

**Minutes of the WRC Board Meeting:
May 23, 2011**

Attending the meeting were Mary Yanik, Jennifer Le, Sarah Hirsch, Mike Powers, Jill Esbenshade, Julie Martinez Ortega, Jim Wilkerson, Marybeth Schmutz, LaMarr Billups, and Ana Avendano. WRC staff in attendance were Scott Nova, Theresa Haas, Jess Champagne, and Lynnette Robinson. Nancy Cruz and Ben Hensler joined by phone.

The meeting was called to order at 9:14 a.m. by acting board chair, Mary Yanik.

Agenda Review: Approval of the minutes from the previous meeting was moved to the executive session due to quorum.

Executive Director's Report: Scott reported one new university affiliation: Boston University. He also noted that 2010 tax returns had been filed and that the new office lease had been signed.

Scott gave a brief overview on the verification process of a union majority claim at the Gildan Dortex factory in the Dominican Republic, which both Theresa and Sarah were observing on behalf of the WRC. The verification process has been difficult due to efforts by a yellow union at the plant to impede the process. The yellow union had filed a lawsuit against the group conducting the verification process and told workers to deny that they had filled out union affiliation cards. Additionally, the yellow union circulated flyers claiming that the factory would close if workers participated in the process. The WRC had taken steps to try to put an end the intimidation campaign by the yellow union and expected to be finished with the documentary phase of the verification process within the next week or two.

Jess then gave an update on the implementation of the Nike and Russell agreements. Worker relief fund payments by Nike have almost been completed and approximately 97% of workers have received payment. The average payment amount to each individual was approximately \$1,000. Unfortunately, implementation of the hiring and health care aspects of the agreements has not been as smooth. Workers have not received health care, and, to date, only 2 workers have been hired through the agreement. The agreement called for all openings at specific Nike suppliers to be offered exclusively to former Hugger and VisionTex workers; however, this has not been the case. The union will be meeting with Nike in Los Angeles on May 31st to discuss next steps regarding implementation. In regards to the Russell accords, the union at Jerzees Nuevo Dia signed its first contract, with a 19.5% wage increase, expansion and hiring of an additional 250 workers, new benefits including free transportation and lunch, and new machinery to increase productivity, and therefore wages. It was noted that aside from Alta Gracia, this is the largest negotiated salary increase that the WRC has seen and that the Russell-SitrajerzeesND (CGT) contract sets a new standard in the Honduran apparel industry.

Scott reported on a new case in Indonesia regarding severance pay at the PT Kizone factory, which employed 2,800 workers. After the manager fled the country, which

caused the factory to immediately shut down, workers were owed more than \$3.3 million in severance. The factory was reopened briefly by Green Textile and then shut down permanently. Workers have received about \$1 million to date, through an agreement between Green Textile and the union. Green Textile plans to buy the factory out of bankruptcy during an auction, and reopen the factory under another name, but the company has not guaranteed to rehire workers. Under the agreement, Green Textile will get the \$1 million back if they do not get ownership of the factory. It is unclear why Green Textile wants to buy the factory instead of opening another factory. The WRC has urged PT Kizone's buyers to take the necessary steps to see that workers are compensated.

Ben reported on another severance case in Cambodia, at the June Textile factory, which supplies non-collegiate apparel to Russell, H&M, and Sears; and previously supplied collegiate gear to Vantage Custom Classics. On March 30, 2011, the factory was completely destroyed by a fire that broke out inside the factory, and more than 3,000 workers were dismissed without legally-due compensation. Factory owners said that the fire was an 'act of God' and was unpreventable, and therefore, they would not pay workers their terminal compensation to which they were legally entitled. Major worker protests occurred as a result of the factory's refusal to pay, which were broken up violently by police. The WRC is working to ensure that these workers are paid the terminal compensation to which they are legally entitled.

Scott then provided an update on fire safety in Bangladesh. The fire that occurred at That's It Sportswear in December represents an ongoing fire safety problem across the region. Following the fire, the WRC asked several major brands to make public commitments regarding appropriate steps toward eliminating fire safety problems in Bangladesh, primarily through participation in a new fire safety program. Seven brands tentatively agreed to pay compensation to injured workers at That's It Sportswear and to participate in the program. Scott attended a meeting in Bangladesh organized by the ITGLWF where a memorandum of understanding regarding fire safety and compensation was presented. The WRC is awaiting concrete responses from brands, but expects the seven brands to honor the original agreement.

Ben then reported on the status of the WRC's request to the Department of Justice's (DOJ) Antitrust Division for business review approval of the Designated Suppliers Program. Ben and the WRC's outside attorney, Don Baker, have discussed the proposal with the Division's Staff. The proposal has now been sent up to the leadership of the Division for review.

Executive Session: An executive session was held to discuss confidential matters.

Board Meeting Minutes of January 28: The minutes of the previous board meeting were approved.

The next board meeting was set for October 28, 2011. A back-up date was set for October 21, 2011.

Field Staff Report: Jess reported on the significant gap between real wages and living wages in major garment-producing countries, specifically Cambodia, Bangladesh, Thailand and the Philippines, El Salvador, and the Dominican Republic. Over time, wages have not kept pace with inflation. This can be attributed to a fear by industry that production will leave the country if the minimum wage is increased, and to pressure on government to keep wages in the export sector low. As a result of such low wages, worker protests have occurred, sometimes ending violently. The power to address the gap between minimum wages and living wages lies in large part with the industry, however, the industry has declined to address the issue in any substantive way, except continuing downward pressure on wages in the global garment industry.

Theresa then provided results from a study, led by Dr. David Rehkopf from Stanford University, on the impacts of one year of payment of a living wage at the Alta Gracia factory on the health, behavior, and a range of determinants of future health and well-being of workers and their families. Significant improvements were found in the following areas: housing, credit, women's autonomy and decision-making, education, diet, blood pressure and obesity, stress and emotional well-being, infants, and children. The next phase of the study includes a quantitative survey with a comparison group from another nearby factory; results to come in the upcoming months.

WRC Code of Conduct: Mary Yanik reported back from a subcommittee meeting that was held during lunch to discuss potential revisions to the WRC Model of Conduct. Members included Mary, Jennifer, Sarah, Jill, Marybeth, Jim, Scott, and Julie. Potential areas of improvement included:

- Adding language for regarding payment of severance
- Health and safety language
- Adding language to freedom of association clause
- Changes to the women's rights section
- Making revisions regarding the emergence of temporary work programs
- Possibly changing the name "Model Code of Conduct" to include something about "labor rights"

WRC 10 Year Retrospect: Mary moved to form a "Best Practices Committee" to reflect on the lessons learned in recent years as to the best practices in labor rights enforcement, in order to guide WRC work in the future. Jennifer seconded the motion. LaMarr, Jill, and Marybeth were all nominated and voted into the committee.

WRC 10 Year Anniversary Event: Scott, Lamar, Ana, Julie, and Mike will follow-up on planning a 10 year anniversary event to be held later in the year.

The meeting was then adjourned at 4:12pm.