

Minutes of the WRC Board Meeting: June 22, 2012

Attending the meeting were Jim Wilkerson, Mike Powers, Marybeth Schmutz, Scott Fleming, Julie Martinez Ortega, Katie Quan, Jeff Hermanson, Mary Yanik, and Morgan Currier. Jill Esbenschade and Cristina Lor joined by phone. WRC staff members in attendance were Scott Nova, Ben Hensler (via phone), Jess Champagne, Theresa Haas, and Lynnette Dunston.

The meeting was called to order at 9:33 a.m. by board chair, Jim Wilkerson.

Agenda Review: Agenda was reviewed without objection.

Board Meeting Minutes of January 27, 2012: There was a change to the minutes, noting Mike Powers did not attend the January 27, 2012 board meeting. Julie motioned to approve the minutes; Mary seconded the motion. Minutes were unanimously approved.

Treasurer's Report: Morgan Currier stated that she had reviewed financial reports, that all was in order, and that further discussion of finances would take place during the executive session.

Executive Director's Report: Scott announced new affiliates, which included Eastern Michigan University, Binghamton University, University of Edinburgh and University of Bristol. Scott also discussed new personnel developments: hiring of a new field representative in Indonesia; Sarah Adler-Milstein, previously the field representative for Dominican Republic/Haiti transitioning to field director for Latin America; seeking new field representative for Latin America to replace Tara; Jesse Koklas hired as summer intern.

Ben discussed the WRC process for disclosure of any financial conflicts of interest on the part of board members and distributed forms for board members to complete. Completed forms were returned to the board chair.

Ben then discussed the trainings for the California Division of Labor Standards Enforcement (DLSE) conducted last month per the request of California Labor Commissioner Julie Su. Su requested that the WRC develop a training on worker interview techniques and present it to staff at DLSE, which monitors and enforces wage and hour laws for the state of California. The rate of violation is higher in the area of overtime compensation violations and almost as high in regards to wage transparency violations in comparison to violations in the global apparel industry. The trainings were held in Sacramento, Oakland, Los Angeles and San Diego. WRC trainers included Ben Hensler, Jeremy Blasi, and Tara Mathur, as well as Matt Sirolly from the Wage Justice Center. DLSE participants included approximately 130 state wage-and-hour investigators. The trainings focused on techniques for interviewing workers away from the worksite and cooperating with other worker rights advocates - unions, NGOs, etc. The trainings also included a review of WRC case studies, different methods of interviewing workers, sample interviews via video, and role playing. The WRC received extremely positive feedback from Commissioner Su regarding the trainings.

Scott then gave an update on the DSP. Since receiving a positive business review letter from the

DOJ, the WRC has begun to discuss technical matters of implementation with universities; Scott noted, however, that each university must make its own decisions regarding whether and when to implement and with respect to which licensees. Ben drafted model language that can be included in university's codes of conduct as a means of incorporating the DSP standards into a licensing agreement. Rutgers, the first institution to announce its intent to implement the program, will be releasing a news release to this effect in the next day or so.

Scott then delivered a general update on the PT Kizone case. Adidas' position has not changed and the company continues to insist that university codes do not require it to ensure that the workers are made whole. As pressure has mounted, Adidas has made some token gestures, but these do not constitute a remedy of the code violations. For example, adidas is planning to do a food aid program that it says will be made available only to workers who are still unemployed. Mediation took place between the University of Wisconsin – Madison and adidas, the outcome of which was confidential, though from the press release, it appears that no resolution has been reached. It is worth noting that in the context of the communications with universities, adidas has taken the position that their only obligation under the codes, in cases of violations, is to not place new orders at the factory – that licensees have no obligation to remedy violations (of any kind). Under this interpretation, which Scott said can only be termed “radical,” adidas could continue producing for months at a factory that is not in compliance with university codes – for example, not paying the legal minimum wage – as long as the order being produced was placed before the violation and as long as no new orders are placed. Adidas could then leave the factory when the order is done, having done nothing to address the violations (indeed, having benefited from the reduced labor costs made possible by the violations), and be in full compliance with university codes. Adidas has also suggested that because they had a small production volume after the violations began, they should not be held accountable; Scott noted that adidas has failed to cite any language in any university code that absolves licensees of their labor rights responsibilities at factories where their order volume is low. Scott noted that it is possible that other licensees may try to take the same approach as adidas in future cases, so the outcome of the case has broader implications.

Scott then reported on the ongoing fire safety work in Bangladesh. An agreement was signed with Phillips Van Heusen for a robust fire safety program in Bangladesh. Negotiations for a similar agreement with Gap have been ongoing, but Gap has yet to join the agreement. The main sticking point is that Gap does not want to sign a contract and wants it to be a voluntary, non-binding program. Bangladesh has now become the second largest producer of apparel in the world behind China.

Scott then discussed an investigation done in the United States in response to a complaint from the National Guestworker Alliance. The WRC agreed to carry out an investigation at C.J.'s Seafood in Louisiana which supplies crawfish to the Sam's Club division of Walmart and employs Mexican guest workers. The WRC found that workers worked up to 22 hours straight with only 4 hour breaks between shifts, experienced psychological abuse, were paid wages below the legal minimum, lived in oppressive living conditions, and were subject to threats of violence against their families. The C.J.'s Seafood case involved some of the worst working conditions encountered by the WRC.

A presentation was done via phone by Evangelina Argueta of the CGT union federation on the

progress of implementation of the Russell/Fruit of the Loom agreements.

Scott then gave a brief overview of the 2012 Annual University Caucus Meeting, which included a discussion on the DSP; a review of the fire safety program with a presentation by Marcela Manubens, Senior Vice-President of Global Human Rights and Social Responsibility Program for Phillips Van Heusen; a discussion on PT Kizone; a presentation by Kalpona Akter of Bangladesh Center for Worker Solidarity, focusing on the murder of her colleague, Aminul Islam; and a discussion on possible revisions to the WRC model code of conduct on which a number of University Caucus members expressed interest in discussing further.

Mary then provided an update on behalf of USAS regarding USAS affiliation. In addition, Morgan reported that students were urging schools to source from Alta Gracia.

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

Field Staff Report: Theresa gave an update on the situation in Bangladesh, which is the second largest apparel producer in the world with the lowest wages at \$0.18 per hour. Hundreds of workers have died in preventable factory fires and there is virtually no respect for freedom of association and no meaningful worker representation. There is brutal repression of labor rights advocates. Worker protests are resolved not through constructive industrial relations, but by police force. Despite the abusive conditions that exist, orders continue to flow into the country unabated. The government has engaged in efforts to curtail the efforts of labor rights organizations. The government's brought criminal charges against key labor leaders in 2010, and these individuals were jailed for 1 month, had their assets frozen, and their license to operate revoked. No legitimate evidence has ever been presented in support of the criminal charges.

In April, Aminul Islam, a trade union organizer, was found tortured and murdered. Upon learning of Aminul's murder, the WRC contacted media outlets to bring about awareness of the situation and attempt to ensure the safety of the other organizers. It is clear that Aminul's death was in direct retaliation for his organizing efforts. Secretary Clinton mentioned his murder on her recent trip to Dhaka, thanks to efforts by U.S. Congress to raise this issue with her. U.S. ambassador Dan Mozena also released a statement. The WRC is working with other groups to press the Bangladeshi government to conduct a legitimate investigation of Aminul's murder.

Ben then discussed Orion, a factory outside of New Delhi which produces leather goods. The factory was disclosed as a supplier by adidas and also produces for H&M, Inditex, Timberland, and Levis. The apparel industry in Gurgaon relies heavily on internal migrant workers and the factory owners are often not the actual employer; workers are instead employed by outside manpower agencies. Workers work a large amount of overtime, 80-90 hours total in a pay period. Workers only get straight time wage, even though under law, they are supposed to be paid double time. The WRC was originally contacted by workers in spring 2010 regarding these labor rights violations. In summer 2010, the WRC documented the violations and contacted factory buyers to request remediation. In fall 2010, there was partial remediation at the factory. In winter 2011, workers lodged a complaint with local labor authorities regarding further violations, and the employer retaliated against them. Adidas and Levis which had a very small presence at the factory

ceased business at the factory. The WRC urged Timberland, H&M and Inditex who all produced heavily at the factory to remediate. As a result, Inditex stopped doing business with the factory and H&M and Timberland put the factory on final notice. Factory owners met with Scott and Ben concerning the regarding outstanding violations, which included illegal use of contract labor, overtime violations, and violations of freedom of association. In addition, there were seven fired workers who had pursued complaints with the WRC regarding their dismissals. Factory management had compensated five of the seven workers with seven months' wages and the WRC managed to get a nine-month settlement of wages to each of the remaining two workers who had now been out of work for a longer period of time. Orion agreed to a freedom of association policy and agreed that there would be a freedom of association training for the workers (the trainer will be designated by the WRC). In regards to contract labor, the company agreed to completely phase-out contract labor by the end of this year. The owner also agreed to a program to provide back pay and to cease overtime violations going forward. The factory has already moved some contract workers to permanent status. The WRC plans to engage brands and retailers jointly to propose industry-wide action concerning overtime violations in this region.

Ben also noted that the year-long project for Seventeen Inc. in California is now complete.

The meeting was adjourned at 3:56 p.m.