

Minutes of
WRC Governing Board
January 21, 2005

Attending: Mary Nagle, Doug Shaw, Thea Lee, Jim Brudney, Jim Wilkerson, Marcella David, Jennifer Chien, Mark Barenberg, Jill Esbenshade, Colin O'Malley, Scott Nova, Anne O'Rourke, Bethany Toole and observers Bruce Barnard (Colby College), Ron Schurin (University of Connecticut), Allie Robbins (USAS). Attending in part were Ashwini Sukthankar, Agatha Schmaedick, Lorraine Clewer, Jeremy Blasi and Nancy Steffan. Unable to attend were Chris Howell, Jamil Barton, Katie Quan, and Kirstin Jackson.

Agenda, Minutes, and Elections: The agenda and minutes were unanimously approved along with a change to the agenda to add a discussion of staffing issues during lunch. It was noted that there are multiple candidates for the current vacancy on the Advisory Council and that USAS has elections scheduled for mid-February for Board Representatives. The departing USAS Representatives are Colin O'Malley and Jamil Barton.

Executive Director's Report: Treasurer Jill Esbenshade indicated that the audit committee evaluated and approved the financial reports. Scott began with reporting on WRC finances indicating that for the current fiscal year, total income was projected at \$1,024,000, plus last year's carry-over surplus, and total expenditures were projected at \$1,042,000. Through December, the organization had \$573,000 in income, in accrual terms (which means that all affiliation fees are booked as income on the date they are invoiced), and total expenses of \$467,000. Scott announced that the WRC has been approved for a renewal grant from an anonymous donor advised charitable fund with the final amount to be announced soon; and that the WRC expects to make a decision before the next Board meeting about reconfiguring its current office space or moving.

A staffing update was provided. Tony Fung from the Hong Kong Christian Industrial Committee has been hired as Field Director for China and will begin work full-time in April based in Hong Kong. Intern Bethany Toole will remain until May as a temporary administrative staff person. In addition, the WRC's Director of Investigations, Ashwini Sukthankar, is leaving the organization effective March 18 and future staff configuration will be discussed including the need to hire an individual to coordinate field activities in South Asia. English language versions of issue papers by Tony Fung will be provided to interested Board Members.

Scott announced the new affiliates: Brandeis University, the University of Guelph, Beloit College, Queens University, and the University of Toronto. Several additional Canadian universities are expected to join soon. In response to questions it was explained that Canadian students have expressed interest but have not organized a national campaign and Board Members including Mark Barenberg offered to follow up with WRC staff about their own Canadian contacts. Recent media coverage was discussed including an article in the Hartford Courant which was agreed to be helpful in generating local interest although more coverage is needed on the progress made through the use of university codes.

Discussion followed about the Gildan factory in Honduras. Scott announced that he had just sent an email to all WRC affiliates to report that as of January 19, Gildan has agreed to a corrective action plan that addresses the problems surrounding its decision to close its production facility in El Progreso in a manner satisfactory to the workers and concerned NGOs. Specifically, Gildan has agreed to a series of steps, involving multiple factories in Honduras, which will provide

reasonable re-employment opportunities for a substantial majority of the former employees of the El Progreso facility. Of particular importance, these opportunities will be granted to those workers dismissed from the factory in late 2002 and 2003 and who the WRC determined were dismissed in retaliation for the exercise of their lawful rights of association.

Scott gave an update on issues concerning Coca-Cola indicating that some schools were interested in a WRC investigation but others believed such an investigation to be outside the WRC's reach. The report from a recent New York legislative delegation will be made available to interested Board Members.

Scott also gave an update on Los Angeles explaining that the previously discussed anti-sweatshop ordinance was recently passed. The WRC is likely to be engaged as the monitoring organization for a \$50,000 pilot project and expects to report its experiences at future Board meetings. The WRC will also continue promising discussions with Catholic schools boards in Canada about sweat-free policies concerning their uniform purchases.

In the aftermath of the recent tsunami, Scott announced that the WRC recently emailed all schools to encourage them to seek ways their licensees can minimize the negative impact especially in light of the fact that many of these nations also face downward pressures from MFA phase-out. Duke University has offered to host a meeting for interested universities and major licensees possibly in mid to late February.

Compliance and Disclosure Issues with VF: VF is the largest apparel brand in the world with brands including Jansport, Lee Sports, and VF Imagewear. Scott described issues that have arisen including problems with disclosure data and sometimes not receiving meaningful help with code of conduct issues. Points raised in the general discussion that followed including addressing cases of possible intransigence as well as the need to clarify that university licensees need to understand that there are extra expectations beyond minimal compliance with local law. It was discussed that letters from schools to licensees may be valuable but that it would be helpful to clarify disclosure parameters (addressing such issues as reporting current production only or production in a reasonably recent past time period especially where production is likely to resume, and reporting production of collegiate logo goods only or other production as well), what actions universities should take if letters to licensees do not produce positive results, and the opportunity to use the upcoming University Caucus meeting as a forum for discussing and clarifying licensee obligations.

The Board unanimously voted to request two staff reports: one report in advance of the University Caucus meeting to help discuss how to clarify licensee obligations inherent in working with WRC affiliates, and one report specific to the relationship between VF and the WRC possibly in the context of other licensees that have demonstrated progress in cooperation.

Evaluation of Executive Director and Related Staffing Discussion: The Board went into executive session for this discussion and separate, confidential minutes were taken. Scott attended one portion of the session.

China Work and MFA: The discussion began with samples of recent correspondence from individual schools including a letter from Duke University to its licensees requiring no net shift in production to countries where the law prohibits compliance with university codes. Some additional schools have taken similar action and the response from licensees has ranged from supportive to critical.

On behalf of the WRC MFA Subcommittee, Mark then presented two proposals: one for revising Scott's letter on MFA previously emailed to all schools in order to create a Statement of the Board's Policy on MFA and China; and a second proposal for a more general Statement of Policy on countries that, by law, prohibit compliance with codes of conduct. After much discussion, it was decided that Mark would modify the proposals and recirculate as a single statement referencing all countries where the law prohibits compliance with university codes, modify Option C in Scott's letter to begin "For any licensees that continue to source from countries where code compliance is prohibited by law, require those licensees to make a positive contribution through their sourcing ... "; create an addendum of relevant countries citing U. S. State Department reports as the authority for their categorization, and create a possible addendum of sample university positions. The WRC will seek Board approval of the statement prior to the upcoming University Caucus meeting and plans to circulate the policy with a cover letter stating that the WRC will collect and analyze data to assist enforcement. Additional points raised in the related discussion included: the need to remain flexible to formulate further specific recommendations based on initial trainings, research and assessments; the need to consider the WRC's appropriate role in putting forth additional options of a possibly different and political character such as asking that universities may also want to consider supporting appropriate and lawful reform efforts by other actors; the value in having additional universities join efforts made to date; seeking language that emphasizes factory compliance rather than any specific country; ensuring that the policy statement begins with sufficient context on historical facts and the downward pressure of MFA phase-out; recognizing that it is not easy to make a definitive list of countries where code compliance is prohibited by law and that it may be best to indicate that any list includes but is not limited to the most prominent countries or egregious examples; and recognizing that public universities face additional complications in taking action. The entire Board joined Jim Brudney in thanking Mark for the initial proposals and the ongoing work by Mark and the MFA Subcommittee.

The WRC's China work was briefly summarized including the hiring of Tony Fung and planning for the first WRC trainings. In addition to Tony Fung, the WRC has also engaged Ying Zhou, a Beijing attorney, as a legal consultant, as well as two field researchers who are former textile workers. In response to questions, it was clarified that the WRC has notified brands of its activities and is relying on local advice in its communications with the government.

Scheduling the Next Board Meeting and University Caucus Meeting: The next Board meeting is scheduled for May 25, 2005 (Wednesday) with a back-up date of May 23, 2005 (Monday).

The University Caucus meeting is tentatively scheduled for April 29, 2005 (Friday). Doug Shaw very generously offered for Georgetown University to provide facilities again this year and will confirm space and date options within one week so that the formal date announcement can be made in early February.

Constituency Updates: Mary Nagle explained that USAS is working on several factory campaigns and this will be the focus of meetings scheduled the weekend following the WRC Board meeting. There was general discussion that student activism is critical to encouraging school administrators to act and the weekend meetings will seek to address campuses where student activism is relatively low. The University Caucus noted its upcoming annual meeting now tentatively scheduled for April 29, 2005. Jill reported that the new chair of the Advisory Council is Rich Appelbaum (Professor and Director of the Institute for Social, Behavioral, and Economic Research at the University of California Santa Barbara) who succeeds Nikki Bas (Program Coordinator, Sweatshop Watch), that the Advisory Council recently circulated a draft background

paper on MFA authored by Rich, Edna Bonacich, and Katie Quan, and that elections will be held soon to fill the current vacancy before the next Board meeting.

Additional Investigation Updates: Several updates were provided by WRC field staff. Jeremy Blasi described investigations including Leena Apparels and Sinolink Kenya Garments in Kenya and the recent WRC report on Unique Garments in Swaziland. Agatha Schmaedick described investigations in Southeast Asia including Easy Fashion in the Philippines; Far East, First Apparel and Double Star in Thailand; and PT Sarasa and PT Panarub in Indonesia; as well as a December meeting in Indonesia where the WRC assisted in bringing together brand representatives and Indonesian trade unions to discuss MFA issues. Ashwini Sukthankar described investigations in South Asia as well as the WRC providing research assistance at the request of Bangladesh and Cambodia workers. Lorraine Clewer described investigations in Latin America including the recent breakthrough with Gildan in Honduras and ongoing activity at Monclova/Saralee in Mexico and Codevi/Grupo M in Haiti, as well as promising early experience with the WRC/FLA ombudsperson for Central America. In reply to questions, Scott said he would circulate trade data when available relevant to MFA related shifts. Everyone joined Jill in thanking Ashwini for all her work especially in the important early stages of the WRC.

Adjournment: The meeting was adjourned with thanks to all for their participation.