

Minutes of
WRC Governing Board
May 19, 2003

Attending: Marcella David, Megan Murphy, Linda Chavez-Thompson (departed before adjournment), Chris Howell, Nancy Steffan, David Dyson, Mark Barenberg, Colin O'Malley, Rut Tufts, Katie Quan, Audrey Avila, Jim Brudney, Doug Shaw. Attending by phone were Jill Esbenshade and Leanne Thach. Attending portions of the meeting were Joe Orlando (University of Seattle), Liz LaPolt (Cornell), Scott Nova, Anne O'Rourke, Ben McKean, Ben Hensler, Molly McGrath, Mady Gilson, Julia Clark, Gigi Sizer, Nigar Baimova, Agatha Schmaedick, Ashwini Sukthakar, Hee Won Khym and James Shea.

All approved unanimously the ratification of new and re-elected board members: Rachel Jacques (Grand Valley State University) to succeed Nancy Steffan as a new USAS representative; and Rut Tufts, Marcella David and Chris Howell as returning UC representatives.

All approved unanimously amending the agenda to add the review of the executive director and ratification of new officers.

All approved unanimously the minutes of February 28, 2003.

Treasurer's Report: Nancy Steffan delivered the treasurer's report which was approved unanimously. The financial condition is healthy. Income totaled \$781,000 (including last year's surplus of \$79,145) through April 30, 2003. Total affiliate income budgeted for the year was \$295,000; total collected fees as of April 30 were \$237,256; and the WRC expects to collect the remaining uncollected affiliate fees of \$84,232. Foundation grants totaled \$255,000 from the Arca Foundation, Rockefeller Foundation, an anonymous donor-advised charitable fund, the Phoenix Fund and General Service Foundation. The WRC also received \$215,000 from the two-year \$415,000 grant from the U.S. State Department. Total expenditures through April 30 were \$672,220 with 77% of expenditures on program, 15% on general and administrative expenses and 8% on fundraising. The current cash balance is \$103,000.

Executive Director's Report: Scott Nova began the executive director's report by introducing Gigi Sizer who has become a financial consultant for the WRC improving access to a high level of financial expertise and reducing the services and related costs required from the outside firm of McQuade Brennan which will still conduct the WRC audit. Gigi described her background including 17 years of accounting experience including budgeting, financial analysis and reporting and auditing, as well as her current position as Vice President and Controller for a local real estate firm specializing in affordable housing. Scott and Gigi provided further details on the 2003 finances described in the treasurer's report: two schools account for 56% of the uncollected affiliate fees of \$84,232 partially due to a one-time procedural delay; and there are two new foundation grants since the last board meeting including a grant of \$75,000 from an anonymous donor-advised charitable fund and a renewal grant of \$35,000 from the General Service Foundation. Total expenditures for the fiscal year will be \$794,558. Outreach continues including campus visits and the upcoming annual spring recruitment mailing to over 100 potential affiliates. The fourth annual UC meeting was held April 14 and attended by most of the affiliates that are significant licensors as well as a number of smaller schools. Thanks to the efforts of media consultants at New Economy Communications, the New York Times ran a major article on April 4 on the worker rights breakthrough at BJ&B, focusing on the central role played by universities and students. The WRC was also interviewed for a film being produced by the International Labor Organization on successful remediation efforts at PT Dada Indonesia. There

are also positive developments in licensee relationships including the WRC's promising first-time engagement with VF Corporation, the world's largest brand-based buyer of clothing, and a very productive meeting with Nike.

Scott gave updates on the six current factory assessment and remediation projects – Primo SA de CV in El Salvador, PT Kolon Langgeng, PT Dae Joo Leports and PT Dada in Indonesia, Porpoise Point Manufacturing in Mexico and BJ&B/Yupoong in the Dominican Republic. New assessments are also pending in India, Indonesia and Thailand. Indications of potential progress in discussions with Land's End concerning the Primo factory in El Salvador involved the future possibility of creating a mechanism such as an ombudsperson in each country for freedom of association issues. Suggestions were made that the 8,000 congregations comprising the People of Faith Network may be helpful in efforts with Land's End and several Jesuit universities may be interested in similar issues in Nicaragua. It was agreed that the potential ombudsperson mechanism would require consideration of organizational differences between the WRC and FLA. Scott updated developments at BJ&B where one of the workers who spoke at the April UC meeting has been reinstated but where concerns over shifts in production continue.

Fiscal Year 2004 Budget: The board went into executive session and confidential minutes were kept separately for the entire executive session.

Executive Director's Review: This portion of the agenda was attended by board members only.

Collective Bargaining: At the conclusion, the executive session was ended and all remaining participants including observers were able to return.

Scheduling Next Meeting and Ratification of New Officers: The next board meeting was tentatively scheduled for September 12, 2003 (Friday) with September 26 as a back-up date. New officers were ratified by unanimous vote: David Dyson as Chair (nominated by Linda Chavez-Thompson), Chris Howell as Treasurer (nominated by Marcella David), and Audrey Avila as Secretary (nominated by Nancy Steffan).

Personnel and Audit Committee: By unanimous vote a personnel committee was created comprised of Linda Chavez-Thompson, Doug Shaw and Megan Murphy. The committee will review and revise the procedure for the executive director's evaluation including related issues of staff input, salary surveys and benchmarks. This will occur this year as soon as possible after collective bargaining. This standing committee will also be a conduit for communicating board personnel decisions to the executive director and have a future role as a conduit between staff and board. The question was raised that the committee may need to consult the collective bargaining lawyer on the question of staff input in the evaluation of the executive director.

By unanimous vote Colin O'Malley was approved to replace outgoing Nancy Steffan on the audit committee (now David Dyson, Chris Howell and Colin O'Malley).

University Caucus: Regrets were expressed that widespread budget cuts limited attendance especially for small schools but it was generally agreed that the presentations at the April 14, 2003 meeting were very valuable including Doug Cahn (Vice President of Human Rights Program at Reebok) on their efforts in China, WRC staff on the anatomy of an investigation, and workers from the BJ&B factory in the Dominican Republic. Agenda adjustments were made to move ahead items that required action and a discussion of unannounced factory visits followed summarizing that many participants at the UC meeting indicated that they expect licensees to cooperate as much as possible in facilitating factory access for WRC Assessment Teams,

including in cases involving unannounced visits. A number of people wanted to develop language to try to clarify the conditions requiring unannounced visits and suggestions were made based on recent correspondence with a major brand: “Whenever feasible the WRC will provide substantial advance notice to licensees when meetings are planned with their supplier factories. Sometimes such notice is not possible for reasons such as fears of worker reprisals. In such cases, the WRC will do everything possible to minimize any inconvenience and conflicts including notifying the licensee as soon as the WRC contacts the factory.” There were concerns that if the protocols are amended with such language it be explicit that the reasons given are not exhaustive and do not create new limits. It was agreed to table the discussion while using email to develop proposed language.

Disclosure Data Problems: The WRC recently discovered errors in CLC data indicating that licensees are currently using a factory when they really are not. The importance of this needs to be communicated to CLC and the WRC will increase its own double-checking. It was suggested that a disclaimer be added to the WRC website with a mechanism to contact WRC staff to verify the accuracy of data, as well as a mechanism for users to report any errors they discover. It was pointed out that licensees have a contractual requirement to report accurate data to CLC but errors will occur in processing about 3,000 factories. Rut Tufts agreed to coordinate among two or three large schools communications with CLC to stress the importance of correcting this situation. The WRC will also notify its primary contacts to make them aware of the problem and encourage that they contact CLC.

Approval February 28 Confidential Minutes: The board voted unanimously to approve the confidential personnel minutes from the February 28, board meeting.

Mandatory Wage Disclosure: USAS presented a proposal for the WRC to consider how to assist schools that require mandatory wage disclosure, including identifying necessary data concerning comparative wage standards and piece rates and providing model language. It was discussed that to be meaningful it would need to be published in the context of the applicable country’s legal minimum wage and other relevant factors and that it might be helpful to start with a pilot area like Mexico. It was decided that there is board consensus to be supportive of such a project and that USAS will gather more data to present at the next board meeting in September.

Non-University Affiliates: This agenda item was suggested by USAS partly due to continued inquiries from high schools and the trend towards local government codes of conduct. Considering new affiliate categories may be valuable for extending WRC’s approach and helping more workers. There was general agreement that no immediate action was contemplated but discussion could be worthwhile including assessing each constituency’s perceptions. A number of board members thought it could be a logical step, especially considering that USAS’ membership is both high school and college students and that this would help maintain interest among future college students. Questions were raised about implications for board representation, the ability of public schools to collect data and whether UC members would perceive this as diverting affiliate fees from their needs. It was pointed out that there are more than 40 Jesuit high schools that could serve for a pilot project if needed, that school districts in Los Angeles and Minneapolis may also be of interest and that high schools may be a simpler category than town and city governments. Several people thought sector research would be valuable on the potential number of schools with significant licensing programs or retail revenue, and on questions of appropriate board representation, estimates of the potential increased leverage and making the program accessible to diverse high schools.

In the discussion of such potential extensions, questions were also asked about groups administering legal settlements and seeking organizations to serve as monitors in specific areas. It was indicated that the WRC would want to be helpful in sharing its model but contracting as a monitor would raise many issues.

It was decided to form a working group to explore issues related to new affiliate categories (Rut Tufts, Jill Esbenshade, Colin O'Malley will convene with Ben McKean of USAS - working group members do not have to be WRC board members).

For ombudsperson issues, it was decided that WRC staff would outline the related issues including budgetary impact and responsibilities and report to the board in consultation as needed with the standing executive committee comprised of board officers.

China Discussion: Due to time constraints, it was decided that the discussion of China would need to be moved to the next meeting agenda. UC members reiterated that there was much interest in Doug Cahn's presentation on Reebok's experiments in China with workplace elections for union representatives. UC members were interested in receiving guidance from the WRC board on questions of whether affiliates should be supportive of such experiments. It was agreed that WRC research would be useful considering that the WRC model is based on worker engagement which is difficult in China and considering China's importance now and in the future with global trade rules changes after 2004.

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