

REEBOK – MANAGING HUMAN RIGHTS ISSUES ‘ETHICALLY?’

BECG - 019

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REEBOK – MANAGING HUMAN RIGHTS ISSUES ‘ETHICALLY?’

"I don't know that anybody has bought a pair of Reebok shoes because of its human rights programme. But we're a global corporation and we have an obligation to give back to the communities in which we live and work."¹

Doug Cahn, Director of Human Rights Programmes, Reebok International Limited.

INTRODUCTION

In January 2002, China Labor Watch² published a report on working conditions in six factories in China. These factories manufactured footwear products for the US-based Reebok International Limited (Reebok), one of the leading footwear and apparel companies in the world. The report highlighted the poor working conditions in these factories. A similar report had been published in 1997 by two Hong Kong based non-profit organizations, which had accused Reebok's sub-contractors³ of violating some of the provisions of Chinese labor laws in footwear factories in China.

With over a hundred years of operations in the footwear industry, a large workforce (estimated to be over 75,000 in 2002), and operations in over 170 countries across the world, Reebok's dominance in the global footwear industry was unquestionable. However, with the focus of the international community drifting to human rights issues in Chinese footwear and apparel factories, Reebok joined the ranks of those companies that were accused of not paying sufficient attention to human rights issues.

Reebok had taken several measures to prevent human rights violations in its Asian footwear manufacturing operations (Refer Exhibit I). It had established an exclusive human rights department (HRD) in 1998 to address human rights issues in its operations across the globe, and it had also instituted a Code of Conduct, also known as Reebok's Human Rights Production

¹ As quoted in the article, "Reebok in China: Worker Elections in Two Supplier Factories," written by Alison Maitland in the *Financial Times*, dated December 12, 2002.

² A New York-based independent non-profit organization for Chinese labor and human rights, which works towards improving Chinese workers' living and working conditions, defending their rights, upholding international labor and human rights standards, and preparing independent labor union organizations that are true representative of the workers.

³ In most Asian countries, Reebok manufactured its footwear and sports goods through sub-contractors. Sub-contractors were essentially middlemen who contracted workers on a daily wage basis. Reebok paid a negotiated amount to the sub-contractors, according to the size of contract. In most cases, the factories were owned by the sub-contractors.

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standards (Refer Exhibit II), to regulate working conditions in the factories of its sub-contractors. However, in spite of the measures taken by the company, it had to face several allegations regarding the violation of labor laws in its Chinese operations. Analysts felt that the efforts made by the company were not adequate, and that the company needed to be more committed to the protection of human rights to enhance its image as a socially responsible company.

BACKGROUND NOTE

In 1885, Joseph William Foster (Foster), a famous athlete in the English Running Club (Bolton, UK) made spiked running shoes in his garden shed. In the early 1890s, he set up a company called “JW Foster & Sons, Inc.,” to make hand made spike shoes. Foster believed that due to their superior quality, such shoes could help athletes improve their performance in long distance track events. By 1900, the company developed a clientele of internationally reputed athletes. In 1933, Foster expired and the company was renamed “The Olympic Works.” In the 1950s, Foster’s grandsons – Jeff and Joe – started a new company called Reebok Sports Limited⁴.

In the 1960s and 1970s, as Reebok’s business expanded, the company established its distribution outlets in several countries all over the world. In the 1970s, the company was renamed Reebok International Limited. By 1981, the company’s sales touched \$15 million. In 1982, Reebok launched ‘Freestyle,’ an athletic shoe for women, pioneering the concept of sports gear for aerobics. In the same year, the company also launched its first tennis and fitness shoe for men. In 1984, Reebok got its shares listed on the New York Stock Exchange.

Reebok’s name was first heard in connection with human rights issues when, in 1986, it withdrew its operations from the Republic of South Africa (RSA) to protest against apartheid.⁵ In 1988, Reebok’s HRD was established to address human rights issues in the company’s operations across the world. The company also instituted an annual Reebok Human Rights Awards to recognize and reward the contributions of young people (below the age of 30) across the world who made efforts to prevent human rights violations in their countries. In the same year, Reebok also asked its sub-contractors in China to certify that they did not employ child labor in their factories. The company also organized a concert called ‘Human Rights Now,’ along with Amnesty International,⁶ to mark the 40th anniversary of the United Nations’ adoption of the Universal Declaration of Human Rights.

In 1992, Reebok established its Code of Conduct – ‘Reebok Human Rights Production Standards.’ According to the company, these standards were strictly implemented by all factories which produced Reebok’s products. The implementation of these standards was monitored by the concerned employees of Reebok’s HRD. Reebok felt that these standards would serve as a benchmark for assessing working conditions in its footwear and sports goods manufacturing operations all over the world. The company also felt that the owners of the factories could judge the working conditions on their own by benchmarking against these standards.

⁴ The company was named after the African gazelle, which was known for its incredible speed.

⁵ An official policy of racial segregation involving political, legal and economic discrimination against non-whites.

⁶ An internationally recognized non-governmental organization that works for the protection of human rights. Financed by subscriptions and donations from its worldwide membership, it has more than a million members and supporters in over 140 countries and territories.

In the same year, the company tied up with the Lawyers Committee for Human Rights⁷ to start ‘Witness,’ a project that equipped its HRD staff with video cameras, fax machines and computers to help it closely monitor issues relating to human rights abuse in its affiliated facilities across the world. That year, Reebok also became a founding member of Business for Social Responsibility.⁸

In 1994, Reebok hired the consultancy firm, Ernst & Young to conduct the industry’s first independent audit of working conditions in Reebok’s Indonesian footwear operations. During the year, Reebok also resumed its operations in RSA.

In 1995, Reebok started manufacturing soccer balls in its facilities in Asia. In 1996, some media reports stated that child labor was being used in the company’s operations in Sialkot, Pakistan, to manufacture soccer balls. Reebok responded quickly to these reports. Its HRD staff monitored these facilities to ensure that people aged below fifteen years were not employed. The company even stuck a label on the balls (manufactured by the concerned factory) which declared “Guarantee: Manufactured without Child Labor” (Refer Exhibit III). In 1997, Reebok shifted its manufacturing activities to a newly built factory in Sialkot.

In order to provide elementary education and vocational training to the children who lost their jobs because of its anti-child labor drive, Reebok launched a \$1 million project called Reebok Educational Assistance to Pakistan (REAP) in mid 1997. As part of the project, the company tied up with the Society for Advancement of Education⁹ to establish a school called Chanan Institute for Child Labor Rehabilitation. The school employees encouraged the families involved in manufacturing soccer balls in the Sialkot region to send their children to school instead of work. All these initiatives helped improve the social image of the company.

In 1997, Reebok introduced a ‘Workers Communication System’ in its operations in Indonesia to enable workers to express their grievances so that necessary action could be taken. The workers were assured of not being victimized by the management of the factory for expressing their grievances. Complaint boxes were installed in places like toilets (in the factories) to ensure that workers could drop their complaints without fear. Printed pre-paid mailers were also made available to the workers. Subsequently, the system was installed in other Asian countries such as China, Thailand and Vietnam.

In 1998, Reebok started conducting seminars in Indonesian factories to teach workers how to organize unions and engage in collective bargaining.¹⁰ In May 2000, elections were held in a factory in Indonesia, which marked the beginning of the democratization of the workforce in the country. In the same year, Reebok helped the American Center for International Labor Solidarity (ACILS) conduct training programs in five factories in Indonesia to encourage the company’s worker to set up unions to address work related problems.

⁷ Established in 1978 in the US, its mission is to create a secure and humane world by advancing justice, human dignity and respect for the rule of law.

⁸ A US-based global nonprofit organization that helps member companies achieve commercial success in ways that respect ethical values, people, communities and the environment.

⁹ An NGO based in Islamabad which undertakes several human rights related activities.

¹⁰ Collective bargaining consists of negotiations between an employer and a group of employees so as to determine the conditions of employment. The result of collective bargaining procedures is a collective agreement. Employees are often represented in bargaining by a union or other labor organization.

REEBOK’S PROBLEMS IN CHINA

Multinational shoe companies (MNSCs) entered the Peoples’ Republic of China (PRC) in the mid-1980s, following the liberalization of the Chinese economy in 1984. Due to large scale unemployment in China, the workers were ready to work for low wages, thus resulting in low wage-related expenditures for MNSCs. Moreover, labor laws were not strictly implemented by local governments within the PRC, which competed with each other to attract foreign investment, especially in labor-intensive industries such as shoe manufacturing.

Like most of its competitors, Reebok entered the Chinese market through the contract manufacturing route, i.e., through sub-contractors. By doing so, the company could absolve itself of responsibilities relating to footwear production, while at the same time take advantage of low production costs to earn higher margins. The company could also bargain with sub-contractors to fix production deadlines and manufacturing price. By the end of 1996, China accounted for nearly 35% of Reebok’s worldwide footwear production. The figure reached 44% by 1999 (Refer Exhibit IV).

However, Reebok soon found that by using the contract manufacturing route it could not absolve itself of its responsibilities relating to footwear production. The company had to deal with allegations by independent research agencies about human rights violation in its footwear manufacturing operations in China. In 1996, a report published by two Hong Kong based research groups – the Asia Monitor Resource Centre¹¹ and the Hong Kong Christian Industrial Committee¹² – highlighted the poor working conditions and inhuman treatment of workers in footwear factories in China that manufactured products for Reebok.

In September 1997, another report was published by the same research agencies alleging violation of the provisions of the Chinese Labor Law and Reebok’s human rights production standards in four Chinese footwear factories. The report also highlighted the ineffectiveness of Reebok’s monitoring mechanism in preventing human rights abuse in its sub-contracted manufacturing units in China.

According to the report, Reebok’s sub-contractors were not paying wages as per Chinese labor laws. For example, in one factory in the Dongguan Province of China, the legal minimum wage was US\$1.93 per day, while the actual wages paid ranged from \$1.20 to \$1.45 per day. In another factory, the legal minimum monthly wage was \$42.17, while the workers actual pay ranged from \$30 to \$42 per month. Similarly, provisions relating to the payment of overtime wages were also violated.

The workers in the factories, mostly women, were not treated properly. They were forced to do early-morning calisthenics¹³ every day, and those who missed out on these sessions were fined. Talking during working hours was not allowed. The fines for violating these rules ranged between \$7.23 and \$21.69 (more than half the monthly wage of the workers). This practice was in contravention of Chinese Labor Law, which stated that deducting disciplinary fines was illegal.

¹¹ An independent non-government organization (NGO) which focuses on Asian labor problems. The center’s main goal is to support democratic and independent labor movements in Asia.

¹² Established in 1967, it is an independent non-government organization (NGO) which supports workers’ movements in China and Hong Kong.

¹³ Warm up exercises conducted by workers before commencing work.

The workers were also deprived of their basic right of freedom of association. The management of the factories did not permit the setting up of unions by the workers. The only recognized union in the country was The All China Federation of Trade Unions (ACFTU), which was controlled by the Chinese government. Analysts had accused the union of favoring the management. Workers’ agitations were often suppressed by the management. In one such instance, in March 1997, when the entire assembly production department in one factory went on strike over non-payment of wages, all of them were fired.

According to the 1997 report, while Reebok’s human rights production standards clearly stipulated that children below the age of 15 years should not be employed by its sub-contractors, it was found that the factories employed children aged between 13 and 15. The report also mentioned that there were serious violations of the provisions of Chinese labor law regarding working hours and the use of overtime. The normal permissible working hours per week were 44 hours (as per Chinese Law) and 60 hours (as per Reebok’s human rights production standards). However, in practice, the normal working hours per week were 72 hours (12 hours daily). In addition, workers were forced to do overtime from 2 to 5 hours every day. It was also found that the management of footwear factories pressured the employees to work overtime. Those who refused to do overtime were fined between \$7.23 and \$21.67; and those who refused to work overtime for three consecutive days were fired. Many workers were expected to fulfill high production targets, failing which they had to work beyond the working hours, without being paid overtime. All these practices were strictly non-permissible as per the Chinese Labor Law.

Workers had to work in extremely hazardous conditions. They were exposed to dust and noise pollution, excessive heat, and dangerous fumes that could cause suffocation. As a result, most of the workers suffered from headaches, dyspnea (difficult and painful breathing), dizziness, and skin irritations. The safety mechanisms in these factories were also found to be inadequate.

Workers were abused, both verbally as well as physically. The management of the sub-contracted factories fired workers for reasons such as becoming pregnant and becoming overaged. The food and accommodation provided by the management was also not up to the mark. The workers were required to stay in overcrowded dormitories in extremely unhygienic conditions. The management did not provide any benefits such as child care, social security, medical insurance, maternity leave and bereavement leave, although Chinese Labor Law required these benefits to be provided to workers. The report also revealed that the workers in these factories were not aware of the existence of the company’s human rights production standards though the managements of the concerned factories were required to translate it into the local language and educate the employees regarding its provisions.

Responding to the charges mentioned in the report, Doug Cahn, director, Reebok’s Human Rights program said, “Any violations are unacceptable to us and we demand that factories take corrective action if the charges are found to be true.”¹⁴

REEBOK’S RESPONSE

In response to the increasing allegations of human rights violations in China, Reebok took few steps to assess and improve the working conditions in its manufacturing facilities. In May 1999,

¹⁴ As quoted in the article, “Study: Chinese workers abused making Nikes, Reeboks” posted on the website www.news-star.com dated September 20, 1997.

Reebok, along with Mattel¹⁵ and Levi Strauss¹⁶ (which had large operational interests in China), teamed up with 21 human rights, fair trade and social investment groups to endorse a set of principles (Refer Exhibit V) for corporations doing business in China. Through these measures, Reebok attempted to address issues such as the use of forced labor, child labor, inadequate wages, long working hours, and physical or other kinds of abuse of employees. This was one of the first major initiatives taken by leading US business corporations in China to address human rights issues.

In March 2001, Reebok along with Nike and Adidas Salomon AG¹⁷ (global footwear companies), teamed up with three Taiwan-based sub-contractors and four Hong Kong-based NGOs to institute a project called China Capacity Building Project in China. As part of the project, 90 people, including workers, supervisors and managers belonging to the three footwear companies, participated in a 4-day training workshop. Training was imparted in various areas including occupational safety and health principles. Over the next three months, health and safety committees were set up and workers were also asked to express their views to help management evaluate and improve health, safety and environmental conditions in manufacturing facilities in China. An attempt was made to encourage workers to report the problems they faced to the management, external observers and NGOs. One of the NGO’s which participated in the program – China Working Women’s Network – set up a mobile resource center to educate women workers in the factories about issues such as health, gender consciousness and labor rights. The program covered 21,000 female workers working in Reebok’s, Nike’s and Adidas Salomon’s manufacturing facilities in South China.

In an effort to ensure lasting improvement in working conditions in the factories, workers were encouraged to set up forums to interact with the management. The management was also asked to conduct elections in their factories. In July 2001, elections were held in the Kong Tai plant in the Guangdong province in China. This was the first election conducted at a Reebok footwear factory in China. External observers were also invited to the factory to observe the election. The elections were conducted without much hype and the publicity was minimal. Reebok also imparted training to the workers’ representatives in handling union matters such as conducting meetings, recording complaints and handling grievances.

Through the above measures, Reebok made an attempt to demonstrate its commitment towards human rights. Over the years, Reebok’s HRD increased the scope of its activities. Reebok’s annual human rights awards remained the only corporate-sponsored human rights awards that recognized the efforts of young non-violent human rights activists.¹⁸ Reebok was also among the first few companies in the US to have joined the Fair Labor Association.¹⁹

¹⁵ Mattel is one of the world's leading toy manufacturing companies. Its products include Barbie dolls, Fisher-Price toys, Hot Wheels and Matchbox cars, American Girl dolls and books, and various Sesame Street, Barney, and other licensed items.

¹⁶ A famous US-based apparel company, established in 1853. It became reputed for its blue jeans.

¹⁷ A US-based sports goods company, which produces and markets sports equipment, footwear and apparel under the brand names of Adidas, Salomon, Taylor Made and Mavic.

¹⁸ As quoted in the article, “Advantage Reebok,” written by Margery Gordon, posted on www.callbaptist.edu, dated May 9, 2001.

¹⁹ An initiative under which corporates work with labor and human rights advocates to establish voluntary workplace standards and monitoring requirements for footwear and apparel industries.

THE INEFFECTIVE MEASURES

Though Reebok improved working conditions in its Chinese and other Asian factories, analysts felt that a lot still remained to be done. Reports continued to be published regularly about poor working conditions in Reebok’s footwear operations in China.

In January 2002, the China Labor Watch published a report after investigating working conditions (between June 2001 and January 2002) in six Reebok shoe factories in China. The report concluded that the steps taken by Reebok to improve working conditions and prevent human rights abuse were not sufficient. According to the report, some of the measures taken by Reebok were not delivering the desired results.

It was found that Reebok’s non-discrimination policy (Refer Exhibit I), under which the management must not discriminate between men and women while recruiting and during employment, was not being implemented. In the Chinese factories, female workers outnumbered male workers by 10 to 1, indicating a bias toward the recruitment of female workers. Analysts felt that the management of these factories preferred female workers primarily because they were submissive and could be easily exploited. They were sexually harassed by supervisors and risked losing their job if they voiced their grievances.

Moreover, the management did not provide accommodation to married couples, forcing them to live separately. All these factors had a negative impact on the workers’ psyche. Some workers complained of mental distress while some took to drinking. Some workers even committed suicide.

The report also revealed that Reebok’s experiment with elections in Kong Tai factory left much to be desired, and that the labor union was still under the management’s control. The chairman of the union was nominated by the official union, ACFTU (All China Federation of Trade Unions), in contravention of the Chinese Trade Union Law, which stated that the head of the union must be elected freely. In addition, the factory management did not pay the activity fee (2% of the total wages of the workforce) to the union, as stipulated by the law.

Violations were also reported with regard to working hours and overtime. The workers were asked to work overtime, on an average, 86 hours per month. Though Reebok’s HRD staff conducted inspections at these factories, the factory management warned workers against expressing their plight to the staff. Deviations were also found in the legal minimum wages and the actual wages paid. While the legal minimum wage ranged between 32 cents to 42 cents per hour in most of the cities, where the factories were located, the wages paid were less than 28 cents. Workers who decided to hand in their resignations did not receive severance pay, as required by Chinese law.

Employees were exposed to toxic fumes and had to spend long hours in high temperatures, which led to nausea and respiratory problems. According to the report, management did not provide a safe and healthy working environment to workers. The management even fired workers who used the complaint box set up by the company to get feedback regarding workers’ grievances.

THE EFFORTS CONTINUE

Even though doubts were raised about the efficacy of Reebok’s measures for preventing the violation of human rights, the company continued with its efforts to improve working conditions at the Chinese factories. In August 2002, Reebok took measures to reduce overtime working hours in these factories to 36 hours per month.

In November 2002, elections were conducted in one Reebok’s Taiwanese owned Fuh Luh footwear factory in the Fujian province of China. Reebok had to negotiate with the factory management and the ACFTU for several months to develop a framework for the conduct of the

elections. Explaining the difficulty faced during the negotiation process, Cahn said: “Freedom of association is going to be one of the most difficult issues in the future as global brands attempt to find appropriate ways to respect the rights of workers while not getting over involved in the process of negotiations between workers and the managers/owners of the factories.”²⁰ Reportedly, the elections, which were supervised by external observers, were conducted in a fair manner.

Unlike elections at the Kong Tai factory, these elections allowed proportional representation of workers belonging to each of the seven departments of the factory. In addition, elections were conducted for all posts, including the Union Chairman's post which was not contestable before. Explaining the significance of empowering the workers in the Chinese factories by conducting elections, sources at Reebok said,²¹ “We have inspections of factories, both announced and unannounced. But you just don’t have the assurance that things will be the same the next day. Factories in China are incredibly sophisticated at finding ways to fool us. The best monitors are the workers themselves.”

QUESTIONS FOR DISCUSSION:

1. Reebok is one of the very few companies in the US footwear and apparel industry that has consistently made efforts to improve its labor management practices and working conditions in its operations in third world countries. Explain the measures taken by the company over the years to improve working conditions and prevent human rights violations in its footwear manufacturing operations.
2. In spite of the continuous efforts made by Reebok to prevent workers’ abuse, on two different occasions human rights violations in Reebok’s Chinese operations were reported. Discuss the problems faced by workers in China. In light of the problems faced by Chinese workers, critically analyze the efficacy of the measures taken by Reebok to improve working conditions and prevent human rights violation.
3. According to analysts, Reebok’s measures for improving working conditions in its Chinese factories were not sufficient. What other measures should Reebok take to tackle the problem of human rights violations in its Chinese operations? Explain in detail.

²⁰ As quoted in the case study, “Reebok – Freedom of association in Indonesia,” posted on the website, www.iblf.org.

²¹ As quoted in the article, “First Free Trade Union Elections Held in Chinese Reebok factory,” in the website www.labourbehindthelabel.org, March 2002.

EXHIBIT I

REEBOK’S ASIAN OPERATIONS

CHINA

1. Brave Win Rubber Factory, Dongguan, China
2. Elegant Top Shoes Co. Ltd., Dongguan, China
3. Freetrend Industrial Ltd., Dean Shoes, Shenzhen, China
4. Fu Tai Plastic Material Factory, Dongguan, China
5. Fujian Ching Luh Shoes Group Co. Ltd., Chemical Section, Fuzhou, China
6. Hung Ye Shoes Mfg. Co. Ltd. Dongguan, China
7. Kenmate Industrial Co. Ltd., Ping Hu Shoe City Shenzhen City, China
8. Kong Tai Shoes Mfg. Co. Ltd., Shenzhen, China
9. Nority Limited Co. Ltd., Dongguan, China
10. Pou-Yuen Industrial (Holdings) Ltd., Zhongshan, China
11. Shang Sheng Rubber Factory Co. Ltd., Dongguan, China
12. Shiang Yi Shoes, Emphatic Enterprise Co. Ltd., Putian, China
13. Asian Sourcing, Shanghai, China
14. Xinqi Garment Company Ltd., Yantai Shandong, China

INDONESIA

1. P.T. Dong Joe Indonesia, Tangerang, Indonesia
2. P.T. Golden Adishoes, Karawang, Indonesia
3. P.T. Seni Sulam Adiwarna, Bekasi, Indonesia
4. P.T. Tampukyudha Inti, Bekasi, Indonesia
5. P.T. Tirai Tapak Tiara, Bekasi, Indonesia
6. P.T. Tong Yang Indonesia, Bekasi, Indonesia

INDIA

1. Sant Rubber Corporation, Jalandhar City, India
2. Sarup Tanneries Ltd., Jalandhar City, India
3. Moja Shoes Pvt. Ltd., Sonapat (HR), India
4. Lakhani India Ltd., Faridabad, India

TAIWAN

1. Pou Yue Enterprises Ltd., Changhua Hsien, Taiwan
2. Taiwan Ching Luh Shoes Co. Ltd., TaiNan Hsien, Taiwan
3. King First/Young-Der Garment Fact., Wu –Je Village I-Lan Hsien, Taiwan
4. On Asia/Yen San Manufacture Co., Don San Area, Taiwan
5. Ping Yang Mei-Chou, I-Lan Hsien, Taiwan
6. Tung Heleh Hats Mfg. Co., Hsin Li Ching Shui Chan Taichung, Hsien, Taiwan
7. Willow Company Limited, Taipei, Taiwan
8. Rangsit Footwear Co. Ltd., Ayuthaya, Thailand

THAILAND

1. Modern Technology Component Co. Ltd., Prachinburi, Thailand
2. Siam Unisole Co. Ltd. / Wongpaitoon Group, Public Co. Ltd , Samutsakorn, Thailand
3. Wongpaitoon Group Public Co. Ltd., Bangkok, Thailand
4. Srisuree Co. Ltd., Ayutthaya, Thailand
5. Future Garment Co. Ltd., Yamawa, Bangkok, Thailand

VIETNAM

1. HSV - Hwaseung Vina Co. Ltd., Dong Nai, Vietnam
2. Pou-Yuen Vietnam Enterprise, Ho Chi Minh City, Vietnam
3. Thai Binh Shoes Co., Ltd., Binh Duong, Vietnam
4. Yueh Lead Industrial Co. Ltd., Binh Duong Province, Vietnam

Source: www.reebok.com

EXHIBIT II**REEBOK HUMAN RIGHTS PRODUCTION STANDARDS****1. NON-RETALIATION POLICY**

Every factory producing Reebok products will publicize and enforce a non-retaliation policy that permits factory workers to speak with Reebok staff without fear of retaliation by factory management.

2. NON-DISCRIMINATION

Reebok will seek business partners who do not discriminate in hiring and employment practices, and who make decisions about hiring, salary, benefits, advancement, discipline, termination and retirement solely on the basis of a person's ability to do the job.

3. WORKING HOURS/OVERTIME

Workers shall not work more than 60 hours per week, including overtime, except in extraordinary business circumstances. In countries where the maximum work week is less, that standard shall apply. Workers shall be entitled to at least one day off in every seven day period.

4. FORCED OR COMPULSORY LABOR

Reebok will not work with business partners that use forced or other compulsory labor, including labor that is used as a means of political coercion or as punishment for holding or for peacefully expressing political views, in the manufacture of its products. Reebok will not purchase materials that were produced by forced prison or other compulsory labor and will terminate business relationships with any sources found to utilize such labor.

5. FAIR WAGES

Reebok will seek business partners who share our commitment to the betterment of wage and benefit levels that address the basic needs of workers and their families as far as possible and appropriate in the light of national practices and conditions. Reebok will not select business partners that pay less than the minimum wage required by local law or that pay less than prevailing local industry practices (whichever is higher).

6. CHILD LABOR

Reebok will not work with business partners that use child labor. The term "child" generally refers to a person who is younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

7. FREEDOM OF ASSOCIATION

Reebok will seek business partners that share its commitment to the right of employees to establish and join organizations of their own choosing. Reebok recognizes and respects the right of all employees to organize and bargain collectively.

8. SAFE AND HEALTHY WORK ENVIRONMENT

Reebok will seek business partners that strive to assure employees a safe and healthy workplace and that do not expose workers to hazardous conditions.

Source: www.reebok-usa.com

EXHIBIT III

LABEL ON REEBOK’S SOCCER BALLS MANUFACTURED IN SIALKOT, PAKISTAN



EXHIBIT IV

REEBOK’S ATHLETIC FOOTWEAR PRODUCTION IN ASIA (1999)

COUNTRY	% PRODUCTION
Peoples Republic Of China	44%
Indonesia	29%
Thailand	16%
Vietnam	2%
The Philippines	2%
Taiwan	2%

Source: www.cbae.nmsu.edu.

EXHIBIT V

**BUSINESS PRINCIPLES FRAMED BY THE US BUSINESS CORPORATIONS
OPERATING IN CHINA (MAY 1999)**

As companies doing business in China, we seek to hear and respond to the concerns of workers making our products. We want to ensure that our business practices in China respect basic labor standards defined by the International Labor Organization, and basic human rights defined by the United Nations Universal Declaration of Human Rights and encoded in the International Covenants on Economic, Social and Cultural Rights, and Civil and Political Rights, signed by the Chinese government, as well as in China's national laws. To this end, we agree to implement and promote the following principles in the People's Republic of China:

- No goods or products produced within our company-owned facilities or those of our suppliers shall be manufactured by bonded labor, forced labor within prison camps or as part of reform-through-labor or reeducation-through-labor programs.
- Our facilities and suppliers shall provide wages that meet workers' basic needs, and fair and decent working hours, at a minimum adhering to the wage and hour guidelines provided by China's national labor laws and policies.
- Our facilities and suppliers shall prohibit the use of corporal punishment, as well as any physical, sexual or verbal abuse or harassment of workers.
- Our facilities and suppliers shall use production methods that do not negatively affect the occupational safety and health of workers.
- Our facilities and suppliers shall not seek police or military intervention to prevent workers from exercising their rights.
- We shall undertake to promote the following freedoms among our employees and the employees of our suppliers: freedom of association and assembly, including the right to form unions and to bargain collectively; freedom of expression; and freedom from arbitrary arrest or detention.
- Employees working in our facilities and those of our suppliers shall not face discrimination in hiring, remuneration or promotion based on age, gender, marital status, pregnancy, ethnicity or region of origin.
- Employees working in our facilities and those of our suppliers shall not face discrimination in hiring, remuneration or promotion based on labor, political or religious activity, or on involvement in demonstrations, past records of arrests or internal exile for peaceful protest, or membership in organizations committed to non-violent social or political change.
- Our facilities and suppliers shall use environmentally responsible methods of production that have minimum adverse impact on land, air and water quality.
- Our facilities and suppliers shall prohibit child labor, at a minimum complying with guidelines on minimum age for employment within China's national labor laws.

We will work cooperatively with human rights organizations to ensure that our enterprises and suppliers are respecting these principles and, more broadly, to promote respect for these principles in China. We will issue an annual statement to the Human Rights for Workers in China Working Group detailing our efforts to uphold these principles.

Source: “Mattel, Levi Strauss, Reebok Endorse New Code” posted on the website, www.cleanclothes.com, dated June 05, 1999.

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