

**Minutes of the WRC Board Meeting:
October 28, 2011**

Attending the meeting were Mike Powers, Jim Wilkerson, Marybeth Schmutz, Dawn Crim, Jill Esbenshade, Ana Avendaño, Katie Quan, Jeff Hermanson, Mary Yanik, Cristina Lor, Ian Trupin, Rich Garzon, and Morgan Currier. WRC staff in attendance were Scott Nova, Ben Hensler, Jess Champagne, Theresa Haas, and Lynnette Robinson.

LaMarr Billups, Anna Brewer and Sarah Hirsch joined by phone for the election of new board members and 2011/2012 board officers.

The meeting was called to order at 9:43 a.m. by acting board chair, Mary Yanik.

Agenda Review: The following changes were made to the agenda:

Agenda Review (9:30 – 9:40)
Election of New Board Members and Officers (9:40 – 9:45)
Executive Director's Report (9:45 – 10:45)
Break (10:45-11:00)
Report from Best Practices Meeting (11:00 – 11:45)
Set Next Board Meeting Date (11:45 – 12:00)
Lunch (12:00 – 12:45)
Finish Update and Treasurer's Report (12:45 – 1:15)
Executive Session (1:15 – 1:30)
Code Discussion (1:30 – 2:30)
Break (2:30 – 2:45)
Field Report (2:45 – 3:45)
Additional Time (4:00)

Board Meeting Minutes of May 23, 2011: Minutes were unanimously approved.

Election of New Board Members and 2011/2012 Board Officers: Jill Esbenshade nominated Jeff Hermanson to serve as an Advisory Council board member and he was unanimously approved. Sarah Hirsch nominated the 4 new USAS board members: Cristina Lor, Ian Trupin, Rich Garzon, and Morgan Currier. The new USAS board members were unanimously approved. LaMarr Billups was nominated to serve as the chair of the board for the next twelve months and was unanimously elected. Jill Esbenshade was nominated to serve as the secretary and was unanimously elected. Morgan Currier was nominated to serve as the treasurer and was unanimously elected.

Jim sat in for LaMarr as acting chair for the meeting.

Executive Director's Report: Scott reported four new university affiliations: Emory University, Xavier University, University of Sheffield, and Loughborough University. Sheffield and Loughborough are both located in the UK. The WRC is working on developing programs specific to schools in the UK and will send out an announcement to

schools soon regarding this new endeavor. Scott informed the board that the office renovations were complete and urged board members to see the space.

Scott then provided an update on the verification process at Gildan Dortex in the Dominican Republic, which has been long and difficult due to an aggressive attempt by Gildan observers to discount union affiliation cards. Fifty cards were placed in a questionable pile, causing the union to be 17 cards short. Fifty worker interviews were conducted at the factory; Jeremy Blasi observed the verification process on behalf of the WRC. In the end, 33 of the 50 questionable union cards were verified and Sitragildan was found to have the majority representation at Gildan Dortex. Gildan management communicated that they will bargain in good faith with the union.

Scott then gave an overview on two factories in Haiti: Genesis and Multiwear. A new industry-wide union has emerged in Port-au-Prince, Haiti, and as a result, there have been several retaliatory dismissals – six of the seven union leaders were fired within two weeks of the union's formation. Four of the dismissal took place at Genesis, which produces primarily for Gildan, which supplies from products from the factory to university licensees. Another firing took place at Multiwear, though it's not disclosed as a collegiate factory, it produces shirts for Hanes, which in turn owns Gear for Sports. The WRC has called on Gildan and Hanes to press for reinstatement of the workers, however, the Better Work program in Haiti announced that it would carry out its own investigation and release its finding on November 14 and urged brands not to take action until after their investigation. The WRC has communicated to the ILO and brands that immediate action is necessary and urged provisional reinstate the workers while the investigation is being carried out in order to prevent irreparable harm to Haitian workers' associational rights. The WRC will keep the board posted on the pending responses and results.

Scott then reported on Style Avenue in El Salvador, which was brought to the WRC's attention by the Institute for Global Labour and Human Rights, who released an investigative report on labor rights violations at the facility. Style Avenue produces university logo children's apparel for Outerstuff and College Kids, however, both licensees failed to disclose the factory as a collegiate supplier. The WRC is looking into further action for licensees that fail to disclose factories and is seeking a response from Outerstuff and College Kids, in addition to adidas, which uses Outerstuff to produce their NFL product.

Scott then updated the board on the Nike-CGT agreement concerning remediation of violations at Hugger and Vision Tex in Honduras. Workers were provided with the agreed cash compensation and health care under the accord; however, Nike has not fulfilled its commitment in the rehiring of workers. Coverco found that none of the eligible workers from the closed Hugger and Vision Tex factory were hired at the New Holland factory, which has already filled more than 1300 open positions. The WRC believes that under the accord, Nike is obligated to rehire the workers but Nike claims that it is only obligated to consider the workers for rehire. The WRC is talking to both the CGT and Nike, who are planning to meet in the near future. Although the WRC believes

that the language in the Nike agreement is very clear, there is a need for stronger and clearer language in future accords to prevent similar occurrences.

Scott then briefly discussed the outstanding issue of the rehiring of the remaining workers at Russell's Jerzees Nuevo Dia factory. The final hiring has yet to take place, Russell/Fruit of the Loom says, because weak demand has forced it to reduce employment. The board commented on the need to encourage those universities that have not done so to renew their contracts with Russell. Scott commented that the WRC does not advocate that certain companies receive university licenses, but has been vigorous in making it make clear to universities that Russell is currently in full compliance with university labor codes and has made huge strides in Honduras.

Scott then gave an update on PT Kizone in Indonesia, a factory that produced for Nike, adidas, and the Dallas Cowboys. Over a month ago, Nike paid over half a million dollars to workers. Nike had previously persuaded its agent, Green Textile, to pay \$1 million. Scott noted that, on the one hand, Nike's decision to use its own funds to compensate workers for unpaid severance reinforces the important precedent set in the Hugger and Vision Tex cases. However, Scott expressed concern that Nike, rather than compensating the workers in full, took the position that it is sufficient for it to pay a percentage of the severance owed that is the same as the percentage of the factory's production that went to Nike. The WRC believes that brands agreeing to pay only their share may be problematic in the future, particularly if their share is small, and that such an approach is not contemplated in university labor codes. He noted that, if workers are paid in full, and multiple licensees are involved, it is appropriate for the total cost to be divided among the licensees in whatever manner they deem fair. Adidas and Dallas Cowboys have yet to take corrective action in the case.

Scott then updated the board on fire safety work in Bangladesh and the ongoing effort to engage with brands. So far \$300,000 has been paid in compensation to the families of the 29 workers who died in December 2010. The WRC is working to get a binding accord on fire safety with major brands that would call for mandatory repair and renovation of factories, pursuant to genuinely independent safety inspections.

Scott then reported on the decision of USC, not a WRC affiliate, to sign an exclusive licensing agreement with the Dallas Cowboys and the broader discussion in the university world about the idea of exclusive licensing. Scott noted that a move in this direction could have significant labor rights consequences, but that the WRC had not looked closely at the issue, or advised universities on the labor rights questions, except in response to requests for information from specific affiliate schools. Scott noted that the WRC has always respected the distinction between labor issues and business issues in collegiate licensing and has not sought to involve itself in the latter. There was discussion of whether the WRC could provide useful information on the labor rights aspects of the exclusive licensing concept without going outside its purview. It was the consensus of the Board that the WRC has an obligation to provide input to universities about the potential impact on labor rights compliance of any major change in the structure of collegiate

licensing and that it is appropriate to do so as long as the WRC's limits its analysis and guidance to labor rights questions. The staff agreed to look further at the issue.

Report from Best Practices Meeting on October 27: – There was a report back from the Best Practices discussion on October 27. Based on that report, two board discussion groups were formed:

Ben*, Jeff, Katie, Thea, Tony and Christina formed a committee to create points of discussion on China.

Mike*, Colleen (a bookstore colleague and non-board member), Ian, and Jim formed an informal committee to discuss labor rights issues related to universities' role as retailers.

* indicates convener

Several issues with the disclosure database were raised: the need for accurate updating; the problem with getting quality data from universities; licensees' failure to disclose factories and to remove factories; small schools failing to disclose; and the CLC needing to format the data for faster upload.

The next board meeting was set for January 27, 2012. A back-up date was set for February 3, 2012.

Treasurer's Report: Jim filled in for Julie as treasurer. Jim had reviewed the financial reports, discussed them with Scott, and found them all to be in good order. Jim noted that financial services have been significantly upgraded with the assistance of the WRC's outside accountants, LT Business Dynamics. Jim reported on behalf of the Audit Committee that the annual independent audit will be conducted in November by McQuade Brennan and audit results will be presented to the Board upon completion.

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

WRC Model Code of Conduct: The board discussed the need to address ambiguous language in the WRC Model Code. Jill Esbenshade made a motion to edit employment standard #5 in the WRC model code of conduct to the following: "5. Forced/Prison Labor: There shall not be any use of prison labor, indentured labor, bonded labor or other forced labor." The motion was seconded by Jeff Hermanson and passed unanimously.

The following proposed severance language for the WRC model code of conduct was discussed:

Licensees must ensure that workers are paid all compensation and benefits due to workers under local law in the case of dismissal, layoff, plant closure and other instances of termination of employment or suspension of work, regardless of

whether the payment is made by the affected workers' direct employer or the licensees, themselves.

To ensure compliance, licensees must require, at the time of contracting for products from a given supplier factory and on a quarterly basis thereafter during the duration of the contract, proof that the supplier factory and/or its owners have set aside and/or contributed sufficient funds to fulfill these obligations, in a manner that guarantees the availability of these funds to workers at the time when such obligations become due.

Licensees must not enter into a contract for products from a given supplier factory when the licensee knows or reasonably should know that the factory and/or its owners have significant outstanding obligations to current or former employees as a result of prior dismissals, layoffs, plant closure or other instances of termination or suspension of work, unless the contract requires the supplier to satisfy its obligations to these employees as a condition of receiving payments.

“Notwithstanding the foregoing, in the event that a supplier factory does not fulfill its obligations to current and/or former employees from dismissal, layoff, plant closure or other instances of termination of employment or suspension of work within thirty (30) days of effective date of the obligation, the licensee(s) will pay, according to principles of joint and several liability, the entire outstanding obligation within thirty (30) days.”

Dawn Crim motioned: “It is the intention of the Board of Directors to amend the WRC Model Code of Conduct to make licensees responsible for ensuring that workers are paid all legally mandated severance and other terminal compensation owed to them. The Board will revise the Model Code to this effect at its January 2012 Meeting. The Board has enacted a revision to the Model Code to prohibit the use of prison labor in the production of university logo merchandise; this revision will be implemented and disseminated along with other revisions to the Model Code after the January 2012 meeting.” The motion was seconded by Mary Yanik and passed unanimously.

In passing the motion, the Board noted that revisions to the Model Code impose no obligation on affiliate universities, since they are not required to adopt the Model Code or any of its specific provisions or any revisions thereto. The Board agreed that the WRC Model Code is however an important non-binding guideline for universities and other stakeholders and that enhancements are therefore valuable.

The Board created several committees to develop proposals for additional enhancements to the Model Code, as follows:

- a) Severance – Jill*, Mary, Ben and Jeff
- b) Strengthen freedom of association – Jeff* and Mary
- c) Strengthen disclosure – Marybeth*, Mike and Jeff
- d) Instability provision – Jill* and Rod
- e) Temporary workers – Katie* and Mary

- f) Migrant rights – Ana*, Marybeth and Rich
- g) Health and safety – WRC staff (no committee, WRC staff will propose revised language)

* indicates convener

Proposed language should be sent out by 1/12/12.

Field Staff Report: Jess reported on the Nemtex textile mill in El Salvador where four out of five union leaders were illegally fired. Nemtex produces for Hanes, Gear for Sports, and Under Armour. The fired workers were coerced into signing documents, which the management misrepresented to brands. However, the WRC was able to provide evidence of coercion and the workers were reinstated in July with backpay. The reinstatement is notable because this is rare in El Salvador. However, recently the factory signed people up for union dues deduction and terminated six people who signed up. Workers have reported being followed and approached on buses by suspicious men; El Salvador is known for intimidation of union leaders. The WRC reinitiated communication with brands to address the new problems and increase pressure on the factory.

Ben then provided an update on Cambodian prison labor. The WRC found out that at least one prison had resumed garment production in the last few months. The WRC communicated with brands and the ILO which in turn communicated with the Cambodian government. The government reportedly shut down the production.

Ben also provided an update on the June Textile severance case in Cambodia, where the owner refused to pay workers after the factory was destroyed by a fire, claiming that the fire was an act of God. Despite worker protest and a ruling by the country's Arbitration Council in favor of the workers, the owner continued to refuse to pay workers. The WRC engaged brands, including H&M, Gap, and Carter's to require the factory to implement the Arbitration Council's ruling and pay severance, and finally, the company agreed to pay workers. WRC field staffer, An Nan, reviewed the severance payments and confirmed that they were properly made.

Ben then gave a summary on the Worldwell Garment severance case in Thailand. The factory closed in 2009 with pending severance to 42 workers. Workers won a legal judgment against company owners. The WRC convinced Russell, Disney and other brands to contribute to a joint bid at an auction for garments confiscated from the employer. The joint bid lost, but bidded-up the winning price 100 percent. Brands agreed to donate the remaining funds that they contributed to the bid to the workers. Workers therefore received 95% of severance. There is still more equipment to be sold so the workers will more than likely receive all of the severance.

Ben then reported on Orion Conmerx, a factory in Gurgaon, India where violations in non-payment of overtime were found. Indian law requires overtime to be paid at double the worker's usual rate. The factory has been able to get away with these violations

through in-plant subcontracting. The workers at the factory were employed by labour contractors, not by Orion.

Ben then provided an update on the Seventeen Inc. monitoring program in Los Angeles. Seventeen Inc., which does silkscreen printing and heat transfer, was found to have massive overtime violations; workers were being paid straight time. The WRC identified additional wage and hour violations that the City did not identify. The company agreed to cease violations and compensate workers for the loss wages for the past two years, and undertook a WRC-recommended OSH program.

The meeting was then adjourned at 4:07 p.m.