

Minutes of the WRC Board Meeting:  
October 17, 2008

**Participants:** LaMarr Billups, Jim Wilkerson, Julie Elkins, Thea Lee, Julie Martinez-Ortega, Mark Barenberg, Katie Quan, Dida El-Sourady, Julia Watkins, George Robertson, Eric Hoyt, and Ben McKean. Participating by phone were Mel Tenen and Jill Esbenshade. Attending from the WRC were Scott Nova, Theresa Haas, Jeremy Blasi, and Lani Gallagher.

**Introductions:** Ben McKean began the meeting with introductions. Scott welcomed Ben Hensler, the WRC's new deputy director, to his first WRC Board meeting. Scott mentioned that Ben is one of the labor rights field's most respected advocates. Ben Hensler spoke for a bit about the direction the organization has taken since its creation. He also mentioned the challenges ahead with Scott's departure. He said that the WRC's ability to effect change is not purely a result of goodwill, but the relationships between different parties, such as the relationships between students and universities, and universities and licensees.

**Treasurer's Report:** Mark Barenberg, the outgoing treasurer, gave the treasurer's report.

**New Officer Elections:** The USAS representatives nominated Dida El Sourady as treasurer. She was approved unanimously by all fourteen present. The Advisory Council nominated Jill Esbenshade to be the secretary. She was approved unanimously. From the University Caucus, LaMarr Billups was nominated; it was seconded. He declined. Jim Wilkerson was then nominated and approved unanimously as Board Chair.

**Approval of Minutes:** There was a motion to approve the minutes of the previous meeting. It was seconded, and approved unanimously.

**Executive Director's Report:** Scott began by making a note about the raise of affiliation fees for small schools. He said that no schools have disaffiliated since the fee raise, and the rate of payment, to date, is actually higher than usual. He also said that fees from larger schools were higher than last year, despite the current economic recession. Scott mentioned that a specific large school, from which it is generally difficult to obtain fees, paid their invoice promptly.

Scott then discussed the bi-annual report to affiliates, which the Board had directed the staff to produce at the last meeting. He discussed the format of the report, which was based on the previous multi-factory updates. Scott thanked the staff for its work on producing the report. Several Board members mentioned that they were pleased with the document and found it helpful.

Scott went on to discuss Russell Athletic. He reminded the Board that the case regards two factories in the Choloma area in Honduras, where every union leader was systematically fired from the factories last year. He said that Russell's initial response was to deny any wrongdoing, but that once universities put pressure on Russell, this

began to change. A full remediation plan was put into effect, and during this time a previously planned closure of the Jerzees Choloma factory took place, and workers were offered employment at the other factory, Jerzees de Honduras. However, as soon as the union at Jerzees de Honduras began the collective bargaining process, the anti-union harassment was renewed. Such incidents include an anti-union petition circulated by supervisors in the factory and numerous threats that the factory would close because of the union. There were also direct statements from Russell executives that the union was undermining the “viability” of the factory. Scott said that the WRC received a phone call from Russell early last week to say that the factory was closing, ostensibly for reasons unrelated to the union. However, given the evidence, it is clear that anti-union animus played a part in the decision to close Jerzees de Honduras. Scott said that this is a violation of every university code of conduct that contains language protecting freedom of association. Scott also described the extreme chilling effect that this will have on the exercise of rights of association in Honduras. He also mentioned that if no action is taken, it will show licensees that universities will turn a blind eye to their wrongdoing. It is Russell’s position that the closure is based solely on economic concerns and has nothing to do with the unionization of the factory. Scott said that if unionization was even a partial consideration, it violates codes of conduct. He also said there is no way to verify Russell’s claims about economic factors because the WRC cannot have unrestricted access to all the company’s financial data. The WRC can, however, assess whether or not anti-union animus was a factor.

One Board member asked what the remedy would be to this, given that the factory is closing. Scott pointed out that the factory is not yet closed, and the date of the closure remains uncertain, and that the only meaningful remedy would be a reversal of the closure decision and the reinstatement of any workers laid off to date as part of the closure process. Scott said that this will be a public battle, in which Russell will question the WRC’s findings, and there will likely be significant controversy within the university community. Despite this, Scott said that this is a pivotal case, because the remediation achieved in these factories was seen as a major breakthrough in Honduras, and for university codes overall, and that if the closure proceeds, the lesson all parties will learn is that code enforcement in the area of associational rights is hopeless. Ben Hensler mentioned that this case is also important because the factory is owned by the licensee itself, which means that the licensee has direct control of the outcome.

A Board member stated that he did not see a positive result coming from a prolonged fight with Russell but understood that there may well be no alternative. He also stated that CLC is defending Russell’s position [Note: further inquiry suggests that CLC’s official position, as of late 2008, was neutral.] Another Board member raised the issue that Russell is closing this particular factory, and not their other Honduran factories, which have no union. Scott said that the company’s explanation for this is that Jerzees de Honduras is the only factory that exclusively produces fleece, the demand for which has ostensibly declined. Scott mentioned that a lay-off schedule was set without any negotiation with the union. Jeremy mentioned other factories, not owned by Russell, but which produce for it, where there are other serious violations of universities codes unrelated to freedom of association.

One Board member discussed cutting contracts as a means of provoking change in the licensees' behavior. Another Board member asked whether the WRC advocates permanent cutting of contracts with recidivist licensees. Scott said that it is not the practice of the WRC to make recommendations concerning the steps universities may take to enforce their licensing contracts.

Retirement: Scott then said that the WRC will change its retirement plan based on changes in the tax law to a 401k. The plan will change in early 2009. The resolution to do this must be approved by the Board and will be presented at the January board meeting.

**Discussion of Executive Director Search:** This part of the meeting took place in executive session.

**DSP and Bookstore:** Scott discussed the common objections to the DSP and why the WRC continues to advocate it, despite those objections. He said that this is because there is no alternative. No other program will address the fundamental supply chain issues. He also stated that should a Democratic administration come into the White House, it is likely that the program will be able to obtain a Business Review Letter (de facto antitrust clearance).

Scott then went on to discuss the Bookstore Initiative. He said that this is a narrow, voluntary program that is in no way a substitute for the DSP. He said that the program will be beneficial because it will demonstrate the viability of unionized, living-wage production, return the supply chain issues to the center of the campus debate, and demonstrate that the largest licensee in the university logo apparel sphere – Knights Apparel – is willing to pursue reforms that incorporate central elements of the DSP.

Scott described that to do the bookstore initiative, bookstores will have to buy, in the aggregate, enough volume to fill a factory. Scott said that Knights Apparel's CEO, Joe Bozich, is working to identify a supplier. He is currently looking in the Dominican Republic and Haiti at a company called Grupo M. Scott is scheduled to accompany Joe to the Dominican Republic to discuss arrangements with this potential supplier. The deadline for having the orders placed is coming up soon. He discussed the WRC's role in this program. The WRC will use its current investigative techniques, will be present on a regular basis, and will verify compliance with the applicable standards, including living wage. The WRC will allow information concerning the verification process to be conveyed, in some form, on the product itself – with the language used being under the control of the WRC. This information will include a link to a website where the WRC will provide a detailed discussion of the nature, realities and limitations of verification and of the vital importance of the union at the facility in ensuring compliance and respect for workers' rights.

A USAS Board member discussed that USAS' main concerns with the program are 1) what will or will not be conveyed in the labeling of the product; and 2) that it will be used by school administrations as a way out of supporting or considering the DSP. The USAS

Board members explained that USAS would like to see the program succeed but has some concerns and is officially neutral. A University Caucus Board member said that the bookstore initiative might make it easier for a school to adopt the DSP, because it's proof that these standards, such as a living wage, can work.

A University Caucus Board member spoke about the possibility of using a factory that is producing under this program as a source for T-shirts sold by different student groups. Another Board member argued that the program could raise the bar for the standards other licensees are expected to meet.

**Field Staff Update:** Jeremy went through a PowerPoint presentation on some of the WRC's recent factory cases. He discussed the WRC's work in Honduras, including on the Jerzees de Honduras case. He went on to discuss the Star case, which was very similar to the Jerzees case. Under Honduran law, there is a legal protection against firing members of union leadership. At Star, workers were illegally fired and were later reinstated through WRC intervention.

He then went on to discuss the TOS Dominicana case, where the WRC documented a range of labor rights violations two years ago. In response to these abuses, workers tried to form a union at the factory and were met with intense harassment. This began a two long effort at remediation and there is now good news to report: The union has been legally verified to represent a majority of the TOS workers, giving them the right to bargain with management, and TOS has recognized the union and negotiated a collective bargaining agreement. In order to achieve this, the WRC was able to convince the US government to put pressure on the Dominican government to verify the union's majority status. The collective bargaining agreement was signed on August 12, 2008, and provision include a 10% across the board wage increase, better rules on overtime compensation, a strong policy to protect workers from sexual harassment, a robust grievance policies, worker scholarships, a credit cooperative, benefits for holidays and bereavement, and space in the factory for a union office.

He then discussed a number of other factories, including Alamode, a factory in a remote part of Honduras where the WRC identified serious violations as part of its work for the City of Los Angeles – such as a failure to pay the minimum wage and enroll employees in a legally mandated healthcare system. He mentioned Estofel, which produced for Gear for Sports, PVH, and Hanesbrands. They failed to pay adequate terminal compensation when it closed. The University of Washington is also involved in the case.

Jeremy also discussed Hytex, a collegiate supplier for Nike, which is located in Malaysia and where de facto indentured servitude was exposed by the Australian media. The workers are migrants from other countries, and upon entry to Malaysia, their passports are confiscated and their wages are garnished until the factory recoups costs related to the recruitment and importation of the workers. Malaysia has no official minimum wage, and workers at Hytex and other factories sign a contract specifically stating that they won't attempt to organize a union. They have no individual bargaining power, because should they leave their place of employment, they become undocumented workers. Malaysia

also has a group known as RILA, which is a civilian armed corps to target people viewed as trouble-makers, which often includes undocumented aliens. After the media attention, Nike told the WRC that Hytex is not a collegiate factory, although it is listed as such in Nike's own disclosure data. They claim that the reason it appears in the collegiate disclosure data is because they were considering using it as a source of collegiate goods but never acted on this. Nike also conducted an audit of the factory a few months before the media investigation, and to date, they have offered no plausible explanation for how they could have missed such obvious violations.

Jeremy also mentioned the case of LTU Apparel, located in Thailand, which has just agreed to reinstate the union leaders it had illegally fired. He then discussed a few Cambodian factories and PT Mulia Knitting, which is located in Indonesia. He said this factory highlights the problem of licensees jumping from factory to factory. Antigua Group, who was the licensee, had left by the time the WRC became involved. This has left the WRC with little leverage.

He then mentioned that the WRC has received an urgent complaint regarding factories run by the Hameem Group, in which workers have been detained by the government as part of their broader anti-union campaign.

**Adjournment:** Jim, as Chair, then adjourned the meeting.