

WRC Board Meeting:
February 29, 2008

Attending: LaMarr Billups, Jim Wilkerson, Mel Tenen, Thea Lee, Chessa Gross, Amanda Wilson, Claudia Ebel, Katie Quan, Julie Elkins, Mark Barenberg, Amy Norris and Svein Neman. Attending by phone were Jill Esbenshade and Julie Filippone. Julie Martinez Ortega was unable to attend. Observers attending were Joseph Ayoub (USAS) and Zack Knorr (USAS). WRC staff attending were Scott Nova, Nancy Steffan, Lani Gallagher, Theresa Haas, and Jeremy Blasi.

Introductions: Scott began by welcoming Board members and observers. Participants then introduced themselves.

Approval of prior meeting minutes, meeting agenda: The minutes of the October 19, 2007 Board meeting were approved by unanimous vote without any abstentions.

Executive Director's Report and Treasurer's Report: Treasurer Mark Barenberg presented the Treasurer's Report. Scott Nova then began the Executive Director's report with a discussion of the arrest and detention of WRC staff member Mehedi Hasan in Bangladesh. There was a discussion of the advantages and disadvantages of the WRC hiring nationals of the countries where the organization works. Scott discussed the accusations made by the news media and Bangladeshi government toward the WRC and Mehedi Hasan, relating to recent garment worker protests. There was a discussion of Mehedi Hasan's write-up of his experiences.

Scott discussed the monitoring work done for the Catholic District School Boards of Ontario, Canada, and the cities of Los Angeles and San Francisco. There was discussion of the Lianglong factory, and the violations that the WRC identified there. He mentioned the practice of withholding wages, which appears to be a common practice at factories throughout the area; health issues related to the cold temperatures in the factory and dormitories; the fact that the factory refused to allow the WRC to conduct a training; and that in addition to off-site worker interviews conducted prior to the factory visit, the WRC conducted on-site interviews, in part to observe the degree to which workers had been coached by management and that it was clear from these interviews that workers had been coached significantly. RJ McCarthy, the vendor of Catholic School uniforms that sources from Lianglong, represents only about 1% of the factory's production and thus is unlikely to have influence over the factory on its own. Scott suggested that it might be necessary to recommend that the buyer leave the factory if management refuses to carry out remediation, and that such a recommendation would be accompanied by additional recommendations as to how the vendor could more effectively operate its supply chain.

Scott mentioned that the City of San Francisco was unable to obtain factory disclosure data for the majority of contracts that were to be subject to its Sweat-Free Ordinance, so it may not be possible to initiate any factory investigations soon. Scott noted that the difficulties encountered by San Francisco are consistent with the WRC's

recommendation that it is not advisable for cities and states to attempt to enforce codes of conduct individually, but that this should instead be done collectively. There was a discussion of the status of forming a consortium for cities and states. Some states have begun discussing a pilot program in which multiple states and cities would develop a joint contract for apparel manufactured in factories that meet strong labor standards. There was discussion of whether the WRC would be the contracted monitor for this new consortium and the implications for the WRC's workload and budget.

Executive Session: A portion of the meeting was conducted in executive session.

There was a discussion of the implementation of the Sarbanes-Oxley law, which affects small non-profits as well as large corporations. The law requires non-profits to have an audit committee, including at least one person with financial expertise. The definition of such expertise is up to the Board. Scott proposed that this be someone with significant experience managing finances and budgets in a professional capacity.

There was a motion that Mark Barenberg, as the Treasurer, be the chair and that Jim Wilkerson be a second member of the audit committee. This motion was passed unanimously.

There was a discussion of organizational finances. Scott noted that university affiliation fees have never been sufficient to cover the monitoring work that the WRC does on the universities' behalf, but that the gap has been made up in past years by funding from the federal government, which is no longer available. By policy, the organization does not accept money from unions or apparel companies, so the WRC will always be highly dependent on university fees as a primary source of income. To partially address the issue, it was proposed that the WRC could increase the fee for Category C affiliates, who pay a flat fee that has remained constant since the organization's inception and has therefore declined significantly in real terms. The Board agreed that the WRC would notify Category C schools of a potential fee increase for the upcoming fiscal year and that the Board would cast a final vote on the matter at the June Board meeting.

Designated Suppliers Program, Status Report and Next Steps: Scott began the discussion by reminding participants that the WRC had recently withdrawn its request for a Business Letter of Review from the Department of Justice (DOJ) for the DSP and noting that universities will not proceed in implementing the DSP without clearance from the DOJ. The WRC made the decision to withdraw the request after it became clear that the DOJ did not intend to grant a favorable letter. Scott explained that attorney Don Baker told the WRC that there is strong reason to believe that a future DOJ is much more likely to grant a letter. The WRC plans to resubmit the request after the presidential election; however, this means that the program cannot be implemented until the Spring of 2009 at the earliest. The USAS Board members noted that USAS will continue to advocate that universities sign on to the DSP on a provisional basis. There was discussion of the WRC's suggestion that university bookstores purchase apparel from a licensee willing to meet high labor standards, including payment of a living wage, on a voluntary basis. Scott stated the staff's belief that one or more licensees will voluntarily agree to

meet DSP labor standards if bookstores are willing to purchase a product made under these standards. It was agreed that this project would be important in terms of demonstrating the workability of the DSP standards as well as making concrete progress in the short term. There is an existing licensee that has expressed interest in this and is currently assessing the production details. Scott noted that this idea came from bookstores themselves who have contacted the WRC to ask where they can purchase a product that is made in compliance with strong labor standards.

Discussion of licensee relations: The Board discussed the problem of licensees, in the context of factory investigations, refusing to cooperate with the WRC or being slow to do so – particularly in the last two years. There was general agreement that the problem stems both from the fact that many universities have never made their expectations in this regard clear to licensees and from the tension between the WRC and licensees that has arisen during the debate over the DSP. It was agreed that the organization will undertake two initiatives to address this problem: 1) ask affiliate universities to convey their expectations to licensees concerning cooperation with the WRC, and 2) organize a consultation between the WRC and licensees, also to involve member universities, focused on the WRC’s investigative process and the role of licensees. It was agreed that the staff will seek to organize this consultation at some point during the present calendar year.

Scheduling of next Board meeting: Scott asked that board members hold June 4, 6, and 19 as tentative dates for the next Board meeting and stated that the date would be finalized within a month.

Update from Field Staff on Current Factory Cases: Jeremy Blasi gave an update on WRC’s assessment of two Russell Athletic factories in Honduras. He highlighted the recent reinstatement of fired workers with back pay as well as the statement on freedom of association (including the right of workers to file complaints) made by the company. The company has agreed to engage in collective bargaining should worker representatives initiate it.

Nancy Steffan gave an update on the WRC’s assessment of New Wide Garment in Cambodia, a supplier of product purchased by the City of Los Angeles as well as one university licensee. She noted that one issue identified by the assessment was pregnancy discrimination. The factory agreed to provide reinstatement to workers who were dismissed because they were pregnant and has adopted a nondiscrimination policy. Workers have reported that there are now more pregnant workers in the factory. Other violations identified included inadequate toilet and health clinic facilities as well as the misuse of short-term contracts. The WRC expects to publish a full report on this assessment shortly.

The meeting was then adjourned.