

Minutes of
WRC Governing Board
January 31, 2004

Attending: David Dyson, Audrey Avila, Jill Esbenshade, Katie Quan, Jim Wilkerson, Jamil Barton, Colin O'Malley, Rachel Jacques, Marcella David, Megan Murphy, Jim Brudney, Chris Howell, Scott Nova, Anne O'Rourke, and Nancy Steffan. Attending portions of the meeting were Larry Mann (University of Illinois at Urbana-Champaign), Ron Blackwell (AFL-CIO), Jason Judd (AFL-CIO), Emil Totonchi (Georgetown University), and Ben McKean (USAS). Unable to attend were Mark Barenberg, Linda Chavez-Thompson and Doug Shaw.

The new WRC organizational brochure and recent factory reports were circulated.

All approved unanimously the minutes of September 12, 2003.

Board Elections and Changes: Ron Blackwell conveyed Linda Chavez-Thompson's regrets that she needed to resign from the WRC board due to time constraints but stressed her strong endorsement of the WRC and the continued commitment of the AFL-CIO. David Dyson was joined by all in expressing profound thanks for her engagement with the WRC and gratitude for her continued involvement. Candidates for the open seat for an advisory council representative include Thea Lee (assistant director for international economics in the public policy department of the AFL-CIO). All approved unanimously the ratification of new board members: Jim Wilkerson (Duke University) to succeed Rut Tufts (University of North Carolina – Chapel Hill) as a new University Caucus representative, and Jamil Barton (University of Chicago) to succeed Christine Nguyen (University of California, Los Angeles) as a new USAS representative. There was a discussion of diversity and it was strongly urged by all that the three WRC constituencies make diversity a high priority in the selection criteria for representatives.

Audit Committee Report: The audit committee confirmed that it received financial reports from Scott Nova and all questions were discussed and answered to their satisfaction. As discussed at the previous board meeting the following resolution was passed unanimously in order to eliminate redundancy between the Executive Director and Treasurer's reports while maintaining the same level of financial reporting to the board and additional audit committee review: The Audit Committee, composed of one representative from each of the WRC's three constituencies, will be provided with budgetary data on a quarterly basis. The Audit Committee will confer with the Executive Director in its examination of these data, and then present an oral report at each board meeting. This will substitute for a written Treasurer's report.

Executive Director's Report: Scott reported on WRC finances calling attention to several financial reports provided including cash and accrual income and expense statements for the first half of the current fiscal year, a current balance sheet, and projected income and expenditures compared to the approved budget. Overall, the WRC is expected to end the year with a surplus of \$62,000 -- \$34,000 of which is scheduled for deposit in the Reserve Fund. Current cash on-hand, exclusive of reserves, is \$102,323. Scott reported that one expected renewal grant of \$50,00 was not received due to a temporary shift in priorities in the Arca Foundation guidelines but grant revenues are expected to meet projections due to new proposals pending and the earlier-than-expected start date of government grants. Affiliation fees are estimated at \$40,000 above projections. Expenses are projected at \$44,000 less than budgeted for reasons including the delay in filling an open staff position.

The subsequent discussion included confirming that future surplus calculations are expected to need less adjustment and providing more details on potential new foundation funding. It was explained that there are technical accounting reasons that the reserve fund is not shown separately on the balance sheet but that future reports to the board will show the portion of the cash account that is the reserve fund.

Scott reported that the WRC welcomed three new affiliates: Harvard University, Bowdoin College and Gonzaga University. The board joined Scott in thanking Nancy Steffan for her tireless work including extensive campus visits. Scott also thanked WRC media consultant Ira Arlook who was largely responsible for recent press coverage including the Capitol Times of Madison Wisconsin, the Miami Herald, the Austin-American Statesman, the Arizona Republic, Ethical Corporation Magazine, and numerous school newspapers. Related outreach was discussed including possible opportunities at the annual meeting of labor educators in Chicago in April 2004. There was also a discussion about USAS internships and the potential for future WRC externships, and the WRC agreed to facilitate discussions between USAS and select schools.

Scott announced the completion of the upgraded factory disclosure database and web interface that will now be available at www.workersrights.org. This will provide updated data and improved search capability. The WRC looks forward to assisting more schools in providing disclosure information and welcomes comments and feedback.

Scott summarized briefly each current investigation, remediation and related projects including: Poppy's (India), Lian Thai (Thailand), Export Garment (Thailand), PT Kahatex Sweater (Indonesia), Gildan El Progreso (Honduras), Primo/Just Garments (El Salvador), Confecciones de Monclova (Mexico), Rebound (India), VF India (India), Seoul International (Bangladesh), and Youngone (Bangladesh).

Investigation Issues: The discussion started with WRC's traditional position of providing information to schools about licensees without recommending what actions schools should take particularly in the context where schools are asking the WRC if they should terminate contracts. There was also discussion of how should the WRC respond when a licensee responds to pressure from the WRC by trying to negotiate a remediation agreement solely with the FLA and related questions of whether the WRC role is adequately understood and credited and whether the WRC needs to be at the table to help produce positive outcomes for workers. Issues raised included according top priority to producing the best outcome for workers; the example of Lands' End where the FLA corroborated the WRC findings; the potential need to educate schools and other constituencies about the unique qualities of the WRC (its close contact with workers and local NGOs, worker confidence, its own network of brands and media and universities) and the FLA (its certification process and mandatory access to factories); appreciation for the informal cooperation of individuals at the FLA but consideration of whether a more formal policy is needed; the value of the WRC being at the table to help ensure positive outcomes for workers balanced with the value of being outside the room and able to critique unsatisfactory outcomes; and the critical role of student energy in WRC efforts and a possible educational presentation by USAS at the next University Caucus meeting. It was decided to continue the discussion after lunch as time permitted.

Wage Disclosure: USAS summarized that, at the May 19, 2003 board meeting, the WRC board indicated it agreed that wage disclosure is valuable information, but that the WRC would not require wage disclosure of affiliate schools. Subsequently, discussions have progressed at a number of schools, especially the University of Wisconsin-Madison. Discussion will continue at

the February USAS conference and USAS is seeking feedback on how to acquire and report wage disclosure information. UW-Madison is likely to provide the test case for this and the WRC and UNITE assisted USAS with technical language for requesting wage information. There was discussion that issues may be raised about wage information being proprietary but also that minimum wages are published information. It was agreed that WRC staff would issue communications to affiliates to help explain the value and feasibility of this effort.

Scheduling Next Meeting: May 21, 2004 (Friday) was proposed as the possible date for the next board meeting with May 17 (Monday) as a back-up. These dates will be circulated to the board to schedule the next board meeting.

Organizational Issues: Scott began the discussion of organizational issues summarizing his recent memo on key issues including potentially expanding the WRC mandate to work with high schools, school districts and local governments; the WRC's future work in China; and the potential impact of the final phase-out of the Multi-Fiber Agreement (MFA). He described the advantages of expanding the mandate including extending the WRC's reach in terms of the number of factories where it can have a positive impact; generating increased income and income more reliable than foundation grants; using the WRC model of complaint-based investigations to expand the WRC's reach without overburdening resources; and replicating the WRC model of college and university student involvement among high school students and networks of grassroots community groups, unions and NGOs. The greatest concern is assessing if WRC affiliate schools support this expansion. The discussion that followed included issues of changing board representation (it was discussed that early affiliates may be provisional and changes may be gradual and/or there may be a spin-off entity); not overburdening available resources; considering geographic diversity (it was generally agreed that no formal announcement would be made until affiliates in any new category were reviewed over time to assess if they have the size and diversity to establish a credible group); the potential of high school efforts to strengthen USAS campaigns; the possible political reality that the number of interested school districts and local governments will grow quickly and that the WRC is positioned to offer a good model and use this opportunity to strengthen the organization; implications of a possible increased focus on non-garment products and related issues of universal procurement; and giving top priority to questions of enhancing WRC's capacity to fulfill its mission while addressing procedural issues. It was decided to offer this as an agenda item for the next UC meeting and to authorize Scott to conduct serious discussions with school districts and public entities to assess interest levels, service needs, budgets, and timing to provide more concrete information for the UC. The WRC working group on high schools will continue and is authorized to add high school students to its membership and to communicate that formal WRC board action will be considered at the spring 2004 meeting.

The discussion turned to MFA and its impact inside and outside China. Staffing issues were discussed including the proposal to wait on hiring a full time China person and use the current opening for a general program person to support current urgent needs while developing staffing criteria for China work including consulting regional experts. Some board members expressed strong concern that given that China is generally recognized as the top and growing concern in apparel production, the WRC needs to ensure it move beyond preliminary study and not wait for the perfect solution. It was stressed that hiring a person for general program support will help enable the Executive Director to focus more on China which will help advance progress. It was agreed that Scott will report on a China plan at the spring board meeting. It was confirmed that the next 2005 fiscal year budget will include a program position for China in addition to the general program position that the WRC currently seeks to fill. Discussion continued about alternatives to traditional monitoring that could be used in China in the context of its different civil society structure. This discussion included references to experiments such as Reebok

factory elections, the potential for academia to function as an alternative to NGOs, and the absence of a collective bargaining tradition. Katie Quan generously offered to assist the WRC in conducting a focus group with U.S. allies to brainstorm ideas for China work. Scott confirmed that the WRC has in progress an information piece on the impact outside of China of the MFA phase-out and this will circulate before the UC meeting. All agreed that the overall approach should be to extend WRC standards in its future China work rather than assuming the position of making the best of a bad situation.

Other Business: Scott introduced the new WRC intern Christy McClure and thanked her for her work. He reported briefly on the multi-stakeholder project (which includes ETI, FLA, CCC, WRC, etc.) where Turkey has been selected for a model project and where the WRC will seek to continue cooperation in helping to identify effective monitoring practices while avoiding any activity inconsistent with WRC principles. He reported that the State Department has decided to support this project with a grant, that they have asked the WRC to administer this grant on behalf of all of the groups and, and that the WRC had agreed to do so. He also updated progress on a regional ombudsperson to work against blacklisting in El Salvador, Honduras, and Guatemala. The WRC has identified a person for the position and will circulate an English translation of his statement. It was suggested that the next board meeting include constituency reports.

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