



MEETING MINUTES: WFSGI VIRTUAL BOARD MEETING

Date:	26 May 2022, 13.00-15.00 CET
Location:	Virtual – Microsoft Teams
Attendees:	
Board Members:	James Zheng/ANTA (WFSGI Co-Chair) Motoi Oyama/ASICS (WFSGI Co-Chair) Andy Rubin/Pentland Brands (WFSGI Vice-Chair Europe/Africa) Tom Cove/SFIA (WFSGI Vice-Chair Americas) Li Hua/CSGF Tony Grimaldi/Cycleurope Ivan Lee/Apache Footwear Killick Datta/Global Brand Partners Colin Li/Li-Ning Dave Wheeler/New Balance Johan Adamsson/PUMA Gumercindo Neto/RG3 Consulting Rajesh Kharabanda/SGEPC Robert Margevicius/Specialized Marius Rovers/Sport 2000 Alberto Zanatta/Tecnica Group George Wood/TSMA Charles Yang/Victory Group
Apologies:	Peter Bragdon/Columbia Colin Browne/Under Armour Michel Perraudin/MP Consulting Manuel Pauser/adidas Akito Mizuno/Mizuno Klaus Dittrich/Messe Munich Jorge Casimiro/NIKE Steve Evers/Intersport International Ton Anbeek/Accell Group Didier Morelle/Decathlon Nouman Butt/SCCI
Proxies:	Takahiro Miwa – for Shuichi Koseki/Descente
Ex Officio:	Robbert de Kock/WFSGI President & CEO Jochen Schaefer/WFSGI Legal Counsel Emma Mason/WFSGI Vice-President Marc Magnus/WFSGI Vice-President
Observers:	Hiroataka Miyaji/Honorary WFSGI Director

Confidentiality: Confidential to WFSGI Board Members

The meeting presentation (available [here](#)) and the related documents (available [here](#)) are an integral part of the minutes. All documents are available in the Board section of the Members' Area on the WFSGI website after login. Please [click here](#). Please contact Emma Mason emason@wfsgi.org if you are unable to access the Members' Area.

A. PROCEDURES – James Zheng, Motoi Oyama, Robbert de Kock

➤ Refer to PPT slides 2-3

A.1. Roll Call

The WFSGI Legal Counsel confirmed that the Board was quorate with 19 out of 30 voting rights present.

A.2. Co-Chairs' Opening Remarks

The Co-Chairs' expressed their happiness to see their fellow Board members, even if only virtually. They expressed their regret that the Board had not been able to meet in person since January 2020 but looked forward to meeting their colleagues at the final Board meeting of their term in November 2022 during ISPO Munich.

It was noted that the world was still quite unstable, and it was creating a challenging macro-economic environment.

The pandemic was still having a big impact in Asia, particularly in China with the recent lockdowns imposed in Shanghai and Beijing. It was expected that the Shanghai lockdown would end on 1 June, but it would still be a very uncertain time for brands operating in China and there was some concern about the long term impact on sourcing from the region.

In Europe, the war in Ukraine was noted to have created an energy crisis which was expected to have a significant impact on industry operations and consumer behaviour in the third and fourth quarters of the year.

The North American market was an outlier with demand in the sport segment currently flying demonstrating an opposite trajectory to the trends emerging in Europe and Asia.

In such a fluid and volatile environment, it would be important for industry players and the WFSGI to pay more attention to global dynamics if the industry was to successfully navigate the coming months and years.

The President & CEO thanked the Board members for their time and apologised for the organisation of the Board meeting on a public holiday in many countries. It had been an administrative oversight and mechanisms had been put in place to prevent it happening again.

The President & CEO also expressed his regret that the Board had not been able to meet in person since January 2020 owing to COVID-19 and appealed to all interested Board members to consider running for re-election. It was noted that the intention would be to re-start physical Board meetings in their biannual format: one held at ISPO Munich

alongside the General Assembly, and one held at a brand headquarters. WFSGI recognises the importance of the Board's ability to exchange with their peers in person in addition to their strategic leadership work on behalf of the industry.

A.3. Approval of the Board Minutes 20 January 2022

VOTE 1: The Board unanimously approved the minutes of the meeting that took place on 20 January 2022.

B. REPORT ON ACTIVITIES: WFSGI PRESIDENT & CEO

➤ Refer to PPT slides 4-15

B.1. WFSGI UCI MOU

The Board were informed that WFSGI and UCI were at the early stages of discussions to enter into an MOU between the two organisations. The MOU would re-secure formal relations for the industry with UCI following their failure to follow their own procedures when it decided to remove WFSGI from the Equipment and New Technologies Commission in late 2021.

WFSGI is currently reviewing the draft MOU provided by UCI against existing MOUs the federation has signed and the WFSGI Bicycle Committee objectives. A revised draft will be shared with the UCI in due course and the Board will be kept updated.

B.2. WFSGI WHO MOU

The final draft of the WFSGI WHO MOU has been approved by the Physical Activity Committee and submitted internally to WHO for formal approval. The sign-off process was noted to be taking longer owing to the WHO's World Health Assembly and its publication of the global status report on progress towards the Global Action Plan on Physical Activity's goals: to reduce inactivity by 10% by 2025 and by 15% by 2030.

The Board were informed that once WHO had signed off on the MOU the final version would be circulated via email for written approval. This would allow the WFSGI Secretariat to move forward with activation of the MOU.

The Board's email decision would be ratified at the next WFSGI Board meeting on 28 November 2022.

B.3. WFSGI IOC SUPPLIERSHIP

The Board were informed that WFSGI had met with the IOC on 12 April 2022 to discuss WFSGI's initial feedback on the draft Suppliership agreement. Two follow-up meetings were scheduled for 1 and 3 June to go through the commercial and legal considerations after which the Secretariat hoped to be able to activate the working group approved by the Board in January 2022.

The WFSGI President & CEO was also scheduled to meet the IOC President on 6 July 2022. The agenda for this meeting would be determined after the meetings in early

June when WFSGI would be better able to assess the progress on the Suppliership agreement.

The Board were reminded that this topic is sensitive and confidential and information concerning the existence and progress of the Suppliership agreement should not be shared externally and only shared internally on a need-to-know basis.

For further information, please contact Emma Zwiebler emason@wfsgi.org.

B.4. TRADE UPDATES

The Board were informed that the Secretariat were working closely with the Trade Committee to prepare the session topics for the WTO's Public Forum due to take place from 7-30 September 2022.

Other trade work included:

- working to align with the Retail Association of India on the compulsory use of a standard mark for footwear imports to India.
- sending a letter to the relevant authorities in the United Arab Emirates concerning a new scheme for the control of textile products in the region.

For further information, please contact Marc Magnus mmagnus@wfsgi.org.

B.5. SUSTAINABILITY WORKING GROUPS – UNFCCC & CSHR

Following on from the WFSGI Board's decision to support the climate change proposal in January 2022, WFSGI had signed up to the UN's Fashion Charter on Climate Change as a Supporting Organisation. As a result, WFSGI had been invited to join various working groups at the UN level. WFSGI had also been invited to join working groups within the Centre for Sport and Human Rights. These offers had been circulated to the WFSGI members and the CR Committee for consideration and WFSGI would act on their recommendation.

For further information, please contact Marc Magnus mmagnus@wfsgi.org

B.6. NEW WFSGI MEMBERS

Since the January 2022 Board meeting, WFSGI has welcomed the following new members:

1. Deckers Brands
2. Velobike
3. Speedbar
4. Grinta (start-up member)

B.7. WFSGI/MCKINSEY 2ND ANNUAL SGI REPORT

The Board were informed that the second report had been successfully launched. Figures for the launch were on a similar level or slightly better than those achieved in 2021.

WFSGI and the McKinsey team continue to promote the report with presentations at Global Sports Week, the Dutch Sporting Goods Federation, and Credit Suisse. Future promotional activities are also being considered including the publication or presentation of 'hot topics' in between reports. A third report is planned for publication in early 2023.

For further information, please contact Emma Zwiebler emason@wfsgi.org.

B.8. OTHER

B.8.1. LEGAL UPDATES

The Board were informed that WFSGI had launched v 2.0 of the labelling database and that this featured a new governance model and saw Compliance & Risks provide monthly reports to the database co-founders. WFSGI and C&R had also held a recent webinar on new regulatory trends in sport and fashion which had been well attended by c. 100 participants.

The Spring edition of WFSGI's Horizon Scanning (legal developments affecting the industry) had also been published and circulated to the Board.

For further information, please contact Marc Magnus mmagnus@wfsgi.org

B.8.2. INTERNATIONAL FEDERATION LICENSING SCHEMES

The Board informed that several WFSGI members had approached them about a new product licensing scheme that had been implemented by the IF for boxing, IBA (formerly AIBA). This type of licensing scheme concerns product that must be submitted to the IF for testing and review and, if approved in compliance with the regulations, is given permission to carry an approved logo from the federation and be used in competition.

The concern expressed was that this scheme was simply being used to create a new revenue stream for the IF which is going through well documented governance and financial challenges. An initial review of the scheme by WFSGI and its legal counsel indicated that it is likely to be anti-competitive as:

- It is a mandatory licensing scheme for products used in IBA competitions
- Fees must be paid to IBA
- Fees are disproportionate to testing being carried out
- The testing purpose for certain product categories is unclear (not only for health and safety)
- Brands must use IBA mandated laboratories

WFSGI has provided this feedback to IBA and are waiting their response.

In the meantime, WFSGI has conducted initial internal research looking at similar features of other IF licensing schemes which has demonstrated that this issue may impact upon several sports.

WFSGI will wait for the IBA formal response and then assess with the relevant WFSGI members and its legal counsel the appropriate next steps with the IBA and, potentially, other IFs.

For further information, please contact Emma Zwiebler emason@wfsgi.org.

B.8.3. STAFF UPDATES

The Board was informed that three staff members were due to be on maternity leave in the 3rd and 4th quarter of 2022. As a small organisation, this had posed some potential resource challenges. These have been discussed and analysed by the senior management.

WFSGI had now agreed the following maternity leave cover and was confident that sufficient resource was in place to continue operations and delivery to the WFSGI members and stakeholders to the expected level:

- Michelle Smyth increasing working % to partially cover Emma's work areas.
- Charlotte, Loredana and Riccardo support several tasks from Karolyna and Lilian.
- Els Puttemans to cover WFSGI magazine procured (extension possible).
- 1 x new resource to cover communication in process.

B.9. WFSGI FINANCE UPDATE Q1 2022

It was noted that the Q1 results were on track with overall expenditure down 15.27%. Nearly 92% of WFSGI member fees had been paid which was an excellent result so early in the year. Expenses were down because of continuing reduced travel and a slight drop in staff salaries as a result of staff changes at the start of the year.

C. WFSGI GENERAL ASSEMBLY & BOARD ELECTION PROCESS

➤ Refer to PPT slides 16-20

The Board were informed of the key dates leading up to the WFSGI General Assembly and the WFSGI Board election due to take place on 29 November 2022. The Board were also given an overview of the composition of the Board and the election process including the key persons to contact in their region should they have questions.

The WFSGI membership had been given formal notice of the election and the process to nominate on 25 May 2022 with a deadline to recommend themselves for consideration of 1 August 2022. The deadline for all nominations to be received by the WFSGI Secretariat is 30 October 2022.

The Board were again encouraged to consider running for re-election and the President & CEO expressed his hope that they would meet in person in November 2022 and during the next term of the Board.

For further information, please contact Robbert de Kock rdekock@wfsgi.org

D. PROPOSAL 1 – WFSGI WORLD ATHLETICS MOU

➤ Refer to PPT slides 21-23

The Board were reminded of the recent history of the collaboration between WFSGI and World Athletics which had, until recently, focussed on the approach to regulation of shoes in competition. At the end of 2021, the formal World Athletics Working Group that WFSGI had co-chaired was disbanded because of a constitutional requirement of World Athletics. However, WFSGI, World Athletics, and the WFSGI members had expressed a strong desire to continue and expand on the consultation and collaboration. Therefore, WFSGI and World Athletics had agreed on a draft MOU between the organisations which covered:

- Marketing, advertising, and clothing regulations
- Anti-doping contributions and information
- Ticketing for World Championships
- Other topics of relevance including PA, sustainability etc

This draft had been approved by World Athletics and circulated to the WFSGI Board as part of the supporting documentation.

VOTE 2: The Board unanimously approved WFSGI entering into the MOU with World Athletics.

The WFSGI Secretariat would move to arrange signature with World Athletics and prepare the next steps on activation of the MOU with WFSGI members and World Athletics.

E. DISCUSSION ITEM – WFSGI BOARD ROUNDTABLE

The Board were asked to consider the following questions in advance:

1. What are the key challenges and opportunities that you see for your business/the industry in 2022?
2. How can WFSGI best support the industry in these areas?

The following comments were given:

Macroenvironment

1. The recent World Economic Forum had focussed on some of the most pressing issues facing the planet and its population. The head of the International Monetary Fund had said that the global situation was currently concerned by three 'Rs': Russia, Recession, and Rates.

2. While the industry was currently facing supply chain issues which meant it was hard for companies to meet demand, the cost of living and inflation crisis that was growing round the world was going to at some point lead to a crash in demand. After one of the best years on record for the industry in 2021, the intersection of these two forces could create very difficult circumstances for the industry to navigate.
 - The inflation challenge was something that WFSGI could support the industry with data on to allow them to forward plan. For example, what is going to happen to consumer purchasing ability in the next few months? Will they be able to continue to purchase our products?
3. There was significant concern that the current inequality divide was about to get markedly wider and that could be demonstrated by looking at the support provided by governments to people and businesses in the COVID-19 recovery. Advanced nations spent c. 28% of GDP; mid level countries spent c. 6% of GDP; least developed countries spent only 2% of GDP. Given that these are percentages of the overall value added to the economy as opposed to absolute figures, it is clear that advanced nations are going to be able to accelerate their advantages over mid-level and least developed nations post the COVID-19 crisis.
4. Many companies were concerned by the combination of many factors hitting the industry at the same time: (i) the cost of oil soaring, (ii) the production that was lost last year owing to factory shutdowns is now flowing through and inventory is becoming very high, (iii) inflation is rising and is likely to have a negative impact on demand, (iv) transportation costs continue to be unreasonably high, and (v) the backlog of ships sitting off Shanghai will be released soon and will high various ports that are not designed for significant volume so further delays will be seen.
5. In Asia, the COVID-19 pandemic was continuing to create a very challenging situation and the government actions in imposing lockdowns, particularly in Shanghai, were having a huge impact. The cost to the economy of the lockdowns were significant and had dramatically impacted on customer behaviour. The industry was hoping for better results in the third and fourth quarter.
6. India was facing the same general challenges as the rest of the world. However, one notable exception was that the country had observed it was starting to be looked upon as a stable supply chain partner. The trend was at an early stage.

Sustainability

7. The industry is facing increasing pressure to use sustainable and environmentally friendly materials in manufacturing, but it is difficult to assess the claims made by material suppliers. It is also difficult to assess which chemicals or chemical compounds are the most environmentally friendly.
 - Would it be possible for WFSGI to assist with certification of environmentally friendly materials?

- The WFSGI CR Committee had considered this issue and had cautioned that using WFSGI as a certification body would lead to WFSGI incurring an unacceptable level of legal responsibility and liability given the resources it currently has.
- It would be possible for WFSGI to explore other solutions such as a formal standard or engagement with the sustainable apparel coalition.

Physical activity and well-being

8. A very serious outcome of the COVID-19 pandemic for the industry was the impact on the levels of healthy people and children globally. For example, in the UK, 1 in 5 children were obese going into the pandemic, it is now 1 in 4. In the US, over 40% of people are obese and it is projected that there will be a time in the very near future where there will be more obese people in America than not. It is significant for the industry that inactivity has become the new normal in many countries and communities round the world.
- It was felt that this was an area where the industry, through WFSGI, could play a strong role.
 - The industry should not always showcase elite athletes and high-performance sport but rather should look to promote everyday movement and getting children more active.
 - The data clearly shows that mental well-being is significantly lower as a result of the pandemic and, as an industry, we should use this as an opportunity to remind the authorities of the importance of everyday movement and lobby the to increase investment in that area.
 - It is also a risk of the increased inequality that in less developed countries the conditions to do sport are deteriorating and the governments are not providing the necessary investment.
 - The industry must continue to press our relationship with WHO and to be present at more forums talking about the importance of physical activity. The industry must also play its part in increasing levels of physical activity.

Company operations

9. There were also some notable changes in staffing. It was observed that the power had shifted from employers to employees, particularly in low level jobs, and there was a high level of movement of people between companies. This could be partially attributed to low levels of unemployment in Western countries together with employees feeling less loyal to companies and demonstrating a much greater willingness to move. As a result, it was important for companies to work hard on their retention strategies. As inflation hit, it would be important for companies to raise wages commensurately and to provide clear incentives for employees to stay such as attractive benefits and job flexibility.

E. DATE OF NEXT MEETING & AOB

The final WFSGI Board meeting of the current term would be held on 28 November 2022, in-person, at ISPO Much from 14.00-17.00 CET.

END OF MEETING: 14.53 CET