildan Activewear⁹ products appear on university bookstore shelves). If they have a relatively small number of suppliers, however, a company can obtain disclosure information from those suppliers, and in most cases this is worth pursuing.¹⁰

The No Sweat policies adopted by the universities and school boards surveyed specify that disclosure must include the actual companies doing the manufacturing. The U of T code, for example, requires that:

The company names, owners, and/or officers, addresses, and nature of the business association, including the steps performed in the manufacturing process, of all the licensees' contractors and manufacturing plants which are involved in the manufacturing process of items which bear, or will bear, the name, trademarks and or images of the university shall be made public information.

The problem is not with the policies per se, but with their implementation, either because of a lack of clarity or a lack of time to pursue second-tier disclosure from companies.

On average 37% of the suppliers to each university surveyed are unique to that university. However, the spread varies widely. Fifteen out of the 16 suppliers to Trent University are unique to that school, while eight out of the 28 suppliers to Queen's University are unique to that university. The number of suppliers unique to particular universities isn't necessarily an obstacle to the development of a viable, centrally administered "national list" of No Sweat suppliers, since these

⁹ Montreal-based Gildan Activewear is the world's number one manufacturer of blank T-shirt. Gildan is currently the only Canadian corporate member of the Fair Labor Association (FLA). In December 2003, MSN filed a formal complaint with the FLA, alleging that Gildan was violating workers' rights at the company's El Progreso factory in Honduras. In July 2004, the FLA announced it was placing Gildan under a special membership review because the company had "failed to achieve or maintain compliance with the FLA's standards."

¹⁰ As in the Gildan case, second tier suppliers are not necessarily small companies. Without information on second tier suppliers, it is much more difficult to determine which major apparel companies are supplying the university market, or which universities are buying from particular apparel companies that are alleged to be violating workers' rights.

suppliers could still apply for recognition and could, in fact, benefit from the added exposure for their products.

The large number of suppliers unique to particular universities also suggests that adding more universities to the “No Sweat” fold should result in a significant number of new companies being covered by No Sweat policies, rather than only adding more schools that are sourcing from the same list of companies. For example, if York University were to adopt a No Sweat policy, it would potentially cover an additional 17 companies, in addition to 24 companies that are on our current list.

There is more overlap in suppliers among Ontario Catholic school boards. Four out of the seven school board suppliers identified in the review supplied more than one school board. It is likely that adding additional Ontario Catholic school boards to the “No Sweat” fold would not significantly increase the number of companies under codes, but rather increase leverage on companies currently covered by policies. To date, only the Huron Superior CDSB has included No Sweat criteria in its tendering of school uniforms contracts. It is also the only board in which the uniforms contract is centralized, i.e. one contract covers all four secondary schools in the board.¹¹

The statistics show that Canadian efforts have brought at least 116 additional companies under No Sweat policies that were not already covered by either the WRC or FLA policies. Nine additional companies were brought under the FLA code when the U of A joined the FLA. By that measure, the No Sweat codes have had a positive impact on the Canadian apparel industry.

However, the analysis would not be complete without further data on the size and reach of the businesses covered by these policies. Many are clearly small operations with little potential to impact workers further down the supply chain. A few are clearly larger operations (i.e. Cintas, adidas), but the volume of business these universities provide to these companies may be too small to use as substantial leverage. (Collaboration among Canadian universities and with their US counterparts would certainly increase their ability to influence the policies and practices of companies like adidas and Cintas.) Unfortunately we do not have data on the volume of business each supplier/licensee receives from each school, which would help us determine what degree of leverage could be mustered for each company.

An examination of the larger companies supplying Canadian universities (adidas, Mark’s Work Wearhouse, Gear for Sports, Russell Athletic, and Jansport) shows that all but one of those companies (Mark’s Work Wearhouse) are already

¹¹ In most cases, the school board is responsible for the purchasing policy, but individual schools decide which uniform and other suppliers will provide school clothes. However, once the school board has adopted a No Sweat policy, the schools under its jurisdiction are expected to follow the policy in their dealings with suppliers.

covered by the FLA or WRC policies. In addition to these large suppliers, there are also a number of middle-size companies on the list that are not insignificant players in the industry: Anchor Textiles and Ash City both have sales of more than \$50 million a year. Neither is covered by the FLA or WRC policies. (The Industry Canada database doesn't specify any amounts higher than \$50 million, so their actual sales could be significantly higher. For the sake of comparison, Gildan's first quarter sales alone this year were \$105 million.)

Another way to look at the data would be to identify the global reach of the companies in question in order to determine whether No Sweat policies can be used as leverage in particular factories or countries. Unfortunately, the record on factory disclosure is currently inadequate for these purposes. While most of the policies do have a requirement for full public disclosure of factory locations, to date, none of the universities have achieved that goal with all of their suppliers. The University of Toronto, which has had the most time to achieve full disclosure, has done so only for their retail licensees (i.e. the apparel sold in the bookstore) and not for any of the promotional products or staff uniforms. Further, the bulk of the disclosure information for the U of T's retail licensees was only available because they were already members of either the FLA or WRC and had supplied their information to those agencies. As noted earlier, the University of Alberta has added new companies to the FLA roster, and, as a result, those have been required to disclose.

Other universities have achieved some disclosure of factory locations, but have not actively pursued those suppliers that have failed to disclose that information. A major reason for this is simply administrative – the person responsible for implementing the policy doesn't have the time to chase the companies. Another reason is that the companies that are reluctant to disclose have faced few, if any, repercussions for failing to do so (although Queen's University reports that it is planning on dropping the one company it says has failed to comply). The McMaster University Bookstore has collected compliance forms from several of its suppliers, but has not yet submitted this information to the WRC in the form of a quarterly report.

Another problem that has not been adequately addressed to date is companies only providing information on their immediate suppliers, many of which are distributors rather than manufacturers of the apparel.¹² To be effective, disclosure rules need to clearly state that companies are required to disclose the name and address of the factory where the product is actually manufactured. Some of the disclosure information, particularly from licensees that have had more experience with US universities, is more complete and therefore more useful.

¹² The lack of information on second tier suppliers may also distort our figures on the size of suppliers and the number of universities using particular suppliers. For example, blank T-shirt manufacturers are likely to be underrepresented in our figures.

To date, 39 licensees/suppliers have provided disclosure information to Canadian universities under No Sweat policies. Thirty of these companies were already covered by the FLA or WRC policies. Of the 39, six have provided only the first level of disclosure (i.e. the distributors who provide them with goods, rather than the factory in which the product is made). Those are marked with a “1” in the disclosure column in Appendix A.

Appendix B shows the international spread of the factories that have been disclosed by those 39 licensees/suppliers. Approximately 32% of those factories are in the U.S., 7% are in Canada, 12% are in Mexico, 7% are in China, 5% are in Taiwan, 4% are in Thailand, and the rest are divided among other countries. (These are the results obtained after eliminating disclosure information that appears to provide only the name and address of the office of the second tier supplier, rather than the place of manufacture.)

Conclusions

1. There are a significant number of companies affected by school No Sweat policies, though the majority of these are small operations that have little influence over on labour practices at the national or international level, either because they are manufacturers with few direct employees or because they have little clout in larger factories from which they source. However, some small suppliers that own or source from a few factories in which they have significant leverage could view No Sweat policies and collaboration among universities as an opportunity to grow their businesses. This might be of particular interest to small, unionized companies that own their production facilities. (A precise assessment is not possible without further information on each company.) More importantly, there are also a number of large and medium-sized companies supplying Canadian universities and school boards. Cooperation among US and Canadian universities using these suppliers, through the WRC and/or FLA or more informally, could have a significant impact on the policies and practices of these companies.
2. The No Sweat campaign has been effective in producing policies and raising awareness, but the implementation of the policies is still at a preliminary stage, particularly in the area of disclosure of factory locations. According to university administrators charged with implementing these policies, the two key problems with disclosure are that the companies are reluctant to comply and that the administrators don't have time to follow up effectively with companies. Gaining information on the factories used by second tier suppliers is another challenge. These problems could be better addressed by the development of an inter-university consortium to enhance the administrative support for implementation of No Sweat policies and provide both a bigger carrot and bigger stick to encourage companies to disclose factory locations.

3. The adoption of No Sweat policies by additional Canadian universities would encourage some new companies to meet No Sweat standards, although how many is not clear. It would also increase the leverage of Canadian universities as a group to influence the policies and practices of shared suppliers.
4. Some schools have developed useful forms for companies to report on compliance, which may serve as a model for others. However the ability of administrators to follow up on incomplete forms and inadequate information is limited. Once again, increased collaboration among universities, possibly through a Canadian consortium, could help overcome this problem. Until we address the question of effective enforcement of No Sweat policies, improvement in the forms schools use is unlikely to make a significant difference for workers.
5. School boards are currently at an even more preliminary stage in the implementation of their No Sweat policies. Adoption of No Sweat policies by additional school boards would increase leverage on suppliers and allow for proper enforcement. Campaigns currently underway in the Toronto and York Catholic school boards will be crucial to the successful implementation of existing policies in Ontario. The fact that most Ontario Catholic schools use the same uniform suppliers makes this all the more important.

Recommendations

1. While additional research on current university suppliers is hindered by the lack of implementation of factory disclosure requirements, campus organizations should be encouraged to carry out label checks of university licensed and bulk purchased products in order to develop a list of second-tier suppliers and the universities where their products are being purchased. Follow-up research is also needed on suppliers of municipal and provincial governments to assess the size and importance of their suppliers, whether there is overlap with universities and school boards, and whether there is potential for collaboration among institutions.
2. The potential for a national consortium of No Sweat universities should be explored. A consortium should ensure that:
 - Implementation of factory disclosure requirements is pursued more vigorously and effectively;
 - Code provisions of all Canadian university codes are consistent with ILO standards (harmonization upward should be the objective);
 - Policy implementation and reporting requirements are no less stringent than those of the FLA and WRC; and

- Mechanisms are created for student, labour and NGO input and participation in the consortium at the decision-making level, as well as for receiving third-party complaints.
3. Universities participating in a Canadian consortium should also be encouraged to join the FLA and WRC. This would increase the leverage with companies supplying both Canadian and US universities and would bring additional Canadian suppliers under the reporting requirements of the FLA and WRC.
 4. The WRC should be lobbied to create a new WRC affiliation category for school boards. If such a category were created, Canadian school boards should be encouraged to affiliate with the WRC.

Supplier/Licensee	FLA	WRC	disclosure?		Dalhousie	Laurentian	McMaster	Memorial	Queen's	Trent	U of Alberta	U of Guelph	U of Toronto	U of Waterloo	UWO	Hamilton Wentworth CDSB	Huron Superior CDSB	Eastern Ontario CDSB		# employees	annual sales	Cdn owned?	notes
Obusforme								✓												75		yes	
Oceanic Trading Company Ltd.												✓											
Old Forge Metals Inc.	✓	✓	Y								✓												
Outbound Products								✓				✓											
Pacific Sinosky									✓														
Parkdale Novelty Co Ltd								✓					✓										
Perfect Image Products													✓										
Pinehurst Management Group													✓										furnishings, golf products
Plain & Simple Sports & Promo Wear													✓										
Presidential Environment													✓										
R.J. McCarthy																✓		✓					
Reaction Promotions Inc.													✓										
Reaction Sportswear										✓													
Ricart Trophies										✓													
Richton Manufacturing													✓										clothing/uniforms
Right Sleeve Marketing									✓				✓										
RLP Campus Sales Ltd													✓										
Saggitarius Needlecraft									✓														
Saxby Screenprinting Inc.									✓														
Second Skin Garment Co													✓										
Sewut?													✓										clothing/uniforms etc
Sharper Marketing							✓	✓				✓	✓										
Significant Impact Leader Frames													✓										frames
Simpson Specialties									✓				✓										
Sparta Pewter	✓	✓	Y				✓					✓	✓										
Specialty Apparel								✓															
Specialty House	✓	✓	Y					✓			✓	✓			✓								
Speedo (Warnaco)											✓	✓								750	\$25 to \$50 million	no	
Spirit Products Ltd	✓	✓	1						✓			✓	✓										
Sportex - Nami Sports Division		✓	Y									✓											
Storm Duds Raingear	✓	✓	Y										✓										
Sutter's Mill Specialties	✓	✓	Y					✓															
T. Litzen Sports Ltd.																✓		✓					
Talbot Marketing													✓										
Tempo Framing Systems	✓	✓	Y						✓		✓	✓	✓										
The Davis Group of Companies Corp.	✓	✓	Y					✓	✓		✓		✓										
The Next Trend Designs Inc.													✓										
The Sports Corp.	✓		Y								✓												
The Sportswear Co										✓													
Top Flight Inc.	✓	✓	Y								✓												
Top Marks																		✓					
Topsox	✓	✓	Y								✓												
Tri-Versa-Global													✓										
Troy Fashion Inc.	✓	✓	Y								✓												
U-Trau, Inc.	✓	✓	Y																				
Van Smith Enterprises Ltd.									✓			✓											
Varsity Collection			Y									✓		✓	✓								

Supplier/Licensee	FLA	WRC	disclosure?		Dalhousie	Laurentian	McMaster	Memorial	Queen's	Trent	U of Alberta	U of Guelph	U of Toronto	U of Waterloo	UWO	Hamilton Wentworth CDSB	Huron Superior CDSB	Eastern Ontario CDSB		# employees	annual sales	Cdn owned?	notes
VWR International								✓												200	\$1 to \$5 million	yes	wholesaler of lab supplies
W.C. Bunting Company								✓															
W.I. Villager Ltd.									✓				✓							50	\$1 to \$5 million	yes	product line is "Marshlands Canada"
Watermark Promotional Products													✓										
Whalerknits	✓		Y																				
Wildrock Outfitters										✓													
Wilson International Products												✓											
Win-Leader Corp.												✓											
Windcheaters Promotions Inc.													✓										
World Famous									✓														
Zenan Custom Cresting													✓										ceramic glass decorating and frosting

