

Minutes of
WRC Governing Board
May 21, 2004

Attending: David Dyson, Jill Esbenshade, Megan Murphy, Rachel Jacques, Jamil Barton, Colin O'Malley, Audrey Avila, Marcella David, Mark Barenberg, Scott Nova and Anne O'Rourke. Attending in part were Chris Howell, Jim Wilkerson, Jim Brudney, Thea Lee, Jeremy Blasi, Sherry Johnson, and observers Ben McKean (USAS) and Jason Judd (AFL-CIO). Unable to attend were Doug Shaw and Katie Quan.

Scott introduced incoming board member Thea Lee (Chief International Economist in the Public Policy Department of the AFL-CIO) and new WRC Field Representative Jeremy Blasi. The minutes of January 31, 2004 were unanimously approved with the correction of a misstatement that there was a current lack of a Latino board member given that board member Audrey Avila is Latina. All congratulated Jill Esbenshade on the upcoming publication of her book ***Monitoring Sweatshops***.

Board Elections: Following the announcement that the University Caucus passed a bylaw amendment enabling election by acclamation in the case of uncontested elections, returning UC representatives Jim Brudney (Ohio State University) and Doug Shaw (Georgetown University) were nominated and unanimously ratified. Thea Lee's nomination to succeed former board member Linda Chavez-Thompson was also unanimously ratified. The board joined Scott in welcoming Thea as an articulate and knowledgeable labor rights leader and a great asset to the board. David Dyson announced that he would be leaving the Board and that this would be his last meeting.

Executive Director's Report: Scott began with reporting on WRC finances calling attention to third quarter financial reports. Total income for the year is projected at \$950,000, exclusive of the carryover surplus from the prior fiscal year. Expenditures are under budget and projected to total \$821,000 for the year. Scott clarified that the surplus has not affected the WRC's ability to obtain grants because it is generally understood as an accounting mechanism. In response to a question about the process for executive director salary increases, Megan Murphy gave an update on her work with Doug Shaw and it was suggested that in advance of the next board meeting, the WRC develop and circulate a job description, a self-evaluation report if needed, and a protocol for discussion at the next board meeting. Jill agreed to coordinate advisory council representation in this process.

Scott gave a staffing update including the hiring of Jeremy Blasi as a general field representative to assist with all aspects of factory assessment work including factory reports and announcing that Ashwini Sukthankar is temporarily working from New York following her maternity leave. On the hiring process for a China position, Scott explained that the WRC has consulted a number of groups and the position may be based in Taiwan or Hong Kong. The WRC plans aggressive outreach to affiliate schools to take advantage of their expertise and connections especially considering the strong interest expressed on issues concerning China at the April UC meeting. It was discussed that it may be helpful to identify a list of priority schools for input and consultation, that Scott will continue meetings and discussions with individual schools especially among larger affiliates and those with significant expertise, and that the projected hiring timeline is to formally post the position in August and hire by December.

Scott announced five new affiliates: Kutztown University, Moravian University, SUNY Albany, SUNY New Paltz, and Wellesley College. Key administrators at the University of Maryland have also indicated that they recommended affiliating with the WRC to the Chancellor. It was noted that it would be helpful for the WRC to continue developing and implementing outreach strategies for groups of schools such as Jesuit colleges; that most new affiliates are generated by student campaigns, that NYPIRG is doing outreach to SUNY schools; and that Wellesley's recent WRC affiliation received *Boston Globe* coverage. Scott summarized overall media work including his recent interview with NPR, an anticipated *New York Times* article on Just Garments, and an article in the January/February 2004 *The College Store* co-written with Bruce Barnard of Colby College.

The rest of the report was an update on program activities. Scott confirmed that activities on several older investigations are now limited to staying in touch closely enough to monitor conditions and consider reactivation if needed. Investigations discussed included: Lands' End/Primo-El Salvador; PT Panarub-Indonesia (Scott reported that the WRC reiterated to adidas that it cannot accept payment for his work in any form.); Grupo M-Haiti and the Dominican Republic (It was noted that the WRC participated in convincing the World Bank to make its first loan agreement that incorporates worker rights standards.); and Seoul International-Bangladesh (It was noted that Reebok's agreement to pay a percentage of the severance and other legally mandated compensation denied to workers at this factory by their employer when the factory closed is a rare and positive development.)

There was extensive discussion of FEMSA/Coca-Cola-Colombia. The WRC has received a number of inquiries from affiliate schools about allegations of labor abuses in Coca-Cola bottling plants and a subcommittee was formed at the April UC meeting that decided to send a recent email to survey if affiliates have any objections to the WRC considering a potential investigation. It was discussed that the WRC staff is willing to consider action if there is sufficient consensus among affiliate schools and that this issue has yielded the most self-generated contact from affiliates; that relationships between Coca-Cola and schools are very complex including exclusive contracts, athletic sponsorships, vending services and joint promotions; that this issue involves a licensed product that may be outside the WRC's traditional jurisdiction but the WRC has the broad role of assisting affiliates with international human rights issues; that the WRC should assess factors including security issues and what value it can add to investigations already underway by other parties; that initial action would likely consist of fact gathering and consultation conducted in the U.S. or inside Colombia factories; and that Terry Collingsworth has resigned from the WRC Advisory Council to eliminate any conflict arising from his participation in previous lawsuits concerning Coca-Cola. It was stressed that launching an investigation would require formal requests and clear ownership among a significant number of affiliates including larger schools, and that the WRC should clearly define its planned activities. It was agreed that Scott would update the board on any developments including any responses to the recent email to all affiliates.

Some board members wished to continue the program discussion and it was suggested that future board meetings could include an optional end-of-day segment for this purpose. Scott confirmed that activities related to Africa are mostly in a research stage and include some South Africa requests. Replying to a question about blacklisting in Central America, Scott confirmed that an ombudsperson has been selected to report to both the WRC and the FLA. Scott also announced that the WRC consultant in Thailand who works near the Burma border was recently stabbed but not seriously injured and the WRC will continue to monitor staff security issues.

On behalf of the audit committee, Chris Howell confirmed that financial reports were provided by Scott and all questions were discussed and answered to their satisfaction so that the financial reports were approved. Notice was given that board officers would be elected later in the meeting

Scheduling Next Meeting: September 24, 2004 (Friday) was proposed as the possible date for the next board meeting with October 1 (Friday) as a back-up. These dates will be circulated to the board to schedule the next meeting.

FY 2005 Budget: Scott began by calling attention to his memo on the proposed budget for FY 2005 of \$1,074,5000 in income and \$1,042,380 in expenditures. The memo explained the relatively few differences compared to current expenditures mostly related to increased payroll expenses (due to hiring a new Field Director for China, having other positions filled for the entire year and contractual pay increases), expanded use of overseas field consultants, increased rent and reduced computer costs. On the income side, affiliation fees were projected to increase by \$65,000 to a total of \$400,000. Other projected income included \$344,500 in government funds (noting that the WRC submitted a proposal requesting to renew State Department funding at the same level at the end of the current grant in 2006), and foundation funding of \$275,000. The breakdown of proposed expenditures by category was general and administrative (17%), fundraising (3%) and program (79%). In response to questions it was clarified that the ratio between investigative resources and requests appears manageable for the near future but the WRC may soon face needing to postpone some valuable investigations due to limited staff as the success of the WRC model attracts more requests, that the increase in overseas consultants reflects a decision to build on a successful model and emphasize investigations over research, that the WRC plans to focus on increasing individual donations, and the figure of \$18,500 for office supplies includes furniture and moving expenses. It was discussed that the reserve fund is reported as commingled with other funds for accounting reasons but the WRC will continue making contributions toward the reserve fund goal of one month operating expenses. It was suggested that an internal document be created for the board to show the reserve fund separately in future. The board approved the budget unanimously.

Board Officers: All new board officers were elected by unanimous vote: Colin O'Malley from USAS as chair, Jill Esbenshade from the Advisory Council as Treasurer and Jim Brudney from the University Caucus as secretary. It was announced that Mark Barenberg from the Advisory Council joined the personnel committee with Megan Murphy and Doug Shaw. All joined in thanking the past officers for their service and thanking Chris for improving financial review and reporting.

Constituency Reports: Chris began the University Caucus report by thanking Doug Shaw and Georgetown University for again providing facilities for the annual UC meeting held April 30, 2004. There were more than 30 attendees from affiliate schools representing about one quarter of affiliates including most larger schools. Chris confirmed that returning UC representatives Jim Brudney (Ohio State University) and Doug Shaw (Georgetown University) were elected by acclamation. It was agreed that the meeting was generally successful but that it would be helpful to continue consideration of the initial agenda item that was a discussion of the WRC and FLA in order to find ways to clarify distinctions between the two organizations and communicate the value of the WRC for reasons including that affiliates need to justify budgeting for two affiliate fees. The UC representatives agreed to continue assisting with this process including consideration of what value the WRC adds, why two organizations are needed, and balancing student concerns with the perception that most UC attendees seemed positive about collaboration between the WRC and FLA. It was noted that one unique value of the WRC is its access to university expertise and resources on important issues such as China and Marcella David offered

to monitor any opportunities related to interdisciplinary conferences planned by the University of Iowa. It was suggested that the WRC quickly develop a two-page document on the unique strengths of the WRC that would be tailored to the UC and school business offices and could serve as possible talking points. Scott noted that the WRC will also soon publish its first annual report that should help generate talking points by covering the first three years of the organization and its accomplishments. It was suggested that the annual report could be sent to school presidents with a cover letter that invoices were recently mailed to their business offices and that the WRC wanted to provide a corresponding report on accomplishments. Additional agenda items at the April 30 meeting included excellent educational presentations on the phase out of the Multi-Fibre Agreement by Nazma Akter (founder of BIGUF, the leading apparel workers union in Bangladesh) and Monina Wong (Research Coordinator for the Hong Kong Christian Industrial Committee); on wage disclosure by USAS and by administrators from the University of Wisconsin-Madison and Georgetown University; and by WRC staff on common code violations. There were also discussions of how the WRC can aid cities, towns and school districts with code enforcement in which UC attendees seemed tentatively supportive of experimentation, and of Coca-Cola issues for which the UC formed a subcommittee.

The USAS report included an update on the wage disclosure campaign with another update expected in the fall as schools and licensees discuss the draft protocol developed by the WRC; the USAS pre-conference in February of 350 attendees and the upcoming August national conference focused on skills training with an expected registration of 100; the second annual summer internships of 12 students in 9 nations; USAS work on NAFTA-related complaint procedures and living wage and WRC affiliation campaigns; and changes in USAS leadership with three new staff expected in August.

The Advisory Council reported that it held a conference call in June to discuss reorganization and reactivation and that new WRC Field Representative Jeremy Blasi will serve as its communications nexus.

Multi-Fibre Agreement Phase-Out: The board thanked Scott for his memo on the impact of MFA phase-out and the approaches universities could take to ameliorate its negative effects including job loss, downward pressure on wages and working conditions, and poor labor practices in China. The Philippines example was discussed where the government announced in March that it plans to exempt garment manufacturers from the nation's minimum wage law after this year in an attempt to remain competitive after the end of MFA. The government considers the minimum wage (49 cents an hour in Manila) too high for the country's apparel producers to survive after December 31. While recognizing obvious limits on what schools can do, some steps considered were: making a commitment not to abandon good factories; asking licensees not to increase the overall percentage of university logo products that they source from China; and asking licensees to be ready to do something real (such as building on Reebok-type experiments) to support respect for workers' associational rights at their Chinese supplier factories. There was general recognition of the fundamental code violation inherent in Chinese law barring association rights.

In the discussion that followed it was noted that Hong Kong groups stress the most valuable thing licensees can do is make factories accessible to them for trainings for workers on codes of conduct and freedom of association and that the weakness in the Reebok experiments was that it was not worker-initiated and indicating the need for workers to recognize their rights and learn how to find outside assistance in enforcing them, that universities can help by asking licensees to support valuable experiments rather than being perceived as taking advantage of a bad situation, and that universities should communicate with licensees to assess projected shifts in production.

Scott summarized that his memo was sent to major licensees and the UC meeting and that he has met with Notre Dame (which does not source from China) and plans to continue meetings with individual schools to explore this complex issue.

There was continued discussion of Chinese law in the context of code violation stressing that barring the right to organize is the most important code violation and that all options should be on the table including not sourcing from China or not increasing sourcing from China while recognizing that continued sourcing may offer a mechanism for progress. The uniqueness was recognized in that China codifies the violation of no right to associate so companies cannot remediate. The section on “Labor Standards Environment” from the WRC model code of conduct was reviewed pertaining to countries where law or practice conflicts with WRC labor standards and the board discussed its implications in environments where progress is seen as likely or unlikely. It was noted that internal and external strategies on MFA should be considered, that historically the WRC recognized the code problem related to China but deferred action for lack of a better option but that MFA has increased the timeliness, and that university interactions with China are very complex and multilayered.

It was decided that Jim Wilkerson and Marcella David would draft a test letter within the week for Duke University and University of Iowa potentially for their top 25 licensees to ask their help in assessing MFA impact by providing information on their current percentage of collegiate sourcing from China, projections for any shift in production to China, and how they assess MFA impact on code compliance. It was noted that if a significant number of schools send such letters it should impact licensees’ thinking. WRC will also convene a conference call as quickly as possible with China experts including Katie Quan, Thea Lee and Mark Barenberg to get additional input into how the WRC should approach the issue of university sourcing in China. It was agreed that the WRC should put itself on record stating the facts that association rights are the building blocks of all worker rights and that these rights are absent in China and that the WRC should ask universities to communicate with their licensees about how to deal with these code violations and encourage universities to ask their licensees not to leave good factories that have implemented improvements.

Scott gave a brief update on the WRC’s China work proceeding on two tracks for code of conduct trainings and developing a viable complaint mechanism. For the trainings, the WRC is working with Hong Kong Christian Industrial Committee (HKCIC) that has a very positive track record and conducts health and safety trainings that will provide groundwork for enabling factory access and introducing workers to collective action. Trainings inside factories and confidential communications with workers outside factories will be used, even in the absence of association rights, to raise awareness and help workers learn how to access NGO assistance. HKCIC outreach will help get around the inability to conduct a traditional WRC investigation. HKCIC will conduct off site worker interviews as the basis for WRC remediation. It is understood that if complaints arise, effective action will need to be taken quickly to maintain worker trust. Background research is underway on collegiate factories in China and HKCIC is developing a target list for trainings.

City/Town/School District Code Enforcement: Discussion continued of a potential trial project with Los Angeles on a pilot grant of \$50,000 as a way to expand the reach of effective code enforcement and WRC financial self-sustainability. There was also discussion of the WRC receiving affiliation requests from individual high schools and that the FLA accepts high schools on the same basis as other small schools. It was decided that the next board meeting would include consideration of creating a fourth category for high school affiliates potentially to include conditions for disclosure data and affiliation fees but without board representation at least

initially. Related issues included whether to limit coverage to certain products and to licensing or procurement, and how to set fees.

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