

Minutes of
WRC Governing Board Meeting
October 19, 2007

Attending: LaMarr Billups, Jim Wilkerson, Mel Tenen, Julia Filippone, Julie Elkins, Mark Barenberg, Thea Lee, Katie Quan, Jill Esbenshade, Julie Martínez Ortega, Amanda Wilson, Chessa Gross, Amy Norris, Claudia Ebel, and Svein Newman. Sara Wallace-Keeshen (outgoing board member) attended by phone for the ratification of new members. Observers attending were Helen Ziegler (University of South Carolina) and Glen Fichman (University of California). Also observing was Zack Knorr (USAS). WRC staff attending were Scott Nova, Nancy Steffan, Jeremy Blasi, Theresa Haas and Marshall Duer-Balkind.

Introductions, Minutes, Agenda and Ratification of New Board Members: The meeting began with introductions and a review of the agenda. The new Board members were unanimously ratified without any abstentions: for the Advisory Council, Julie Martinez Ortega (American Rights at Work); for United Students Against Sweatshops, Amanda Wilson (McMaster University), Chessa Gross (Georgetown University) and Svein Newman (University of Montana). Claudia Ebel was nominated by United Students Against Sweatshops to serve as the Chair of the Board and was ratified unanimously. The minutes from the May 2007 Board meeting were approved.

Executive Director and Treasurer's Report: Treasurer Jim Wilkerson presented the Treasurer's Report, which was approved by the Board.

Scott Nova then began the Executive Director's Report with a discussion of the work of the WRC and various universities on remediation of code of conduct violations by the Hermosa factory in El Salvador, a former manufacturer of collegiate apparel that closed in 2005 without paying a substantial amount of severance, wages, and benefits to employees. Scott updated the Board on the financial contributions made by Georgetown University and the University of Wisconsin to a charitable fund for the former Hermosa workers. The question was raised as to whether it would be appropriate to ask other universities to contribute. It was noted that it would not be appropriate for universities to be asked to take responsibility for the failure of licensees and/or factories to pay severance, and that it could set an undesirable precedent. There was discussion of a suggestion that universities might consider amending their codes of conduct to require that licensees pay money owed to workers when supplier factories are unable or unwilling, which is unfortunately a common problem in the industry due in large part to the price pressures that factories face. It was noted that the brands' general view on this issue is that they should not be held responsible for paying wages, severance or other benefits owed to workers by their supplier factories. The question was posed: if brands do not assume this obligation after the fact, what is their obligation to ensure in advance that proper wages and social security are being paid to workers? With respect to the severance issues, there are some NGOs that are discussing a potential solution to this problem in which, as part of their code enforcement efforts, brands would require factories to set aside money for severance payment in an account that the factory would not control.

Scott then described an investigation that the WRC recently completed as part of the pilot project with the Catholic District School Boards of Ontario, Canada. The factory is known as Empresas T&M and is located in the Dominican Republic. Scott noted that the Boards reported to the WRC that the WRC's public report on this factory has been used by the largest school uniform supplier in Ontario to argue that the supplier that was sourcing from this factory, which is a smaller

company, uses sweatshops and therefore the School Boards should give their business to the larger supplier. In fact, the conditions identified at the factory were not, given industry norms, unusually poor in any way and the factory was relatively cooperative with the assessment and remediation process. In response to concerns raised by the School Boards about the larger supplier's actions, the WRC wrote a letter to the Boards that has been circulated and makes clear that the WRC's investigation of Empresas T&M should not be construed as evidence that the supplier using the factory has a substandard labor rights record as compared with other companies.

Scott then gave an update on the WRC's work with cities and states that have adopted labor standards for their procurement and are looking to enforce these policies. The WRC now has relationships with Los Angeles, San Francisco, and the group of Ontario Catholic School Boards and has recently initiated the first investigation of a factory supplying the City of Los Angeles. Cities and states that have adopted "sweat free" procurement policies are also looking to create a national consortium, modeled on the WRC, to enable cities and states to enforce their policies collectively. This new consortium plans to address supply chain reforms similar to those in the DSP. There is currently a steering committee for the consortium planning effort which includes representatives from several cities and states.

Nancy Steffan gave an update on the ongoing redesign of the WRC's website.

Scott gave an update on the request for a Business Review letter from the Department of Justice (DOJ) regarding the DSP. The request is currently being considered by the Deputy Assistant Attorney General at the DOJ. It was noted that the Business Review process allows for the letter to be withdrawn and resubmitted to reflect changes to the program in response to any concerns raised by the DOJ. There was also a discussion of other ways for universities to enhance enforcement of their codes of conduct and move towards the goals of the DSP while waiting for the DOJ's response. It was pointed out that the DSP proposal has had a significant impact on discussions in the apparel industry about supply chain issues and the conflicts between brands' labor standards and their pricing and sourcing practices.

Scott noted that the WRC had recently completed a global survey of over 1,000 workers in order to gauge the current level of labor rights compliance at collegiate apparel factories around the world, and especially at factories producing for the largest brands with the most sophisticated compliance programs. The goal was to provide a broader view of conditions in the industry, because the WRC's work so often focuses on individual factory cases. A detailed report on the results of this survey will be published once analysis of the data is complete.

Discussion regarding the Jerzees Choloma case and Appropriate University Response: Scott gave an update on the current situation with regards to the WRC's investigation of the Jerzees Choloma factory in Honduras. As a result of significant pressure from a number of universities, Russell is now communicating with the WRC. There is some concern that the impending closure of the Jerzees Choloma plant will have negative consequences for the potential reinstatement of the more than eighty workers who were fired. Russell has told workers at the Choloma plant that they will have the opportunity to be reemployed at a nearby Russell factory. Unfortunately, factory management in Honduras has made statements to the effect that they have no intention of reinstating the fired workers. It is not clear whether this is a result of miscommunication between Russell's senior management and employees in Honduras, or whether there is another explanation for the statements. The WRC has communicated to Russell that the fired workers must be immediately reinstated. Russell has also decided to conduct a comprehensive review of all of

their Honduran factories. However, it was noted that this review is not necessary in order to reinstate the workers who were fired from Jerzees Choloma.

It is not clear what Russell's intentions are for moving forward at this point. Russell indicated earlier in the WRC's assessment of the Honduras facilities that it was not willing to work with the WRC. Russell has worked constructively with the WRC on other investigations in the past. However, that has not been the case recently, following Russell's takeover by Fruit of the Loom.

There was a discussion about how universities should respond when licensees are violating certain aspects of codes of conduct. There is concern by some about an enforcement system that makes no distinction between a licensee that makes a good faith effort to comply with the code and a licensee that willfully breaks the code but then corrects the problems after they are identified. Several questions were posed: How should we respond to licensees that are generally cooperative as compared with those that are not? If at some point the licensee takes action in response to code violations, is that response sufficient to correct the licensee's previous lack of action on code violations? What is the appropriate response when companies try to use the fact that they are working with the FLA to avoid working with the WRC? Do universities need to remind licensees about their expectations with regards to codes of conduct and licensing agreements? It was suggested that the WRC might create a "watch list" of companies whose factories had been found to commit particularly serious violations, and that those companies could face stronger consequences if further violations were identified, while still maintaining an incentive system that would encourage companies to make improvements and prevent future abuses in their factories. There was also a discussion about the appropriate role for the CLC to play in executing university licensing agreements. It was suggested that a letter be sent to the CLC on behalf of certain WRC affiliate schools, asking that the CLC communicate to licensees that they are required to cooperate with WRC investigations. Another suggestion was made that there should be a joint meeting with the WRC, the FLA, and major licensees to discuss investigative procedures and to make clear that licensees must open their factories and allow for investigations to take place when requested. It was also pointed out that a meeting would be more productive than a letter because it would allow for dialogue and discussion to take place. It was noted that many large universities have several hundred licensees and that it would be virtually impossible to meet with all of them, and that the role of the CLC is to act as the university's agent to the licensees. A question was asked about what universities could do to amend their contracts to make codes of conduct more enforceable. It was suggested that the first step is for universities to include as part of their licensing agreements that companies must fully cooperate with all WRC investigations, because it is easier for universities to take action when the licensee has violated an explicit term of the contract. It was noted that students could play a role in encouraging their universities to send a letter to licensees reminding them about their contractual obligations. The question was posed about whether it was possible to deal with the issue on behalf of all WRC affiliate schools. Scott suggested that the Board ask the University Caucus to convene in the next few days to develop an outreach plan for universities to communicate to the CLC about the need for licensees to cooperate with WRC investigations, and for the University Caucus to decide what form this communication should take.

There was also a discussion about the possibility of using a meeting with licensees to discuss the changes that the DSP will require, and that a meeting would be more effective at accomplishing this than a letter. It was noted in response that there have already been two major meetings with licensees related to the DSP, to discuss their feedback on the program.

With respect to the issue of licensees using their cooperation with the FLA to justify not working with the WRC, it was noted that both the WRC and the FLA received a complaint about the Jerzees Choloma factory. However, the FLA decided not to investigate the complaint because it concerned a factory that was producing for category C licensee, which is not subject to the third party complaint procedure, and they informed the union of this decision. Although the factory itself was owned by Russell, the apparel was being sold to a smaller licensee and on those grounds the FLA rejected the union's complaint. However, following the WRC's September 20 memo, Russell contacted the FLA and asked them to investigate the complaint, which they did. Russell then used the FLA's investigation to argue to universities that they had no obligation to comply with the WRC's investigation. The WRC has written to the FLA to propose that there be a joint remediation process between the two organizations. There has not yet been a clear response to this communication, and so the WRC has begun to move forward with our own discussions with Russell about remediation.

Executive Session: This portion of the meeting was held in executive session with Board members only attending.

Election of Board Officers: The Advisory Council nominated Mark Barenberg to serve as the Treasurer of the Board and he was elected unanimously. Jim Wilkerson, on behalf of the University Caucus, nominated Julie Elkins to serve as the Secretary of the Board, she was also elected unanimously.

Scheduling Next Board Meeting: The next Board meeting was set for Friday February 29, 2008.

Report from Field Staff and Discussion: WRC staff member Jeremy Blasi gave a PowerPoint presentation on WRC field work, focusing on workers' ability to exercise their associational rights. He noted that given the widespread response by employers at apparel factories of retaliating against workers who are perceived to be involved in a union organizing effort, and given the frequency with which governments fail to enforce their own labor laws, it is virtually impossible for workers to exercise these rights. It is not completely impossible, but it requires aggressive advocacy in defense of workers' exercise of these rights and major efforts by workers in order for these rights to be respected. There are a number of cases that the WRC has been working on involving violations of the right of association. The first case that was discussed involved two factories in Bangladesh, Dada Dhaka and Max Embo, which produce caps for major brands such as Nike and adidas/Reebok, as well as several smaller licensees. The WRC received a complaint about the firing of a group of workers that had begun efforts to organize a union at Dada Dhaka. It was determined that the workers were fired illegally, in retaliation for their organizing efforts. Workers at the factory had begun an organizing effort in response to several problems at the factory, including unpaid overtime; physical, sexual, and verbal harassment; and very low wages. At the Max Embo factory, a group of union leaders was fired after one leader spoke out at a factory-wide meeting about workers' grievances with the factory, citing a range of violations similar to those at Dada Dhaka. On the basis of detailed worker testimony from employees of both facilities, the WRC concluded that the terminations had been retaliatory and therefore violated applicable codes of conduct. The WRC wrote to the Dada company, recommending reinstatement and back pay for those who were fired. The company responded by agreeing to reinstate the workers with back pay.

It was also noted during this portion of the meeting that Bangladesh is currently being governed by a military-backed caretaker government, which has banned trade union activity. There was a

discussion surrounding efforts by other labor support organizations to work with the Bangladeshi government to persuade them to allow workers to form unions at factories in the country.

The next case that was discussed was the Chong Won factory in the Philippines, whose main buyer was Wal-mart and who had been producing for the licensee Oarsman. The WRC investigation identified a number of very serious freedom of association violations at this facility. In 2003, workers at the plant filed for a union election. The election took place in 2004, and the majority of workers voted to be represented by the union. However, the company did not recognize the union despite the results of the election. When workers went on strike to protest the factory's failure to recognize the union, the picket line was violently attacked by security guards at the behest of management. The factory has now temporarily been shut down and production has shifted to other facilities. The main organization that was supporting the workers' efforts was the Workers' Assistance Center, whose Executive Director recently joined the WRC's Advisory Council.

There was also a brief discussion of the TOS Dominicana factory in the Dominican Republic, which is owned and operated by Hanesbrands and produces textile fabric that is assembled at other plants into Hanes t-shirts, which are then sold to several university licensees. The WRC initiated the investigation of this factory about a year ago after receiving a worker complaint. The investigation found a number of serious violations at the factory, including anti-union intimidation and firings of union members. The WRC has attempted to engage Hanes on this case, but has not made much progress, because Hanes is not a university licensee. Because of this difficulty, the WRC has also been working with the Dominican government to ensure that the factory's legal obligations are enforced.

There was also a brief discussion of the issue of contract labor, which is becoming an increasingly serious problem in Cambodia and the surrounding region, and which is often used to undermine workers' rights.

Adjournment: Claudia adjourned the meeting, thanking the members for their participation.