

## **Minutes of the WRC Board Meeting June 29, 2018**

Attending the meeting in-person were Scott Fleming, Kyle Muncy, Ana Jimenez, Craig Westemeier, Mehlahm Bhuriwala, Julie Farb, Scott Kelley, and Alixe Holcomb. Attending via phone were Jill Esbenshade, Julie Martinez Ortega, Maxwell Pearce, Julie Su, and Jeff Hermanson.

WRC staff members in attendance were Scott Nova, Ben Hensler, Jessica Champagne, Laura Gutierrez, Chelsea Rudman, Lynnette Dunston, Rola Abimourched, Vincent DeLaurentis, and Penelope Kyritsis. Theresa Haas joined via phone for a presentation on living wage.

The meeting was called to order at 9:14 a.m. by Julie Farb. Julie Farb chaired on behalf of Jill Esbenshade, who joined by phone.

Executive Director's Report: Scott introduced new WRC staff members Rola Abimourched (Senior Program Director), Penelope Kyritsis (Research Associate), and Vincent DeLaurentis (Program Associate). Scott noted the Penelope is working half-time for the WRC and half-time for the WSR-Network, the new NGO working to promote the idea binding labor standards – like university codes and the Bangladesh Accord – as the best means to address labor rights in supply chains. The WRC serves as a technical advisor to the WSR-Network. He then welcomed new WRC Board member Alixe Holcombe from the University of Arizona. Scott also noted that Scott Fleming is retiring from Georgetown, and leaving the Board, and thanked him for all of his guidance and work throughout the years. Scott shared a few slides from the recent annual University Caucus meeting, including slides of US and field staff; new affiliates, noting that the WRC currently has 193 affiliates, which is the largest number of affiliates the WRC has ever had; and list of factory cases from 2017-2018.

Agenda Review: There were no questions, concerns, or proposed changes regarding the agenda.

Approval of Minutes of March 9, 2018 Meeting: Scott Fleming made a motion to approve the minutes. Kyle Muncy seconded this motion. The minutes were unanimously approved.

Executive Director's Report: Jess presented on new developments with Alta Gracia. Chris Morocco heads an investment team that bought the company and is the new CEO. Donnie Hodge, who has been CEO since Alta Gracia spun off as an independent firm, will continue his involvement. Chris brings new experience, energy, and resources in terms of marketing and growth. He has nearly two decades of start-up leadership experience in a variety of sectors, including food service and online firms. He spoke at our university caucus meeting in April, shortly after he took over leadership, and both made clear his commitment to the living-wage model and the university sector, and also laid out plans for growth. He is working on significant improvements to their online presence and other changes that will strengthen the company's position and support growth. It's still early in his tenure but we're optimistic about his leadership. The Board commented about the business and branding advantage that Chris brings to the program and noted that it's an opportune time for Alta Gracia to raise its profile.

Jess continued with an update on the case of Moeun Tola, the director of the labor rights NGO Central and a long-time partner of the WRC, in Cambodia. As discussed previously, Tola is facing baseless criminal charges as part of a broader crackdown on human rights and worker rights advocates and others seen as threats by the authoritarian regime. Early in the year, while Tola was traveling internationally, the government-run media stated that the courts had decided that Tola could be subjected to pre-trial detention under these charges at any time. The WRC has been spearheading a broad network of NGOs that has both made shared public statements on Tola's case and also reached out to key brands sourcing in Cambodia to encourage them to speak out on Tola's case. On April 27, in response to mounting pressure, the Cambodian Labor Ministry publicly asked that the charges be dropped to "ensure freedom of association." Tola and other observers have made it clear that they believe that this came in response to garment brands and industry associations raising his case with the government, in response to the WRC and many others attention to his case. Shortly after this announcement, Tola was summoned to appear in court on May 25. He chose to return to Cambodia to honor the summons and present himself for questioning. We coordinated a rapid response plan with him in case of arrest, but, after questioning, he was released and allowed to return to his family and his office. It is a real relief for Tola to be home with his wife and child, and to be back at work with his team at Central. However, more than a month after the hearing at which the judge was to render a decision as to whether his case would proceed, there has been no word from the courts. The WRC is encouraging key brands to follow up with the Cambodian government regarding Tola's case and also broadening our outreach to additional brands to press for the charges to be dropped once and for all.

Next, Vincent presented on Amazon. Amazon is moving aggressively to roll out numerous private-label garments and home textile brands, on top of its already large retail apparel operation. The WRC sees it as important to start mapping Amazon's garment supply chain – by the end of 2018, it is anticipated that Amazon will be the largest clothing retailer, by unit volume, in the U.S. It is also a significant and growing retailer of university logo product. US china is by far Amazon's largest supplier. There is also a lot of product coming from Vietnam and Bangladesh. Given Amazon's size and reputation for aggressive pricing, there is every reason to believe that it will be a growing source of downward price pressure on suppliers.

Field Staff Report: Ben provided an update on Shahi Exports, a garment factory in Bangalore, India, supplying university logo apparel to Columbia Sportswear and non-collegiate clothing to Abercrombie & Fitch, Benetton, and H&M. Factory management led attacks against workers – involving beatings, death threats, gender-based abuse, and theft of personal items – in retaliation for workers' exercising their associational rights. Following the attacks, management threatened mass termination and subsequently expelled from the factory 15 worker activists. Shahi is a family owned business with politically powerful and socially prominent owners; it is the largest garment exporter in India. After launching its investigation in April and documenting the violations, the WRC shared its findings with Columbia and several non-collegiate brands. The WRC called for full remediation which included reinstatement of the 15 suspended workers with full back-pay; compensation for injuries and loss of personal property; the termination of managers and supervisors who directed and/or participated in violence; the issuance of a statement in the factory committing to respect freedom of association, and to refrain from caste, gender-based abuse; and recognition for, and a commitment to bargain with, the workers' union.

Shahi offered to reinstate the workers, but with the unacceptable condition that they pledge to discontinue their efforts to seek better wages and conditions. The company refused to recognize and bargain with the union nor take action against managers and supervisors unless Shahi, itself, finds them responsible for violence. Columbia and other brands agreed to ask for unconditional reinstatement but were unwilling to make an unequivocal request for Shahi to terminate violent manager and recognize the union. On June 20, the WRC issued a public report to schools and to the media. After universities engaged with Columbia, the licensee's position improved. On June 22, Shahi, in response to mounting buyer pressure, suspended the violent managers and supervisors, and, on June 25, Shahi and the union agreed on an MOU that includes reinstatement, recognition, dismissal of the violent managers, and a commitment to bargain. Workers were reinstated on June 27, with the WRC and buyers observing. Shahi issued a freedom of association statement on the day of reinstatement. Termination of the managers and supervisors responsible for the violence is pending, as are plans to commence negotiations over workplace issues.

Next, Jess provided an update on Delta Apparel in Honduras. Delta is a t-shirt manufacturer that operates several plants in Honduras. At the time of the WRC's initial investigation, Delta was using this plant to produce university logo apparel under its MJ Soffe brand. The WRC understands that MJ Soffe has ended its collegiate apparel business. The factory also produces collegiate apparel for J America (Vetta Brands), To the Game and American Threads (MV Sport), New Agenda (Perrin Wear), and Image Source. The WRC identified numerous violations of university standards at Delta in the areas of wages and hours of work, legally mandated benefits, health care, harassment and abuse, gender discrimination, freedom of association, and occupational health and safety. Examples include unpaid off-the-clock work, failure to provide proper accommodations for pregnant workers, verbal harassment of workers by supervisors, unhygienic restroom facilities, and denial of legally mandated family leave, among others. After an extensive back-and-forth with Delta, the company agreed to take some steps towards remediation, but refused to address many of the most significant violations. The WRC contacted the other licensees sourcing collegiate apparel from the plant, but little progress has been achieved. For this reason, the WRC issue a report to affiliates, outlining the violations and the failure of the licensees to ensure remediation. The report, and subsequent outreach from universities to licensees, has led to the licensees, in recent days, to express a strong commitment to act and we are optimistic that licensees will now put stronger pressure on Delta.

Executive Session: An executive session was held to discuss factory cases that are not yet public.

Forced Labor: Rola presented on human trafficking in the garment sector, including the definition and terminology of human trafficking in international law; the magnitude of forced labor; and current initiatives addressing forced labor. Her detailed slide presentation is available to Board members.

Next Board Meeting Date: The next Board Meeting was scheduled for November 9, 2018.

Executive Session (Continued): An executive session was held to discuss confidential personnel and financial matters.

Living Wage: Theresa Haas, of the WSR-Network, presented on the history of living wage, as a concept and standard, within the garment industry and the unfolding debate over how to implement living wages in apparel supply chains.

Bangladesh/Accord – Laura provided a brief update on the progress that has been achieved under the Accord in Bangladesh; an overview of the components of the three year extension of the agreement, which came into effect on June 1, 2018; and an explanation for some challenges going forward, including hostility by factory owners and pushback from the Bangladesh government.

The meeting adjourned at 3:47 pm.