



NEWS RELEASE

For Immediate Release

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FAIR FACTORIES CLEARINGHOUSE CREATED TO SUPPORT COMPLIANCE WITH WORKPLACE CONDITIONS IN FACTORIES --GOAL IS TO FACILITATE SHARING OF INFORMATION BETWEEN COMPANIES--

Washington, DC, January 13, 2005-- The Fair Factories Clearinghouse (FFC), a non-profit organization dedicated to supporting workplace compliance through the sharing of factory audit information, will be formally launched at the National Retail Federation's Annual Convention in New York City. The session, "Are You Protecting Your Brand? Retailers Partner to Ensure Ethical Sourcing," will be held on Tuesday, January 18, at 3:30 p.m.

The goal of the FFC is to provide cost-effective, web-based information to facilitate the ability of buyers to make informed sourcing decisions. FFC is the first not-for-profit group of its kind, developed through a collaborative effort by retailers, consumer brands, and trade associations and made possible through the donation of software developed and deployed in over 30 countries by Reebok International.

"It is not unusual for workplace monitors to inspect a factory in China multiple times each month on behalf of different buyers, without any mechanism for tracking or sharing the information," said David Hogan, Chief Information Officer, National Retail Federation. "There is a need for a sophisticated, efficient information management system to monitor companies' internal compliance initiatives and, if they wish, to voluntarily share compliance information with others."

The FFC is a secure, global database for maintaining factory compliance audit information that allows retailers and consumer brands to manage information about factory conditions. Under this system, information a company wishes to share with another company can be shared; a company's confidential information is protected.

"By sharing the database we have developed, we hope to drive increased corporate activity to support decent workplace conditions in factories," said Doug Cahn, Vice President of Human Rights Programs at Reebok International Ltd.

"In this area of our business, we should collaborate, not compete," added Peter Burrows, Chief Information Officer at Reebok International. "With voluntary information sharing, retailers and consumer brands can save valuable resources while learning more about workplace conditions."

Security of the database system is tested, verified and certified by a third party audit company as having met the standards published by The American Institute of Certified Public Accountants

and the Canadian Institute of Chartered Accountants. The FFC is able to track other factory compliance benchmarks such as those specified under the Customs-Trade Partnership Against Terrorism (C-TPAT), the U.S. government program to secure international supply chains to ensure that products entering the United States do not pose a security threat.

"Canadian retailers are looking for better ways to protect the workers that make their company's products and to promote responsible trading practices," said Sharon E. Maloney, Senior Vice President and General Counsel of Retail Council of Canada. "The FFC will serve our members well."

The FFC is not meant to establish a universal standard and will not judge the quality of monitoring or rate factories. However, the FFC can result in efficiencies by assisting companies in making informed decisions in choosing third-party factories. Participants can use their own compliance standards or those of the multi-stakeholder initiatives, such as the Fair Labor Association (FLA), Social Accountability 8000 (SA 8000), Toy Industry Association, or the Worldwide Responsible Apparel Production (WRAP).

World Monitors, Inc., a human rights and business consultancy, obtained a grant from the U.S. State Department to support the development of the FFC.

"The aim of the FFC is to create an efficient way for companies to monitor and remediate conditions in factories making their products, assuring compliance with their own codes of conduct," said Scott Greathead, CEO of World Monitors, Inc. "The FFC will eliminate the inefficiencies and duplication of effort that have made workplace monitoring less effective."

FFC is a non-profit organization incorporated in the State of New York, founded by the National Retail Federation, the Retail Council of Canada, Reebok International Ltd, and World Monitors Inc. The FFC is supported through contributions from retail associations and participating companies and through grants, including funding provided by the U.S. Department of State Bureau of Democracy, Human Rights and Labor. Founding members include Federated Merchandising Group, Hudson's Bay Company, Mark's Work Warehouse Ltd., Reebok International Ltd. and The Wet Seal.

Membership is open to all retailers and brands interested in maximizing their ability to utilize information about factory workplace conditions to inform sourcing decisions. Membership applications are available for interested parties.

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