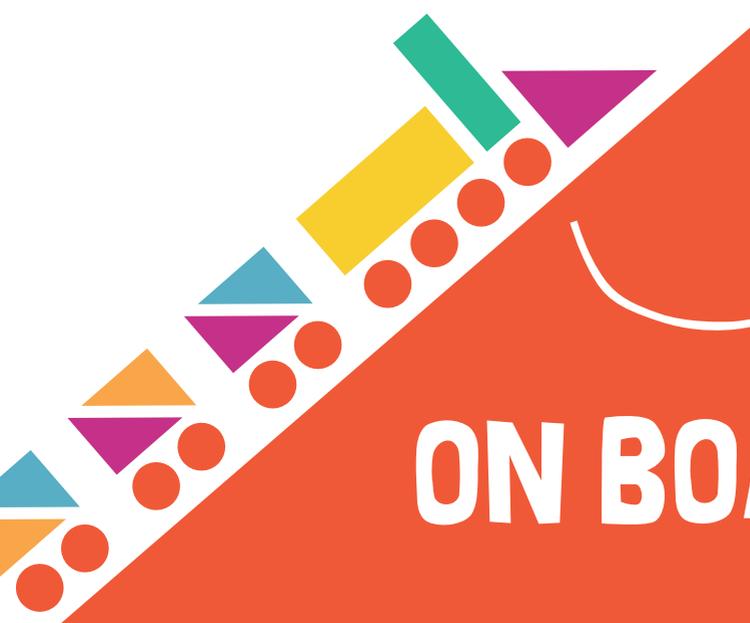




Moving together towards
socially and environmentally
friendly toys!

A decorative graphic in the bottom left corner consists of a series of colorful geometric shapes (triangles and circles) in shades of green, purple, orange, and blue, arranged in a diagonal line. A white curved line starts from the bottom left and points towards the text "GET ON BOARD!".

**GET
ON BOARD!**

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Stakeholder meeting on October 16th, 2018
at Nuremberg City Hall

Photo: NBF

Since 2018, committed companies have been working together with the German Toy Industry Association (DVS) and civil society organisations to create a **credible** inspection body for the industry: the **Fair Toys Organisation**.

The toy industry takes responsibility

Employment law violations exist throughout the toy supply chain. This is a risk for the image of the industry and of individual companies. Thus far, the toy industry has reacted to criticism of production conditions by making increased use of factory certification such as the International Ethical Toy Programme (IETP) from the International Council of Toy Industries ICTI – with only limited success. This is because the audits of these programmes often fail to reflect the actual conditions on site. Inhumane conditions are still rife in many certified factories.

Many companies have taken a first step by participating in IETP, BSCI and other programmes and have realised, that despite outsourcing production, a significant portion of the responsibility remains in their hands. However, there has so far been no independent, transparent monitoring of the supply chain. Customers have simply had to trust that the companies themselves would enforce minimum standards in the production of toys.

In addition to employment law issues, companies face numerous environmental challenges regardless of their location: from the handling of harmful and hazardous substances to the climate and environmental footprint of production and transport.

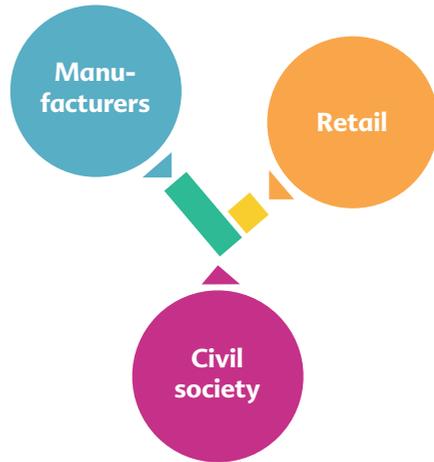
Since 2018, committed companies have been working together with the German Toy Industry Association (DVSI) and civil society organisations to offer an all-in-one solution for these problem areas – with the aim of founding a Fair Toys Organisation (see page 6)

Inhumane conditions are still rife in many certified factories.

A multi-stakeholder initiative for **transparency and credibility**

The establishment of the Fair Toys Organisation means the creation of a credible monitoring body uniting significant stakeholders: toy manufacturers, toy retailers and civil society organisations. Existing standards have a major disadvantage: because they were established by the industry they only take into account the interests of one group of actors in the way they work. This means that they are not very credible in the eyes of the public. What customers are increasingly demanding today are independent statements and evidence.

What customers are increasingly demanding today are independent statements and evidence.



Within the Fair Toys Organisation all stakeholders are represented equally. If the Fair Toys Organisation adopts an inspection procedure and if it issues an assessment, it is very credible because it takes all interests into account in a balanced way.

The Fair Toys Organisation offers to support member companies in their commitment to fair working conditions and environmental sustainability at production sites worldwide – including Germany and the EU – and gives them the opportunity to have their supply chain management independently audited. The Fair Toys Organisation aims to ensure that minimum employment law requirements are observed. This includes the payment of a living wage for toy production workers. Membership gives companies the opportunity to advertise to customers with a credible commitment.

Model for the toy industry: the Fair Wear Foundation

FAIR WEAR

The apparel industry provides the model for a functioning, successful and credible support and monitoring system with the Fair Wear Foundation.

The Fair Wear Foundation (FWF) is a multi-stakeholder initiative founded in 1999 and based in Amsterdam; it works with clothing brands, textile workers and industry leaders to improve working conditions in textile factories. The FWF is active in major production countries around the world and has local auditors and trainers in these countries who are in close contact with their head office in Amsterdam. The FWF now has approximately one hundred company members, including firms such as Engelbert Strauss, Jack Wolfskin, Vaude, Hessnatur and Takko.

The work of the FWF is based on the principle of shared responsibility. This means that each actor in the supply chain of a given textile product is responsible for the conditions under which that product is manufactured. This is because management decisions made by European companies also have a major influence on working conditions in production countries, some of which may be very distant.



For many years now the FWF has been providing us with new initiatives, a global network and a secure framework for testing and promoting ideas for better working conditions with our partners. The training programme, the complaints procedure and the constant communication with various stakeholders around the world are just a few examples of the added value of membership.«

Melanie Kuntzawitz
Head of Vendor Control
Jack Wolfskin



As a long-standing member of the Fair Wear Foundation, we are proud to be making a positive contribution to improving working conditions in the textile industry. The ongoing communication with this multi-stakeholder organisation and with the other reputable members is particularly valuable. We are convinced that constructive cooperation helps both us and our partners to continuously improve processes and thus get closer to achieving our common goals, step by step.«

Thomas Ciesielski
Senior Director CSR
Takko



Further information:
www.fairwear.org

Fair Toys Organisation

— dialogue and a multi-stakeholder approach for credible verification



» Toys make our children happy. The fact that the people who make them are falling ill and living in abject poverty, often far from their own children, can and must change.«

Maik Pflaum
Speaker for workers' rights
at Christliche Initiative Romero

Good toys are safe and durable — and in their production, the interests of the workers are respected as much as those of the environment. The Fair Toys Organisation will contribute to this — with a comprehensive and transparent approach and with the participation of toy manufacturers, retail and independent civil society stakeholders.

The Fair Toys Organisation considers the entire system of production in a company's worldwide supply chain — including in Germany and Europe. In so doing, it relies not only on occasional measures such as audits, but also on the institutional anchoring of responsibility within the supply chain, for example by implementing human rights due diligence throughout the company. In doing this it focuses not just on individual products, but on the entire product range of a toy manufacturer. If a company fulfils the requirements, it is then able to advertise all of its products with the logo of the Fair Toys Organisation.



» It is time for a new approach to consistent supply chain responsibility within the toy industry: rigorous and comprehensive, transparent and with the participation of civil society.«

Uwe Kleinert
Business and human rights officer at the Werkstatt Ökonomie
in Heidelberg

More and more consumers are also looking at sustainability when buying toys.

More and more consumers are also looking at sustainability when buying toys. Membership of the Fair Toys Organisation therefore brings with it a competitive advantage.

The logo is evidence to consumers of structural improvements in member companies' supply chains supported by the Fair Toys Organisation. There is a start-up phase with a series of pilot projects which form the foundation for

these improvements – the commitment of the entire company to ethical and humane working conditions and environmental sustainability. Customers will in future be able to find detailed information on the Fair Toys Organisation's website concerning how companies who have earned the logo are honouring commitments in the various areas.

The Fair Toys Organisation does not rely on audits alone. Rather than inspections, it focuses on process-oriented support for

structural improvements in the supply chains of member companies. The foundation for this is laid by a start-up phase with a series of pilot projects:

- Training for employees in the factories and for buyers at local company headquarters
- Establishment of an independent complaints office for factory workers in cooperation with non-governmental organisations
- Evaluation of existing measures within the companies.

The Board of the Fair Toys Organisation, which is made up equally of representatives from industry and civil society, is responsible for the development of further measures and is engaged in a continuous revision of processes.



»» Fairly produced toys are a question of responsibility. The 'Fair Toys Organisation' creates an opportunity to fulfil this responsibility and to make a sustainable and credible commitment to the observance of social standards and appropriate working conditions. We're in.«

Barbara Fehn-Dransfeld
Managing Partner
Heunec GmbH & Co. KG

Who can become a member?



Are employment rights and the environment important to you? You can become a member of the Fair Toys Organisation as a ...

- toy
- > manufacturer
- > retailer
- > association

You jointly elect half of the representatives of the Board.

- > civil society organisation
- > trade union

You jointly elect the other half of the representatives of the Board.

- > public authority contractor
- > academic institution
- > charitable foundation

You can actively participate in discussions and comment on professional topics.

▶ **How does the Fair Toys Organisation work?**

The Fair Toys Organisation is an umbrella body that also takes into account the application of existing programmes and procedures to ensure and improve social and environmental standards. This includes auditing and certification systems such as ICTI's Ethical Toy Program, amforiBSCI, Sedex, Smeta and others, as well as in-house systems where appropriate.

The Fair Toys Organisation records and evaluates existing documentation and inspection procedures at member companies and along their supply chains. It identifies any shortfalls found. On the basis of a regular analysis of the current situation (including audits), the Fair Toys Organisation, in collaboration with the respective company, develops strategies for solutions and sets out the necessary improvement measures.

▶ **What makes the Fair Toys Organisation credible?**

The Fair Toys Organisation is supported by various stakeholder groups: toy retailers, toy producers and civil society groups that have been campaigning around employment and human rights as well as environmental issues for years. When the stakeholders come together to make a statement or assessment, this has high credibility.

▶ **What's in it for me as a manufacturer?**

Many manufacturers are confronted with similar problems. The Fair Toys Organisation also sees itself as a learning platform for developing solutions. In addition, when several companies join forces and work together the possibilities for influencing producers and saving costs are increased.

▶ **What's in it for me as a retailer?**

Membership of the Fair Toys Organisation is a way for a toy retailer to document that humane working conditions and environmental sustainability are important to it.

▶ **Will customers even notice my commitment?**

The Fair Toys Organisation awards a logo. The logo demonstrates to consumers the commitment of the entire company to ethical and humane working conditions and environmental sustainability. Customers will in future be able to find detailed information on the Fair Toys Organisation's website concerning how companies who have earned the logo are honouring commitments in the various areas. This can also be an important award criterion in public procurement.

▶ **What do I have to do?**

You apply for admission to the Fair Toys Organisation as a company. To this end, you must adopt the statute and code of conduct of the Fair Toys Organisation, which includes basic employment rights (ILO employment standards and UN guiding principles for business and human rights). Where there are shortfalls, progress towards the step-by-step achievement of the required standards must be ensured. The following elements are among the requirements that every manufacturing company must meet in the future:

1. Monitoring of production sites (own or contracted)
2. Verification (carried out by the Fair Toys Organisation)
3. Employee training at company headquarters and production site
4. Complaints management



As a toy retailer, we ask you to draw particular attention to your product range with the logo of the Fair Toys Organisation and continually expand it. If a supplier who is a member of the Fair Toys Organisation is found to have violated its code of conduct, you as a toy retailer will demand clarification of the allegations and a corrective action plan to remedy the situation.

▶ **Are existing programmes from other institutions (e.g. IETP) taken into account?**

The Fair Toys Organisation will monitor member companies' compliance with the required standards. The use of existing programmes and procedures, such as the ICTI Ethical Toy Program or amforiBSCI, should also be taken into account. Where shortfalls exist, the Fair Toys Organisation will develop solution strategies in collaboration with the company concerned and set out the necessary measures for improvement. The Fair Toys Organisation certifies that the required standards and target-oriented measures have been implemented by the awarding of a logo.

▶ **Where exactly is the added value for me**

In the **credibility** of the Fair Toys Organisation. This credibility comes not only from the demanding criteria, which are based on those of the Fair Wear Foundation (see page 5) in the field of textiles, but also from its transparency, its comprehensive approach and, in particular, the equal participation of various stakeholders from industry and civil society.

The inspection of production sites by means of audits is the most common CSR instrument used by companies. Nevertheless, audits are extremely prone to error and failure and offer — even in the best case scenario

— only a snapshot of the current situation.

The Fair Toys Organisation therefore focuses on the development, implementation and documentation of **due diligence** measures. Factors influencing the scope for sound employment rights, such as management systems, purchasing practices, delivery times or a functioning complaints system, are taken into account.

The piloting of new approaches (**Best Practice Laboratory**) brings additional added value. The Fair Toys Organisation brings together interested companies and initiates projects for mutual learning and development.

▶ **When do we start?**

The Fair Toys Organisation plans to start work in the first half of 2020. According to the statute, this requires that at least five companies and five civil society organisations have signed the statutes of the organisation. We are looking to attract as many members as possible in order to be able to have a broad influence from the very start.

Are you in?

▶ **What's the cost?**

In the first two years after the founding of the Fair Toys Organisation subscription rates are between € 250 and € 1,000 for manufacturers and € 250 for retailers. From the third year onwards, subscriptions will increase based on toy sales. We would be pleased to provide you with the provisional subscriptions table.

▶ **What legal form will the Fair Toys Organisation take?**

The various stakeholders will jointly establish a registered association as a legal entity in the first half of 2020.

▶ **How do I become a member?**

You apply for admission to the Fair Toys Organisation as a company. To do so, you must accept the statute and code of conduct of the Fair Toys Organisation.

▶ **How does the association plan to finance itself later on?**

The work of the Fair Toys Organisation and the award of the logo are financed by membership fees to the Fair Toys Organisation. Grants from government agencies or foundations are used as necessary and where possible.

▶ **Which stakeholders will be involved?**

Toy manufacturers and distributors, toy associations, non-governmental organisations, trade unions, local authorities, the scientific community and other relevant stakeholders.

▶ **Who is currently represented in the working group of the Fair Toys Organisation?**

The meetings, which have been held in Nuremberg City Hall since October 2018, are attended by representatives of toy manufacturers from Germany, the German Toy Industry Association, the local authorities of Nuremberg and Fürth, non-governmental organisations and trade unions. The Federal Ministry for Economic Cooperation and Development, BMZ, is providing financial support for the process.

▶ **And if a breach of employment law comes to light?**

Anyone who claims to be able to exclude employment law violations 100 per cent is being dishonest and simplistic. The Fair Toys Organisation is concerned that its members do everything possible to ensure compliance with employment and environmental standards. If problems nevertheless arise, the Fair Toys Organisation will work with the member to define to remedy the issues as quickly as possible. Termination of

the supplier relationship should be avoided. The aim instead is to face up to responsibility together with the producer and to ensure sustainable solutions.

▶ **How do you ensure that this is not “just another” label?**

The Fair Toys Organisation takes into account existing programmes and procedures, such as the ICTI Ethical Toy Program and amforiBSCI. Where shortfalls exist, the Fair Toys Organisation will develop solution strategies in collaboration with the company concerned and set out the necessary measures for improvement. The Fair Toys Organisation certifies the implementation of the required standards and target-oriented measures with a logo.

▶ **How is the logo awarded and by whom?**

The Fair Toys Organisation awards a company logo, not individual product logos. This means that the company is considered as a whole. In the case of companies with a particularly broad product base, the logo relates only to the toy division. The basis for the awarding of the logo is the evaluation as part of a “Brand Performance Check”, for example as carried out annually for each member by the Fair Wear Foundation (<https://api.fairwear.org/wp-content/uploads/2017/09/brand-performance-check-guide-2018.pdf>).

▶ **How long is the logo valid for? Does it have to be renewed annually?**

The Brand Performance Check is carried out annually at the member company (see answer concerning this question) and the results decide on the further use of the logo.

▶ **What is the focus? Are all suppliers included?**

The focus is on the entire supply chain. This should be covered progressively according to importance and influence.

Further information

Interested companies and organisations can find out more about the advantages and opportunities of membership in the Fair Toys Organisation by visiting the Fair Toys Organisation's website at www.fair-toys.org and talking to employees and participating companies.

The secretarial office of the Fair Toys Organisation will be happy to put you in touch with the right person:

info@fair-toys.org

or Maik Pflaum, Christliche Initiative Romero (CIR):

Tel. +49 (0)911 214 23 45

pflaum@ci-romero.de

Visit our website:



fair-toys.org

LEGAL NOTE



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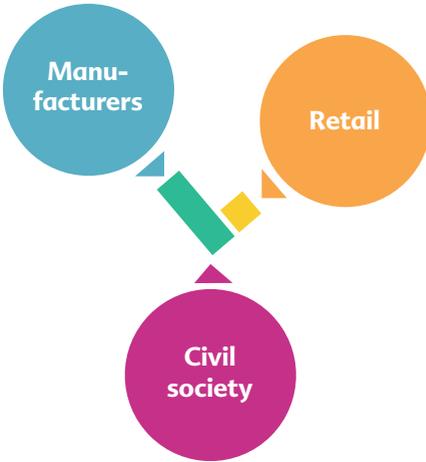


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Credible verification and multi-stakeholder approach

Good toys are safe and durable – and in their production, the interests of the employees are respected as much as those of the environment. The Fair Toys Organisation is contributing to this – with a comprehensive and transparent approach and **with the participation of toy manufacturers, retail and independent civil society stakeholders.** **This ensures credibility.**

The Fair Toys Organisation relies on the anchoring of responsibility within the supply chain at an institutional level, for example by implementing human rights due diligence **throughout the company.** The implementation of the required standards and target-oriented measures is certified with a **logo.**

The **Fair Wear Foundation** in the apparel industry is proof that it works.

**Has all
this made
you curious?**

Find out more in
this brochure!