

## **Minutes of the WRC Board Meeting September 30, 2016**

Attending the meeting were Scott Fleming, Marybeth Schmutz, Scott Kelley, Elizabeth Bunn, Ana Jimenez, Vyaas Shankar, Justin Valeroso, Kanisha DiCicco, Jeff Hermanson (via phone), Julie Martinez Ortega (via phone), and Jill Esbenshade (via phone).

WRC Staff in attendance were Scott Nova, Ben Hensler, Jess Champagne, Chelsea Rudman, Lynnette Dunston, and Ben Charity Ryerson (via phone).

Outgoing board members Emilie Wood and Ciara Malaugh joined by phone for the election of new Board members.

Observers in attendance were Angeles Solis, USAS, and Jennifer Thunem, WRC intern.

The meeting was called to order at 9:24 a.m. by acting Board Chair, Scott Fleming. (Scott Fleming served as acting Chair on behalf of Jim Wilkerson who could not attend the meeting in person.)

Agenda Review: Agenda was reviewed without objection.

Board Meeting Minutes of April 15, 2016: Scott Kelley motioned to approve the minutes and this was seconded by Marybeth Schmutz; the minutes were unanimously approved.

Board Member Elections: Ciara Malaugh motioned to nominate the five new USAS board members: Ana Jimenez, Vyaas Shankar, Justin Valeroso, Kanisha DiCicco, and Parker Haile; Elizabeth Bunn seconded the motion. The new USAS board members were unanimously approved.

Board Officer Elections: Kanisha DiCicco motioned to nominate Ana Jimenez to serve as Board Chair; Justin Valeroso seconded the motion. Ana was unanimously elected. Elizabeth Bunn motioned to nominate Jill Esbenshade to serve as Treasurer; Jeff Hermanson seconded the motion. Jill was unanimously elected. Scott Fleming motioned to nominate Scott Kelley for Secretary; Marybeth Schmutz seconded the motion. Scott Kelley was unanimously elected.

Executive Director's Report: Scott began with organizational updates. He announced the affiliation of Virginia Commonwealth University, Kent State University, and Appalachian State University, in addition to the re-affiliation of Western Michigan University. Scott also noted that University of Louisville had disaffiliated. Scott announced the addition of a new senior field consultant in Bangladesh, Sushmita Preetha. Sushmita has served as an advisor and researcher for many organizations and as a senior editorial writer for the Daily Star. With the addition of Sushmita, the WRC has a strong team in place to continue Bangladesh work. Scott also noted the promotion of Jess Champagne to Deputy Director of Strategy and Field Operations. Jess then recognized law fellow Jennifer Thunem who is conducting research on living wage for the semester for the WRC and Charity Ryerson who was also added as a consultant for work in China. Scott continued with organizational updates noting that the WRC has been working for about a year and a half for the Norwegian government pension fund. The WRC has conducted a

series of investigations in Cambodia and Vietnam and has now been asked to do third project that involves additional work in Cambodia; there is also the possibility of future projects in India and Bangladesh.

Scott discussed the worrisome deterioration of security for foreign nationals in Bangladesh. In July, there was an attack at restaurant popular with foreign nationals. Five militants took hostages and killed 29 people, including three US college students.

Scott continued with an update on Panorama. As reported at the last Board meeting, Panorama is a factory located in a town north of Dhaka that employs 1,550 workers and supplies collegiate apparel to Antigua and non-collegiate apparel to H&M and NEXT. After launching an investigation into a complaint and determining that five workers were illegally dismissed from the factory for union activities, the WRC contacted Antigua, H&M, and Next. Brands responded that they would let local authorities handle the case; however, after follow-up communications, the brands acknowledged that action needed to be taken. After the brands pressured the owner to reinstate the illegally fired workers, a local politician near the factory contacted the five workers and summoned them to a meeting where they were threatened and forced to lie and say that they had resigned. After intervention by the WRC and brands, a meeting was held where the factory owner agreed to reinstate the workers; however, the owner did not follow through with a genuine agreement. Finally, a real agreement was signed after further brand intervention. However, due to additional intimidation by outside political actors – acting, the WRC is certain, at the factory's behest – the workers decided not to return to the factory. The WRC is looking for a solution and will continue to update the Board on this case.

Ben reported on Impression Apparel in El Salvador, a supplier to Tailgate Clothing. The WRC had previously engaged with the factory in 2015 after receiving a complaint from the Federacion Sindical de El Salvador (FESS) stating that Impression Apparel illegally fired three union leaders, all of whom were protected under Salvadoran law from dismissal without prior government authorization. The WRC, with the help of Tailgate's intervention, was able to successfully reinstate the illegally terminated employee union leaders. In May 2016, a different union, the Sindicato Salvadoreño de Industrias Textiles (SSINT), contacted the WRC on behalf of an Impression Apparel worker who, the union claimed, had been illegally terminated in retaliation for her union activity. In turn, the WRC launched another investigation. In this case, Impression Apparel management stated that the worker had not been fired, but rather that she had voluntarily resigned from her position, which the worker strongly denied. The WRC again contacted Tailgate, but was informed by Tailgate that it had recently discontinued its relationship with the factory. The WRC then contacted another of the factory's buyers, Gap Inc. While the WRC investigation was in progress and after buyers contacted the factory at the WRC's urging, Impression Apparel agreed to reinstate the worker to her former position and to pay her all wages due for the time that she was off the job.

Next, Ben discussed a severance case in Bangladesh at Han Embroidery. The factory supplies university licensee Zephyr Graf-X. While the factory had not been disclosed as a supplier of collegiate apparel, the WRC was able to confirm that the factory had in fact been a supplier of university licensed goods. In October 2015, the factory closed without paying legally mandated

severance, leaving 168 workers owed \$72,157 (an average of six months' wages). The workers' union submitted a complaint to the WRC. After documenting the violations, the WRC contacted Zephyr regarding its responsibility to ensure payment. Zephyr initially refused, stating that the factory's status as a subcontractor limited responsibility. After the WRC explained to Zephyr that its obligations to comply with university codes apply to the labor practices of subcontractors as well as direct contractors, Zephyr agreed to work with the WRC to ensure that the violations were remedied. Zephyr secured a commitment from its direct supplier, Han Apparel, to make the workers whole. The WRC then worked with Zephyr and the workers' union to organize the distribution of the funds. Between April 29 and July 14, all of the workers received the compensation they were owed. The WRC and Zephyr supervised the distribution onsite at Han Apparel.

Ben then reported on Cambo Yon Xing, an apparel factory located in Phnom Penh, Cambodia, that closed on February 7, 2016. Cambo Yon Xing, owned by Reliable Source, Inc., supplied collegiate apparel to Under Armour and Gear for Sports (Hanes) and non-collegiate apparel to VF, New Balance, and others. Cambo Yon Xing workers, union representatives, and a local NGO contacted the WRC after the factory's closure, when Reliable Source refused to provide the factory's more senior workers with severance benefits required under Cambodian law and then refused to comply with an April 2016 arbitration award ordering payment of these funds to the workers. Ultimately, after the WRC engaged with brands, including Hanesbrands, Under Armour, VF Corporation, and New Balance, concerning Reliable Source's denial of legally owed compensation to these workers. Under pressure from the buyers, the company agreed to provide the nearly \$91,000 in payments required under the arbitration award to the 78 workers (an average of eight months' wages per worker).

Jess then discussed O-Ta Golf Products in China owned by O-Ta Precision Industry Company, a multi-site manufacturer of golf clubs in Shenzhen and Jiangxi, and bicycles in Shenzhen, that employs 1,900 workers. O-Ta Golf is disclosed by Nike as a collegiate producer and as a non-collegiate supplier for Bridgestone, Mizuno USA, Inc., Titleist, and PING. The WRC is completing its investigation of this case and expects to report to affiliates in early 2017.

Nike and Factory Access: Scott provided an update on Hansae by recapping the findings from the WRC's initial report on the factory and reviewing the back-and-forth with Nike over factory access. Scott explained that a proposed joint WRC-FLA visit to the facility was proposed but declined by Nike in late 2015; however, after the release of the WRC's May report, Nike reconsidered. Georgetown University hosted a meeting with the WRC, Nike, FLA and Georgetown representatives, at which Nike agreed to provide access for a joint visit. After follow-up discussion, the WRC worked out an arrangement with the FLA, involving the joint visit and other forms of cooperation, while protecting the ability of the WRC to keep its overall investigation, and its reporting, independent. Scott noted that when the WRC enters the factory in October, it will have been a full year since its original access request to Nike in October of 2015.

Scott reported that, notwithstanding the ad hoc agreement on access to Hansae, Nike has made no commitment to providing the WRC access in the future to other facilities.

Next, USAS discussed its national efforts to encourage universities to hold Nike accountable to its obligation to provide factory access for university monitors.

USAS then presented a proposal to the Board for a policy recommendation for affiliates, concerning the issue of factory access. The proposal read as follows:

*"Recognizing that the WRC's investigation of Hansae Vietnam, a supplier of collegiate apparel to Nike, which has found abusive conditions causing widespread fainting of workers on the job, and a practice of dismissing workers who become pregnant, as well as numerous other violations of university labor standards, stresses the ongoing need for robust independent monitoring of the supply chains of leading university licensees;*

*Recognizing, moreover, that robust independent monitoring requires that universities' own designated labor rights monitors have access to inspect the factories that produce licensed goods; and that nearly all licensees do currently provide access to their supplier factories for collegiate goods, on request, for inspection by the WRC;*

*Recognizing, also, that the labor code of conduct most commonly incorporated in university licensing agreements already explicitly requires such access, by committing licensees to 'cooperate with the Collegiate Institutions and/or their agents or representatives in periodic inspections of Licensee's factory sites to ensure that Licensee is in compliance with such Code of Conduct requirements;'*

*Recognizing, however, that not all universities affiliated with the WRC have incorporated such a requirement in their standard licensing agreements and labor standards; and that some universities' athletic sponsorship agreements may not include such a requirement, even when their standard licensing agreements do so already;*

*The WRC therefore recommends that where any university's agreement with a licensee, including any sponsorship agreement, does not include such terms, that the university adds to its labor rights standards an explicit requirement that all licensees, including athletic sponsors, cooperate with timely, expeditious and periodic inspections of licensees' factory sites by monitors designated by the university, including the WRC, to ensure that licensees are indeed in compliance with universities' own Code of Conduct requirements."*

USAS clarified that its proposal is for the purpose of guiding the WRC staff on how to respond to requests from universities for guidance on this issue, not as something the WRC would actively propose to affiliates. The Board agreed that, in substance, the language is consistent with what WRC has already said to universities when receiving request for guidance, is consistent with long-standing WRC policy, and that it is appropriate for WRC staff to use the language to guide future responses to affiliate inquiries. The Board agreed that, since there is not a proposal for the WRC to make a proactive recommendation to universities, that formal Board action is not required. Board members, along with Ben, reiterated the need to make sure that affiliates understand that the WRC is not imposing this change on affiliates nor requesting that affiliates amend their contracts. The Board also advised the staff to use the term "all sports agreement" rather than "sponsorship agreement" when discussing those agreements. The WRC will proceed

as directed by the Board in responding to requests for input from universities and university constituents.

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

Next Board Meeting Date: Three possible dates were identified: January 27, February 10, February 24. Lynnette will follow-up with absent Board members and send out confirmed date soon.

WRC Communications Strategy: A breakout session was held, with members separating into each of their constituency groups to discuss, review, and provide feedback on the WRC's approach to communications. Each breakout session was led by a WRC staff member.

Update on Bangladesh: Accord and Freedom of Association: Scott provided a brief update on the status of safety renovations under the Bangladesh Accord. Over 1,500 factories have been inspected and major improvements completed at most of them, with about 65 percent of renovations verified as complete or reported as complete and pending verification. However, delays remain a big problem and it is often the bigger ticket items (structural and fire) that remain outstanding. Scott noted that the first arbitration case has been filed, by the signatory unions, against a signatory company, alleging non-compliance. The second arbitration case will be filed shortly. The outcomes of these cases will be highly significant. Scott will provide further updates as the cases proceed.

The meeting was adjourned at 3:42 p.m.