



# 2012 Annual Report

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**City of Madison Committee on Sweatfree Purchases**  
February 20, 2013

## Introduction:

On September 11, 2012, 262 workers were killed in a fire at Ali Enterprises, a garment factory in Karachi, Pakistan. On November 24, 2012, 112 workers lost their lives in a fire at Tazreen Fashions in Dhaka, Bangladesh. Both factories made apparel for export to U.S. and European brands and retailers.<sup>1</sup>

In the wake of these recent fires, the call to finding solutions to ensure safe and humane working places is more urgent than ever. This is the call upon which the City of Madison's commitment to fair and open competition for public contracts is founded. If contractors can gain a competitive advantage from sourcing their production in illegal sweatshops with the lowest-cost labor in the least-regulated locales, they discourage law-abiding producers from competing for public contracts and undermine the integrity of the competitive procurement process.<sup>2</sup>

In 2012, the Committee on Sweatfree Purchases implemented the sliding scale method of evaluating contractor disclosures aimed at increasing transparency in the supply chain. The committee also began engaging with city agencies and vendor representatives to understand how better to increase awareness and compliance with the City's sweatfree ordinance. The committee stays connected with the Sweatfree Purchasing Consortium to achieve economy and efficiency of procurement policies designed to eliminate sweatshop labor from supply chains.

## 2012 Activities

### 1. Sliding Scale of Compliance

An amendment to MGO 4.25(5)(b) and (6)(d) which was passed in 2011 provides for a sliding scale method of competitively evaluating vendors' compliance with the City's sweatfree requirements. The intent is to apply this evaluation method at the time of contract renewal or when bids are let out. This change was communicated to vendors in March 2012 and applied to three contracts that were up for renewal in 2012. All three contractors met the initial compliance gate which was set at 40% with Unifirst at 75%, Lark at 61% and Red at 56%. Purchasing staff's experience with implementing this

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<sup>1</sup> Lessons from the Factory Fires in Bangladesh and Pakistan: Principles of Social Compliance, December 20, 2012, [http://buysweatfree.org/member\\_news#Factory\\_fires\\_statement](http://buysweatfree.org/member_news#Factory_fires_statement)

<sup>2</sup> Sweatfree Purchasing Consortium 2011-2012 Annual Report, [http://buysweatfree.org/files/spc\\_ar\\_2012.pdf](http://buysweatfree.org/files/spc_ar_2012.pdf)

calculation method was positive. Requiring vendors to meet a “gate” was useful in incentivizing vendors, who otherwise would have disclosed the least amount of factory and wage information, to reach out to more suppliers, manufacturers, brands, factories, etc. to obtain more information as a condition for contract renewal.

The committee will raise the gate for compliance to 50% in 2013. The committee will also determine the point system with which to comparatively evaluate the degree of compliance by each vendor.

## 2. **Agency and Vendor Education.**

The committee recognizes that in order to reasonably achieve the intent contemplated by the ordinance, it is as equally essential to have strong laws as it is to have both City agencies and the vendor community aware of and believe in the purpose of the policy. The committee set forth to analyze the processes behind how agencies specify apparel items and how City contracts are developed. The committee will continue to engage the various agencies and the vendors in conversation and discussion about how best to use sourcing and procurement methods to meet the goals of increasing compliance with labor standards and improving working conditions in the supply chain.

## 3. **Sweatfree Purchasing Consortium participation.**

As a member of the Sweatfree Purchasing Consortium, Madison continues to avail of and evaluate consortium resources, programs and policies that will help the City in its own policy implementation and enforcement. The consortium’s activities in 2012 include the following:

- Sweatfree LinkUp, a new database of apparel factories, manufacturers, and vendors in the government procurement supply chain. It is designed to help government entities buy from suppliers that are transparent about where and how the clothes they sell are produced and take effective measures to protect labor rights in their supply chains.
- Sweatfree Model Policy: a recommendation of language for public entities when crafting their sweatfree procurement laws and rules.
- Model Declaration of Compliance form designed to harmonize standards and procedural requirements and help contracting entities evaluate bidders’ and proposers’ capacity to comply with their code of conduct.
- Labor Compliance Questionnaire to help public entities assess vendors’ knowledge of applicable labor standards and compliance levels in factories that produce goods under an existing or pending public contract.
- Online Worker Compliant form. Anyone with knowledge of a possible violation of a government sweatfree purchasing code of conduct can submit the Consortium’s form safely and confidentially.<sup>3</sup>

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<sup>3</sup> Sweatfree Purchasing Consortium 2011-2012 Annual Report, [http://buysweatfree.org/files/spc\\_ar\\_2012.pdf](http://buysweatfree.org/files/spc_ar_2012.pdf)

## 2013 Committee Goals

- Review and update workplan for 2013
- Engage City departments and vendors to promote social accountability and increase compliance with sweatfree ordinance.
- Develop more practical and fair methods of policy implementation that meets the spirit of the ordinance.
- Continue to participate in the Sweatfree Purchasing Consortium and network with other members regarding best practices