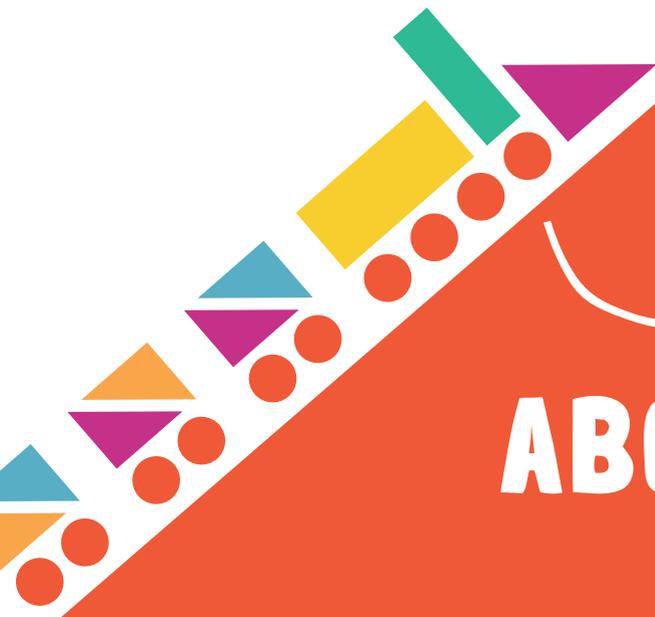


FAIR TOYS

ORGANISATION

Together towards socially and environmentally compatible toy production!



ALL
ABOARD!

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Foundation meeting of the FTO at the Nuremberg Toy Museum

The Fair Toys Organisation e. V. (FTO) was founded in Nuremberg on the 14th of July 2020 as a multi-stakeholder initiative with members from the toy industry and civil society. **The aim of the organisation is to develop and award a seal that credibly stands for fair and environmentally friendly toy production.**

BACKGROUND

UMore and more consumers are interested in knowing about the conditions under which toys are produced; when making a purchase, they increasingly take social and ecological sustainability into consideration. However, fair working conditions and sustainability are often not a priority in toy production around the world, including in emerging and developing countries such as China and Vietnam. The toy industry has reacted to this criticism by increasing the use of factory certificates and audits. But these measures are extremely susceptible to mistakes and problems and provide at best only a snapshot. As a result, working conditions have hardly improved in recent years.

Rising awareness on the part of consumers as well as new legal requirements such as the Act on Corporate Due Diligence in Supply Chains now ensure that corporate responsibility for humane working conditions and environmentally compatible production in global supply chains is becoming an increasingly important topic.

THE FTO – LOOKING AT A COMPANY AS A WHOLE

The FTO wants to build on these developments and look at the entire product range of a toy manufacturer* and award a meaningful seal of approval. Existing audits and certificates will also be factored in during this process, but the focus will be on recording, evaluating and transparently verifying the strategic integration of and compliance with the human rights due diligence obligations in a company's supply chain.

1. The toy industry takes responsibility



Photo: Thomas Tjiang

PROF. DR. HARALD BOLSINGER,
Business Ethicist at the
University of Applied Sciences
Würzburg-Schweinfurt (FHWS)



There is a big difference between trade associations absolving themselves and citizens developing a transparent concept together with pioneering companies. This is the only way that third parties will also be put under pressure to justify their actions. We show that there is a way to fair toy production. Now we must perpetuate it and multiply it, so that the dignity of the people in the factories remains a permanent part of the agenda!“«

2. Transparency and credibility through a multi-stakeholder initiative

Industry expertise meets the labour and human rights expertise of civil society

Photo: Sebastian Buff



The formation of the FTO has resulted in a credible supervisory authority that unites the key stakeholders: toy manufacturers, toy retailers, civil society organisations and local institutions. From the FTO's point of view, existing standards have a big disadvantage. Because they were established by the industry, operational methods normally only consider the interests of one stakeholder group and therefore they lack credibility in the eyes of the public. What the customers of today increasingly demand are independent initiatives, policies and supporting documents.

The FTO wants to offer their support to member companies as they commit to fair working conditions and environmental sustainability at production locations around the world – including in Germany and the EU – and have their supply chain management independently verified. On one hand, they want to ensure that the companies comply with the labour law and environmental requirements formulated in the FTO code of conduct. These include among other things eliminating child labour and paying a living wage. On the other hand, they strive to achieve continuous improvement of the social and environmental standards in the entire supply chain; for example, through responsible purchasing practices. Membership gives companies the opportunity to attract customers with their credible commitment.



We made the right decision to become a member from the beginning. We can contribute to the development and play an important role. Collaboration with stakeholders from civil society and other toy companies is very rewarding and broadens our perspective.«

BARBARA FEHN-DRANSFELD, Managing Partner of Heunec GmbH & Co. KG

3. Association structure of the Fair Toys Organisation

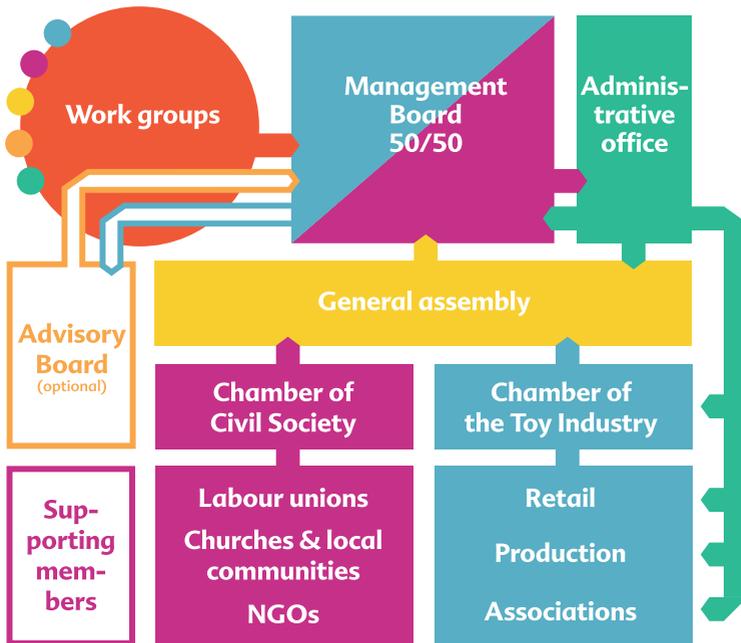
The advantage of the FTO's association structure is its two-chamber system. These two chambers are made up of members from the toy industry and its associations as well as civil society organisations and entities of public and ecclesiastical law.

The resolutions of the association always require a double majority, i.e. a chamber majority and an overall majority. The Management Board reflects this principle and accordingly has equal representation. The association is oriented toward participation and actively involves members in implementing its goals in individual work groups. In discussion forums, it also provides regular updates about current developments in member circles. The association has an administrative office for carrying out regular business and coordinating tasks.

TOY INDUSTRY CIVIL SOCIETY



Overview of the association structure of the FTO:



EQUAL COOPERATION

The 8-member Management Board is recruited in equal proportions from members of civil society and the toy industry.

Chamber of Civil Society

Dr. Jürgen Bergmann, Mission EineWelt (Mission OneWorld)

Kurt Schmidt,
Katholische Arbeitnehmer Bewegung Diözesanverband Eichstätt e.V. (Catholic Workers' Movement, Diocesan Association Eichstätt)

Helga Riedl,
Nürnberger Bündnis Fair Toys (Nuremberg Alliance for Fair Toys)

Maik Pflaum,
Christliche Initiative Romero e.V. (Christian Initiative Romero)

Chamber of the Toy Industry

Barbara Fehn-Dransfeld,
HEUNEC Plüschspielwarenfabrik GmbH & Co.KG

Thomas Eichhorn,
Zapf Creation AG

Verena Bammert,
HABA Group B.V.

Axel Gottstein,
sigikid, H.Scharrer & Koch GmbH & Co.KG



Photo: FTO

» The FTO's credibility stems from its transparency and the associated equal participation of different stakeholders from industry and civil society in all relevant processes.«

JÜRGEN BERGMANN,
Mission EineWelt

The eight Management Board members of the FTO in January 2022; rear from left to right: Axel Gottstein, Verena Bammert, Helga Riedl, Barbara Fehn-Dransfeld, Jürgen Bergmann;
front: Maik Pflaum, Thomas Eichhorn, Kurt Schmidt

The founding of the FTO was preceded by several years of dialogue between multiple stakeholders. In the period from 2018 to 2020, there were regular meetings attended by committed companies, the German Association of the Toy Industry, civil society organisations and local stakeholders. The objective of these meetings was to discuss approaches for tackling the challenges in labour law and environmental policies in global supply chains and to develop a single-source solution.



Photo: FTO



Image above:
**Multi-stakeholder dialogue
 in Rathaus Nürnberg
 (Nuremberg Town Hall)
 on 03.03.2020**

This dialogue was organised amongst others by Nürnberger Bündnis Fair Toys, which has been committed to improving social labour standards in the toy industry since 2001.



Photo: sigikid

» *We are delighted with the foundation of the FTO. Why? Because an initiative has taken root here that should have been started long ago: an alliance between the various market participants with the aim of making the world a better place. That might sound a bit dramatic at first, but the background is serious: in our industry, as in many others, the person at the end of the chain is often put under pressure by price dictation. We have to point this out because that is the core idea behind the Fair Toys Organisation: people who work on products for children should be happy. This is only possible if workers have suitable working conditions. And this also goes hand in hand with environmentally compatible production: if people are in a good state, so is the environment. We became a member of this organisation to support this connection, to promote it in our own company and to spread it further.«*

AXEL GOTTSTEIN,
 FCO (First Cuddling Officer) of sigikid, owner of sigikid, H. Scharrer & Koch GmbH

4. Code of conduct, process and focus of the Fair Toys Organisation



Photo: Maren Kuitter



The FTO holds em-

ployers accountable and focuses on implementation of human rights due diligence obligations. This begins with in-house training courses for colleagues and setting up a complaint system at production sites. Factory inspections only complement these tools. Thanks to equal participation and a high level of transparency, the assertions made by the FTO are credible.»

MAIK PFLAUM,
FTO Management Board member and consultant for labour rights at CIR

THE FTO CODE OF CONDUCT

The FTO code of conduct is based on the Universal Declaration of Human Rights and on the conventions of the International Labour Organisation (ILO) and includes amongst other things banning child and forced labour, granting the right to association and paying living wages. The code of conduct also includes environmental responsibility. The stipulations made here are intended to prevent damage to the environment caused by production processes and improve a company's environmental performance. All FTO members agree to the terms of the code of conduct as the basis for evaluating processes in the company and in the supply chain. In the event of differing interpretations of the code of conduct and of national laws, the higher of the two standards applies.

Corporate responsibility criteria – the FTO code of conduct:



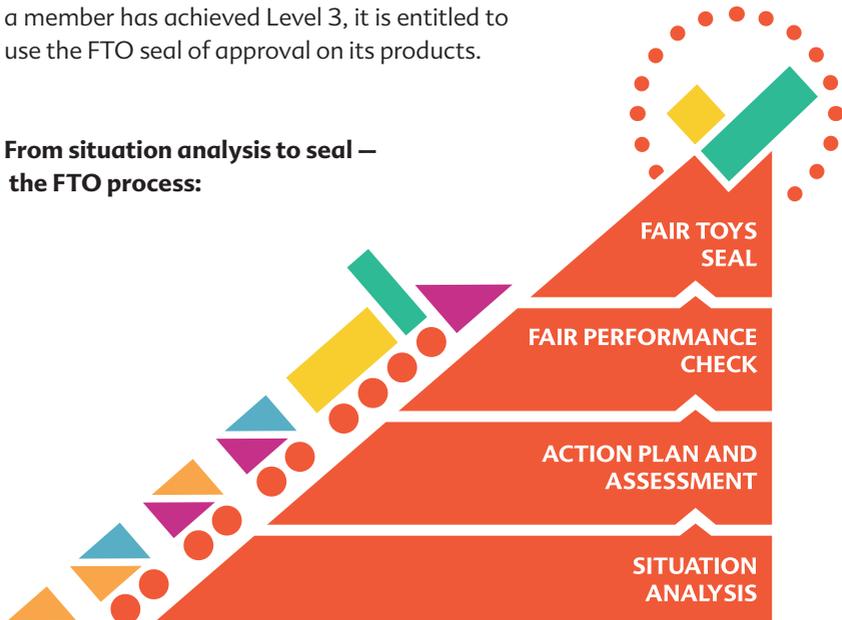
THE FTO PROCESS

The FTO process consists of four central components. In the situation analysis, basic information about the company is collected in a questionnaire. Based on the situation analysis and in view of the criteria to be met in the Fair Performance Check, an action plan is compiled. The company is then obligated to implement this plan, which is reviewed on an annual basis. The FTO supports and accompanies this implementation through training courses and consultations. The subsequent Fair Performance Check is the most important element for awarding the seal of approval. Using clear and comparable criteria and indicators, the extent to which the requirements and standards of the FTO are implemented in the company is reviewed and evaluated. During this process, reviewing the integration of human rights due diligence obligations is a main priority. Depending on the degree to which targets are achieved, the member company receives an evaluation and a corresponding classification and ranking (Level 0 to 3). When a member has achieved Level 3, it is entitled to use the FTO seal of approval on its products.

The Research Professorship in Sustainability Oriented Innovation and Transformation Management led by Prof. Dr. Frank Ebinger at the Nuremberg Campus of Technology is a cooperation partner of the FTO.

The objectives of this cooperation are strengthening and further developing the Fair Toys Organisation as well as providing scientific consultation and support in specific areas, including the integration of environmental standards in the Fair Performance Check or implementation of the Act on Corporate Due Diligence in Supply Chains in the FTO process.

From situation analysis to seal – the FTO process:



THE FTO FOCUS

The FTO focuses on the company's responsibility to comply with and continuously improve social and environmental standards at its own sites and initially at its direct suppliers. Nevertheless, companies must also analyse and consider risks related to social and environmental standards in the deeper supply chain and act if there is substantiated knowledge of human and labour rights violations there. This is also scrutinised in the course of the Fair Performance Check. Over the long term, the entire supply chain is to be covered extensively, in gradual steps according to significance and influence.

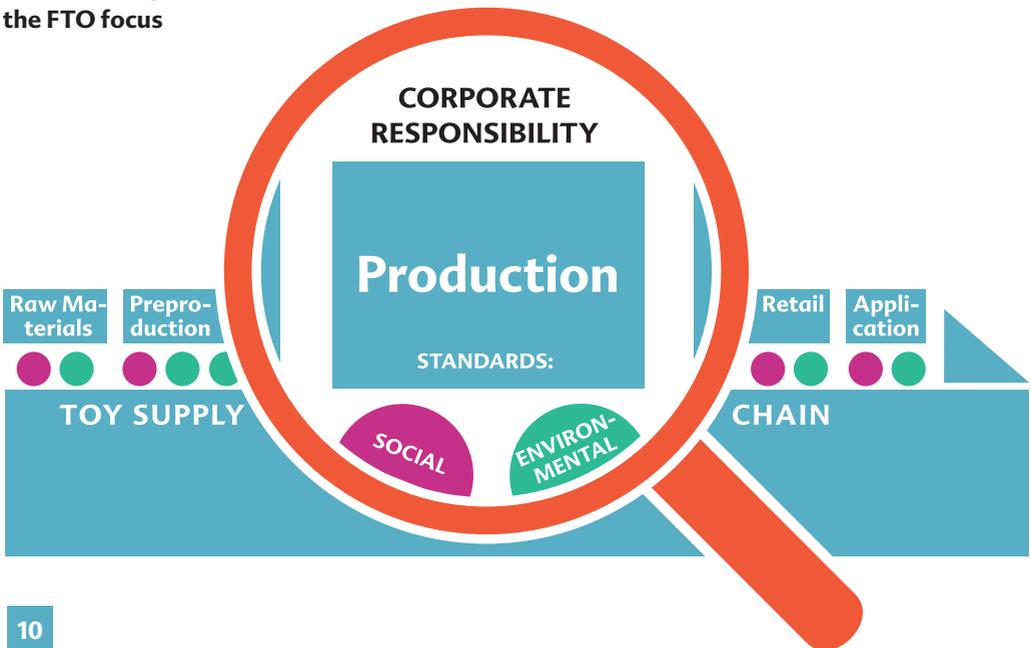
» From the beginning, we have been working alongside companies and the German Association of the Toy Industry to develop a concept for a Fair Toys Organisation, and therefore we are very pleased to have become a founding member. But the process of forming the FTO has not been completed yet. This means that the Nürnberger Bündnis will continue to be involved with the Management Board and in the work groups to develop the necessary tools. Furthermore, we consider the public relations work and raising awareness for the subject on the consumer side as important steps for a good start to the FTO.«



Photo: Lothar Mantel

HELGA RIEDL, Nürnberger Bündnis Fair Toys
(Nuremberg Alliance for Fair Toys)
+ Human Rights Office for the City of Nuremberg

Social and environmental standards in production — the FTO focus



5. Members of the Fair Toys Organisation

Currently (as of January 2022), the FTO is comprised of 17 companies and the DVSI as members from the Chamber of the Toy Industry and 9 members from the Chamber of Civil Society, plus the Toy Museum as an additional sponsoring member:

Chamber of Civil Society:

- Christian Initiative Romero
- Evangelic Youth of Nuremberg
- Institute for Ludology
- Katholische Arbeitnehmer Bewegung (Catholic Workers' Movement)
- Mission EineWelt (Mission OneWorld)
- Nürnberger Bündnis Fair Toys (Nuremberg Alliance for Fair Toys)
- Nuremberg Human Rights Centre
- City of Nuremberg
- Werkstatt Ökonomie (Economy Workshop) Heidelberg

Chamber of the Toy Industry:

- Alldoro
- Alea Artis
- Community Playthings
- Deutscher Verband der Spielwaren-industrie (DVSI)
- Faller
- Fischertechnik
- Franckh-Kosmos Verlag
- Haba
- Heunec
- livipur
- Mawi
- Noch
- Plasticant Mobilo
- sigikid
- Spiel ein Spiel
- Spielwaren Krömer
- Tiny Hazel
- Zapf Creation

Sponsor member:

- Nuremberg Toy Museum

WHO CAN BECOME A MEMBER?

Do you care deeply about labour rights and the environment? You can become a member of the Fair Toys Organisation as a ...

Toy

- > Manufacturer
- > Retailer
- > Association

Together they select half of the representatives of the Management Board.

> Civil society organisation

- > Labour union
- > Churches & local communities

Together they select the other half of the representatives in the Management Board.

> Natural and legal persons can also become sponsor members.

They support the FTO through a sponsor membership.

6. Statements from the toy industry



Photo: Studio Grick

»» *We must still remember that we are just at the beginning of a long journey. To be able to ensure that Fair Toys is successful in the long and medium term, it is now immensely important to get as many manufacturers as possible to join the organisation – and especially the top ten players in the German toy market.«*

THOMAS EICHHORN,
Management Board of Zapf Creation

»» *Producing good and safe toys is a question of responsibility. It is not about being quick to success but following a long-term and sustainable strategy and remaining true to yourself – this is what we value at HABA FAMILYGROUP. We are aware of our responsibility to our employees, our environment and our customers, and we always strive to manage our company sustainably. This is why we are also an active member of the FTO.«*



Photo: HABA FAMILYGROUP

VERENA BAMMERT,
CMO / HABA FAMILYGROUP

»» *From the point of view of the association, cooperation is more effective than confrontation. A multi-stakeholder initiative such as this is a paradigm shift in communication between industry, retail, NGOs, politics and associations. I believe there is a general consensus on this endeavour because all of us, whether we are a manufacturer, retailer or consumer, want to see improvements in the entire supply chain and more sustainability. As an association, we want to contribute to achieving these goals and not just watch from the side-lines as the train picks up speed.«*

ULI BROBEIL,
Managing Director of the German Association of the Toy Industry



Photo: DVSI

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

The FTO views itself as an umbrella authority that examines and verifies the structures and methods for complying with and improving social and environmental standards at its member companies.

In doing so, the FTO records and assesses the measures that the member companies and their supply chains take to comply with the standards of the FTO Code of Conduct and to meet the human rights due diligence obligations. An annual review process (Fair Performance Check) is intended to verify existing structures, measures and methods for documentation and monitoring. As an umbrella authority, the FTO also takes into consideration amongst other things the integration of existing auditing and certification systems such as ICTI's Ethical Toy Program, amforiBSCI, Sedex and others, and possibly proprietary systems as well.

Based on these regular reviews, the member companies that meet the requirements of the FTO to a considerable degree are awarded a company seal for a specific period. Apart from this, the FTO lists any deficits on the basis of a regular analysis of the current status. With the support of the FTO, the respective companies then devise solution strategies and establish the necessary improvement measures in action plans. The goal of these regular action plans is a continuous improvement of the social and environmental standards at member companies and in their supply chains.

▶ **Why is the Fair Toys Organisation credible?**

The FTO is sponsored by various stakeholder groups: toy retailers, toy manufacturers and civil society organisations and institutions that have been advocating for labour and human rights and environmental interests for years. If they come to a joint statement or assessment, it has a very high degree of credibility.

▶ **What is the benefit for me as a manufacturer?**

Many manufacturers are confronted with similar problems. The FTO views itself as a learning platform for developing solutions for the entire industry. The common approach by multiple companies can improve the chances of influencing decisions at manufacturers, increase the impact for employees on site and cut costs.

▶ **What is the benefit for me as a retailer?**

Through membership in the FTO, a toy retailer has documentation that fair labour conditions, environmental sustainability and the continuous improvement of the social and environmental standards in the toy industry and in its range of products are a primary concern.

▶ **How do customers find out that I am involved in the FTO?**

Members are able to publicly communicate their membership. In future, customers will be able to find detailed information about the commitment of member companies (company profile, amongst other things) on the FTO website. When a seal of approval is awarded to a manufacturer that has met the requirements of the FTO to a considerable degree, the entire company's commitment to fair labour conditions and environmental sustainability is also visible to consumers on products (see 'What do I have to do to obtain the seal of approval?') For retailers it is also possible to communicate membership. In addition, they can

regularly publish reports about their efforts to promote the ideas of the FTO, and customers can inform themselves of this.

▶ **What do I have to do to obtain the seal of approval?**

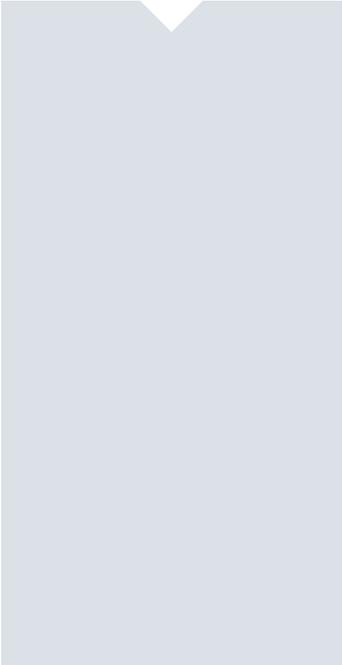
As a toy manufacturer you apply for membership at the FTO (see ‘How do I become a member?’). Then a step-by-step process begins that is intended to continuously prepare you to be awarded the seal of approval and at the same time ensures that the required standards are met on an ongoing basis. This process includes the following elements:

- **Situation analysis**
(FTO questionnaire)
- **Action plan and assessment**
(annually, together with the FTO)
- **Fair Performance Check**
(annually by the FTO)
- **Awarding the Fair Toys seal of approval**

As a toy retailer you can communicate your FTO membership, but you cannot be awarded the seal of approval. You act as a disseminator, spreading and promoting the idea of the FTO. You also report regularly to the FTO and the public on how you perceive your role as disseminator and in general how you support a fair and environmentally-friendly toy industry.

▶ **Where exactly is the added value in the FTO?**

In the credibility of the FTO. This credibility is the result of not only their demanding criteria but also their comprehensive approach, their transparency and especially the equal involvement of different stakeholders from industry and civil society. Monitoring production sites through audits is the most common tool of the CSR measures used by



companies. However, audits are extremely susceptible to mistakes and problems, and provide at best only a snapshot. Therefore, the FTO pursues a holistic approach and supports its member companies on their way towards implementing the human rights due diligence obligations. In doing so, factors that help determine tolerances in terms of labour and environmental legislation, such as management systems, purchasing practices, supply chain monitoring or a functioning complaint system, are considered. The FTO also offers information and training formats for member companies. Another added value is pilot testing new concepts (best practices). The FTO plans to bring interested companies together for this, in order to initiate goal-oriented projects of collaborative learning and development domestically and abroad.

▶ **When did the FTO come into existence?**

The FTO was officially founded on the 14th of July 2020. This was preceded by a two-year multi-stakeholder dialogue. As of February 2022, we have more than 25 members from the toy industry and from civil society. In order to have a broad effect, we are looking for more dedicated members. **Interested in joining?**

▶ **How much does it cost?**

In 2022, manufacturers contribute a sliding-scale membership fee between € 250 and € 1,000 and retailers contribute € 250. In 2023, membership fees will increase based on revenue generated with toys. We are happy to provide you with the provisional rate table.

▶ **How do I become a member?**

You apply for membership at the FTO. To do this you must accept the strategy paper and the FTO Code of Conduct. You

must also file a membership application and fill in a short questionnaire. Then the Management Board of the FTO decides on your membership based on specific criteria.

▶ **How is the association funded?**

The FTO is currently sponsored by the German Federal Ministry for Economic Cooperation and Development. The work of the FTO and the awarding of the seal are also funded by membership fees for the Fair Toys Organisation. Grants from government agencies or foundations are made use of when needed and when possible.

▶ **Which stakeholders are already members or are to be involved?**

Toy manufacturers and retailers, as well as their associations, non-government organisations, labour unions, municipalities, institutes of science and other relevant stakeholders.

▶ **What is the legal form of the FTO?**

The various stakeholders (stakeholder groups) have founded a registered association as the legal entity. The association was also recognized as a non-profit organisation.

▶ **What happens if it becomes known that a member has violated its human rights due diligence obligations?**

Anyone who claims they can completely eliminate labour law violations, is oversimplifying or not recognising the complexity of global supply chains. It is more important to the FTO that their members do everything possible to ensure compliance with labour and environmental standards in their supply chain at all times. If problems still arise, the FTO will define a set of measures together with the member to remedy deficiencies as quickly as possible. The goal is to live up to our responsibility and develop sustainable solutions together with companies and manufacturers.

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

The FTO awards a company seal, and not an individual product seal. Thus, the company is regarded as a whole. In the case of broadly-based companies, the seal only applies to the company's toy division. The basis for awarding the seal is the evaluation performed as part of the Fair Performance Check.

▶ **How long is the seal valid? Does it have to be renewed each year?**

The Fair Performance Check is carried out annually at the member company and makes a determination about further use of the seal.

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

The initial focus is on the company's own production sites and its immediate suppliers. However, in the event of substantiated information or in areas where a high risk for violating the social and environmental standards has been identified, we must also look deeper into the supply chain. As the FTO develops further, the entire supply chain will be observed and covered extensively, and this will happen in gradual steps according to significance and influence.

8.

Further information

Contact the main office of the FTO:

info@fair-toys.org

Tel. 0911-2346-382

Interested companies and organisations can find more information on the website of the Fair Toys Organisation www.fair-toys.org. You can also talk to our staff members and participating companies to learn more about the benefits and opportunities of membership in the Fair Toys Organisation.

Visit our website:



fair-toys.org

IMPRINT



Publisher:

Fair Toys Organisation e. V.
Königstr. 64, 90402 Nuremberg
www.fair-toys.org

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Graphic design & layout:

Marco Fischer, grafischer.com

This publication was made possible with financial support from Engagement Global on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ). The Christliche Initiative Romero e. V. is responsible for the content of this publication; the positions presented here do not reflect the views of Engagement Global GmbH and the Federal Ministry for Economic Cooperation and Development.

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Federal Ministry
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and Development



Credible verification and multi-stakeholder approach

Good toys are safe and long-lasting — and in the course of their production, the interests of the workers and the environment are held in equal regard. The Fair Toys Organisation helps to take social and environmental standards into account in toy production — with a comprehensive and transparent approach and **with the involvement of toy manufacturers and retailers as well as stakeholders from civil society**. The equal involvement of these two stakeholder groups ensures **credibility**.

The Fair Toys Organisation focuses on the institutional integration of responsibility and human rights due diligence in the **entire company**. The implementation of the required standards and goal-oriented measures is confirmed with a **seal**.

Does this arouse your curiosity?

Learn more in this brochure!