

Thank you for providing us with the report of the Jo-In project. Following your offer to comment on the report in a separate section we would like to provide you with some points we noted, some comments on the project and the way forward.

The six participating organisations have made use of the time to set a communication mode and to discuss and clarify many controversial issues throughout the project.

As you have already mentioned in the report, the extensive time needed to discuss and agree amongst the Steering Committee (SC) members did not only have an impact on the number of international project managers having worked on the project but also on the confidence and trust of the suppliers in the project as well as the effectiveness and achievements of the project itself.

Having said that, it would have been favourable if the final report not only reflected your observations and views (as project chair), but also the opinions of all participating organisations, or if the report could at least have been signed off by all of them.

However, the formation of the Jo-In Forum shows that the project has obviously helped to build a basis for the six organisations to further officially collaborate around a number of issues with regard to social compliance and public policy approaches.

We would expect that the Jo-In Forum will engage with relevant Turkish governmental departments and/or local and international stakeholders to address and actively work on the issues below which are vital in the process of scaling up workplace standards in Turkey and thus improve the lives of the workers in the supply chain.

- Work on sectoral approaches: Industrial relations policy and practice for the garment sector (develop systems to support effective, independent and active internal worker representation systems as well as worker-management communication)
- Build capacity of local unions who are currently weak on the ground: This should help to grow trust in the industry with regard to unions and improve respect for FOA and the right to collective bargaining
- Develop training materials and engage impartial trainers for the garment industry with regard to FOA and collective bargaining for workers, management and unions
- Engage with the government to work on the effective enforcement of “worker rights” as well as the implementation of supportive processes (e.g. the newly established worker hotline of the Turkish labour department etc.)
- Continue to engage with local stakeholders in a structured and formal manner to help upgrade the level of social dialogue
- Build capacity of external monitoring companies and local NGOs so that they can be part of the scaling-up process

Additionally, we would also like to comment on the report and the project itself.

- As stated in the report several times, we also have addressed our concerns more than once at the beginning of the project; the objectives set by the Jo-In Steering Committee were by far too ambitious. Specifically having chosen the three most controversial and complex code elements plus additional activities/research work in the areas of productivity, subcontracting etc. went far

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beyond a realistic scope for the available time. A lot of time was used to come to an agreement on the project goals and methodologies so that the time left for implementation was much too short to run the project and to achieve sustainable results.

- As a result of the intensive discussion among the six organisations, their codes may have been aligned, but interpretation and approach still differs. Therefore, the aim of reduction and duplication of effort and audit fatigue has unfortunately not been fulfilled by the project in practice. This, however, was probably one of the major reasons suppliers decided to participate - in order to more or less assist a progress towards a reduction of audit overlap and fatigue which has become a very obvious fact in the garment industry.
- It was also stated in the report that because brands either did not want to or were not able to put pressure on their suppliers, only six suppliers participated. Past experience has clearly shown that if a supplier doesn't participate voluntarily in a project it will not bring sustainable change, and that pressure from brands would be rather counterproductive. In view of similar future projects it would be useful if the SC of the Jo-In Project reflected and evaluated approach, content and methodologies used throughout the project as these obviously were additional key drivers for suppliers to decide if they wanted to participate or not.
- Feedback from initially invited suppliers after various rounds of presentation was that in fact they chose not to participate because they felt that they were "used for a time-intensive experiment" which would not necessarily lead to an advantage for them nor sustainably improve the situation for their workforce.
- Taking the aforementioned point into account, we would have wished to see an official appreciation of those suppliers who have made a clear decision to engage and contribute, despite the critical and controversial areas the project focused on and the drastic drop-out rate of other suppliers.
- The project also claimed to introduce new, innovative approaches with regard to evaluation, monitoring and interviewing methods. Unfortunately, it turned out that the techniques used are not any different from the ones that are already well-known and used in the market by the brands' monitoring staff and external monitoring companies. Therefore they did not deliver new benchmarks for the industry as hoped.
- We do not wish to go into detail on every individual comment which target the brands and their compliance or sourcing practices, but we would like to state that the adidas Group's code is based on ILO/UN conventions, and suppliers are expected to be either in line with the local laws or with our code of conduct, whichever is stricter/higher.
- Last but not least we noted that some information provided in the report (e.g. purchasing practices and "living wage" implementation etc.) is not based on factual data found and/or evaluated in the participating factories during the project, but reflects general information which has been the result of research conducted by one of the participating organisations in the past (some points are clearly not from the apparel but "fresh market" industry). From our point of view, the report should only cover areas which are part of the official project as otherwise the information provided might be misleading to the reader.

Herzogenaurach, November 14, 2008