

Congress of the United States
House of Representatives
Washington, DC 20515

November 22, 2013

The Honorable Howard P. "Buck" McKeon
Chairman
Committee on Armed Services
2120 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

The Honorable Adam Smith
Ranking Member
Committee on Armed Services
2120 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Chairman McKeon and Ranking Member Smith:

We are writing to request that you include, as part of the conference report, a provision contained in the House Defense Authorization Act (H.R. 1960) that requires Military Exchanges to abide by or give preference to suppliers who are signatories to the Accord on Fire and Building Safety in Bangladesh ("Accord").

Contrary to arguments against the feasibility of this provision by several Military Exchanges, the Marine Corps Trademark and Licensing Office has recently adopted a requirement to abide by the Accord as a standard requirement in all of its contracts with licensees (enclosed). We strongly commend this initiative by the Marine Corp to help raise the bar on substandard sourcing practices by its licensees in Bangladesh.

Americans have been appalled by a continuing series of garment factory tragedies in Bangladesh over the past year, including 1,133 workers crushed under the rubble of the Rana Plaza factory and another 112 who were trapped and perished in a fire at the Tazreen Factory. Our military has been licensing to or sourcing from such sweatshops:

- Order books and patterns for Marine Corps-licensed apparel with "Semper Fi" logos were found in the ashes of the Tazreen factory.
- The Citadel garment factory in Bangladesh, which provides shirts to the Army-Air Force Exchange, has subjected workers to physical and verbal abuse, barred windows trapping workers in case of a fire, unlawfully required overtime beyond the 60-hour maximum workweek, and deprived workers of overtime pay, according to audits and NGO reports. Workers are frightened to object due to retaliation.

The system used by the Military Exchanges to oversee their supply chain relies on self-certification by middlemen or questionable audits by other retailers. This lax model is a formula for more tragedies and reputational harm. It is inconsistent with our values as a nation for our military exchanges to be marketing clothes that are produced in death traps.

November 22, 2013

Page Two

The House Defense Authorization Act (Section 634) requires that the Military Exchanges take the following actions:

- (1) for **private label brands of the exchange store system**, become a signatory of or otherwise comply with applicable requirements set forth in the Accord on Fire and Building Safety in Bangladesh;
- (2) for the purchase of **licensed apparel**, gives a preference to licensees that are signatories to the Accord; and
- (3) for garments from **retail suppliers**, gives a preference to retail suppliers that are signatories to the Accord.

The bill gives the Exchanges the choice of either (1) becoming a signatory, or (2) simply complying with its conditions (without being a signatory). Sovereign immunity is not compromised. What this amendment will do is give a preference, but not a mandate, for exchanges to select from Accord resale suppliers. If garments from retail suppliers are not available or the costs are not competitive, there is no obligation to use the Accord signatories.

The Accord has been signed by 112 retailers and brands in 20 countries, sourcing from almost half of Bangladesh's 5,000 garment factories. This represents a financial commitment to raising the bar in a country that is at the bottom of the "race to the bottom". The Accord requires:

- Factory inspections for fire and building safety that are credible, independent and transparent.
- Workers have a right to review audits and refuse to perform unsafe work.
- Following audits, factories must upgrade safety or be terminated by brands/retailers.
- The Accord's fee is \$10,000/year or less for each Military Exchange (totaling \$40,000 per year for all 4 exchanges), plus a *pro rata* share of upgrade costs built into the price of garments. Participation in the Accord will not impair the Morale, Recreation and Welfare programs for our soldiers and their families.
- Governance is through a tripartite body, including retailers, unions and the International Labor Organization. A major U.S. brand has a representative on the Accord's Steering Committee, along with a representative of Bangladeshi garment workers.

While the Accord has been led by large European brands that are also prominent retailers in the United States, such as H&M and Benetton, there are five major U.S.-based brands that are signatories, including American Eagle, Abercrombie and Fitch, PVH (Arrow, Calvin Klein, Izod and Tommy Hilfiger), Sean John Apparel, and Scoop/NY.

Requiring the Exchanges to join the Accord is good for American workers and our economy. When we allow a race to the bottom with respect to workplace labor standards, we encourage outsourcing of U.S. jobs. The remaining 2% of garment production left in the US will go next, and continuing substandard conditions overseas will leave little incentive to move or open such factories in the US. Raising the floor overseas benefits us here at home.

November 22, 2013

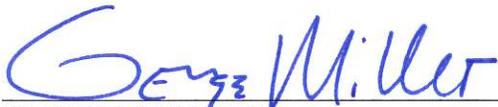
Page Three

A preference for the Accord might even signal to U.S. owned brands that there is a need to take a higher road on labor conditions. Some U.S. owned brands are now joining both the lower-road safety initiative led by Wal-Mart and a higher road oversight program led by the Accord.

The U.S. Government recently suspended the GSP benefits for Bangladesh because of egregiously poor labor standards and lack of progress on improving them. Higher standards should be encouraged through government contracting in parallel with our trade policy. Federal agencies have recognized that the Accord represents a significant innovation by bringing retailers and labor together, for the first time, to jointly raise the bar on worker safety in the supply chain.

In sum, the Marine Corps Trademark and Licensing Office has demonstrated the feasibility of using the Accord as a policy tool to raise the bar on supply chain oversight, which would appear to overcome the arguments by Military Exchange representatives against the adoption of this provision. We respectfully urge you to preserve this provision in conference.

Sincerely,



GEORGE MILLER

Senior Democratic Member

Committee on Education and the Workforce



JAN SCHAKOWSKY

Member of Congress

Cc: The Honorable Joe Wilson
Chairman
Subcommittee on Military Personnel
Committee on Armed Services

The Honorable Susan A. Davis
Ranking Member
Subcommittee on Military Personnel
Committee on Armed Services

Enclosure: Marine Corps Trademark and Licensing Office Procurement Requirements



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
3044 CATLIN AVENUE
QUANTICO, VIRGINIA 22134-5103

18 November 2013

The Honorable George Miller
United States House of Representatives
2333 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Miller:

This responds to your inquiry of September 24, 2013, regarding products at the Marine Corps Exchange (MCX). You inquired specifically about social responsibility policy and standards and production details for manufacturers in Bangladesh.

Please see the attached documents that should fully answer your questions.

As always, if I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Cindy Whitman Lacy".

CINDY WHITMAN LACY
Deputy Director/ Chief Operations Officer
Semper Fit and Exchange Services Division

Tab 3

SCHEDULE D

Standards of Manufacturing Practices

Overview

In order to maintain high standards for decent and humane working conditions in the manufacturing operations of LICENSEES, OWNER has established specific guidelines for its LICENSEES and their MANUFACTURERS around the world. LICENSEE and all MANUFACTURERS shall operate in compliance with local laws and, in addition, meet the specific *Standards of Manufacturing Practices* set forth below through a monitored certification process.

OWNER believes that the following set of standards will ensure that decent and humane working conditions are provided to the employees of the factories with which LICENSEE operates and/or contracts. Where a factory is found to be in violation of the *Standards by OWNER or LICENSEE*, corrective action will be initiated and unless the violation is corrected, OWNER may require the LICENSEE to correct its own deficiencies and/or to require the LICENSEE to cease to do business with the offending factory. OWNER believes that consumers can have confidence that products manufactured in compliance with these standards are not produced under exploitative or inhumane conditions.

Standards of Practice

Forced Labor

LICENSEE and its MANUFACTURERS certify that they do not use any forced labor - prison, indentured, bonded or otherwise.

Child Labor

1. LICENSEE and its MANUFACTURERS certify that no person shall be employed in any factory at an age 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.
2. In keeping with the spirit of the policies found in Executive Order 13126 of June 12, 1999, titled "Prohibition of Acquisition of Products Produced by Forced or Indentured Child Labor," which is incorporated by reference herein, LICENSEE and its MANUFACTURERS certify that they have made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture any product furnished under the LICENSE and that, on the basis of those efforts, they are unaware of any such use of child labor; and
3. LICENSEE and its MANUFACTURERS agree to cooperate fully in providing reasonable access to their records, documents, persons, or premises if reasonably requested by authorized officials of the LICENSOR, the Department of the Treasury, or the Department of Justice, for the purpose of determining whether forced or indentured child labor was used to mine, produce, or manufacture any product produced under the LICENSE.

Harassment or Abuse

LICENSEE and its MANUFACTURERS certify that every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination

LICENSEE and its MANUFACTURERS certify that no person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of race, religion, gender, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety

1. LICENSEE and its MANUFACTURERS certify that workers will be provided a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of MANUFACTURERS' facilities.
2. MANUFACTURING FACILITIES IN BANGLADESH: LICENSEE and its MANUFACTURERS certify that, with respect to any garments manufactured in Bangladesh under this LICENSE, it has become a signatory of or otherwise complies with applicable requirements set forth in the Accord on Fire and Building Safety in Bangladesh, which is incorporated by reference herein.

Freedom of Association and Collective Bargaining

LICENSEE and its MANUFACTURERS certify that their employees' rights to freedom of association and collective bargaining will be recognized and respected.

Wages and Benefits

LICENSEE and its MANUFACTURERS certify that employees will be paid at least the minimum wage required by local law, or the prevailing industry wage, whichever is higher.

Hours of Work/Overtime

LICENSEE and its MANUFACTURERS certify that they comply with regulations concerning work hours mandated by local laws and uses overtime only when employees are compensated according to local law. LICENSEE and its MANUFACTURERS further certify that they will not allow employees to exceed the maximum number of overtime hours provided by local law.

Benefits

LICENSEE and its MANUFACTURERS certify that they comply with all provisions for legally-mandated benefits, including but not limited to health care; child care; sick leave; contributions for social security; life, health, worker's compensation and other insurance mandated by local law.

Environment

LICENSEE and its MANUFACTURERS certify that they comply with applicable country environmental regulations.

Documentation and Inspection

LICENSEE and its MANUFACTURERS agree to:

- (A) Certify to OWNER on an annual basis in writing that each of the above-listed *Standards* is being met.
- (B) Consent to and permit two (2) inspections of each factory by OWNER's or LICENSEE's representatives each year, provided OWNER gives LICENSEE and MANUFACTURER 48 hours prior notification for each inspection.
- (C) Maintain on file such documentation as may be needed to demonstrate compliance with OWNER's *Standards of Manufacturing Practices*

- (D) Make these documents available in the English language to OWNER or LICENSEE for audit inspection upon request.
- (E) Provide employees with the opportunity to report noncompliance with workplace standards outlined herein, free from punishment or prejudice for so doing.
- (F) Post the *Standards* in the language of the country of manufacture in a common area accessible by all employees.