

## **Minutes of the WRC Board Meeting June 2, 2017**

Attending the meeting were Jim Wilkerson, Scott Fleming, Marc Donabella, Kyle Muncy, Julie Martinez Ortega, Julie Farb, Justin Valeroso, Kanisha DiCicco, Scott Kelley (via phone), Jeff Hermanson (via phone), Jill Esbenshade (via phone), and Julie Su (via phone).

WRC Staff in attendance were Scott Nova, Chelsea Rudman, Jessica Champagne, Laura Gutierrez, and Ariana Gangloff.

There was one observer in attendance: Angeles Solis, USAS.

The meeting was called to order at 9:09 a.m. by Board Chair, Ana Jimenez.

Agenda Review: There were no questions, concerns, or proposals regarding the agenda.

Approval of Minutes of February 2017 Meeting: Julie M. made a motion to approve the minutes. Jill seconded this motion. Jeff made a motion to correct the last words in the final paragraph of the “Executive Director’s Report” section of the minutes from “Center for Innovation in Worker Organization (CIWO)” to “Centro de Estudios y Apoyo Laboral (CEAL).” Julie M. made a motion to approve the minutes with the proposed change, and Jill seconded the motion. The minutes, with the proposed change, were unanimously approved.

Election of New Board Members: Julie M. made a motion to ratify Julie Su and Julie Farb as Board members from the WRC Advisory Council. The motion was seconded by Jill. Julie S. and Julie F. were unanimously approved.

Executive Director’s Report: Scott N. began by providing an overview of the WRC’s 2016-2017 year. He discussed the WRC’s current personnel, listed new university affiliates, and provided a general overview of recent factory investigations. He also provided statistics relating to the WRC’s impact over the past year, in terms of workers impacted, countries worked in, and back pay secured. He noted that the WRC’s initiative (over the last year and a half) to quantify its impact has been recognized as valuable by university affiliates and he thanked Chelsea for her efforts in this regard.

Jess then provided an update on a case of successful remediation at the Rio Garment factory in San Pedro Sula, Honduras. The factory employed over 500 workers and supplied university logo t-shirts to Tailgate Clothing, as well as non-collegiate apparel to brands including Gap, Gildan, and Walmart. Upon the factory’s unexpected closure in August 2016, workers were owed over \$1.3 million in legally-required severance, wages, and other benefits. Between the WRC’s efforts in the US to secure payment from buyers, and the workers’ efforts in Honduras to collect payment from the factory’s owner, sufficient funds were successfully obtained to pay workers the full amount that they were legally owed (less payments to attorneys, local organizations, and factory managers, which workers had agreed to). The workers were able to reach an agreement with the factory’s owner to receive funds from the liquidation of factory assets. When it became clear that the owner would not contribute anything beyond that, the WRC explained to Tailgate that it was its responsibility, under university labor codes, to make workers whole. The WRC

also urged other buyers to do their parts. Tailgate ultimately contributed the largest sum (\$450,000), with Gap and Gildan contributing as well (\$419,000 and \$120,000, respectively). The payment process was arranged directly by the WRC. During the three-day distribution, 519 workers (98%) collected their checks. The WRC has been reaching out to the remaining 13 workers to help them collect their compensation. Jess shared a video, created by the WRC, featuring interviews with Rio Garment workers. She also noted that this sort of financial remediation from buyers, which is deeply meaningful to workers, was unheard of prior to the adoption of university labor codes.

Jess then moved on to the topic of Alta Gracia. Jess shared a WRC-created video featuring interviews with Alta Gracia workers, and then went on to further discuss the factory. In an April monitoring report, the WRC confirmed once again that Alta Gracia is in full compliance with the living wage. She also noted that factory's management is continually identifying more ways to improve, even if those improvements are not necessarily required by university labor codes. This year, the management implemented a new schedule for workers, based on an open dialogue between the two parties, in order to meet workers' preferences and improve efficiency.

Next, Ben spoke about recent advancements regarding transparency in apparel supply chain. He explained that in the late 1990s, no major apparel brand anywhere was disclosing its factories. In the 2000s, universities were the first to get brands to disclose, by making it a requirement of university licenses, despite brands' objections. Eventually, as it became clear that university-required disclosure was not causing harm to brands, some collegiate brands began to disclose their entire global supply chains, followed by some non-collegiate brands. This practice has evolved to be seen as a mark of responsible and ethical business. Last year, the WRC joined a coalition of nine other civil society groups to urge all major brands to disclose their factories. This effort was a significant success. One positive result is that two major university licensees, Under Armour and Hanes, which had formerly only disclosed collegiate factories, have now agreed to disclose more broadly. Similarly, many non-collegiate brands have committed to disclose. Among the roughly 40 brands that will now be disclosing most or all of their supply chains, it is estimated that more than 10,000 factories will now be publicly disclosed.

Finally, Jess provided an update on a situation in China, where a China Labor Watch researcher, who was working undercover in a major shoe factory, was detained. Two additional researchers working in that same factory have since been detained.

Presentation by Kalpona Akter: Kalpona is the founder and executive director of the Bangladesh Center for Worker Solidarity (BCWS). She joined the WRC Board to share updates on a number of important issues. Kalpona first spoke about the Bangladesh Accord. The Accord has helped to address 100,000 safety hazards in more than 1,500 factories, employing over 2.5 million workers. Kalpona noted the necessity of extending the Accord beyond its expiration date, which is one year away, as the Bangladesh government does not have the resources or commitment to continue with the important work that the Accord has been completing.

Kalpona then went on to speak about a situation in Ashulia, Bangladesh, where factory workers, leaders, and activists who were arrested while advocating for increased labor wages were

recently released on bail after spending 2.5 months in jail. Those arrested are facing 11 different criminal charges. BCWS is asking for pressure on the government to drop these charges.

Discussion and Action on Bylaw and Policy Amendments: Ben took the Board through a list of amendments to the WRC Bylaws and board policies, proposed by the Board Officers on the recommendation of the staff.

Amendments to the WRC Bylaws were discussed and then approved as follows:

**1. Article I (Purpose), Section 1.6**

*Which currently reads:*

“Paragraphs (a) through (e) may also apply to such other goods as both the corporation and the respective affiliated institution shall agree to.”

*Shall be amended to read:*

“Paragraphs **(1) through (4)** may also apply to such other goods as both the corporation and the respective affiliated institution shall agree to.”

Julie M. made a motion to adopt an additional amendment to Article I, Sections 1.5 and 1.6:

*The amended text of Article I (Purpose), Section 1.6. shall become the text of Article I (Purpose), Section 1.5, and the text of Article I (Purpose), Section 1.5. shall become the text of Article I (Purpose), Section 1.6.*

Kyle seconded the motion. The motion was approved unanimously.

Scott F. made a motion to adopt the revised amendment proposal, seconded by Justin Valeroso.

The motion was unanimously approved.

**2. Article II (Board of Directors)**

**a. Section 2.2 (Number, Tenure, and Qualifications).**

*The last sentence of this section, which currently reads:*

“Each director shall be a member of the constituency he or she represents.”

*Shall be amended to read:*

“Each director shall be a member **or, in the case of the University Caucus, an employee of a member of the** constituency represented.”

Kyle made a motion to adopt the proposed amendment. Julie M. seconded the motion. The motion was unanimously approved.

**b. Section 2.4. (Election of Directors).**

*The last two sentences of this section which currently read:*

“Provided, however, that each constituency shall elect directors only from among their own members. Each constituency shall elect its directors no later than the date of the annual meeting and shall report the names of the elected directors to the chair of the board of directors.”

*Shall be amended to read:*

“Provided, however, that each constituency shall elect directors only from among their own members **or, in the case of the University Caucus, an employee of a member of the constituency. Each constituency shall elect its directors and shall report the names of the elected directors to the chair of the board of directors.**”

Julie M. made a motion to adopt the proposed amendment. Marc seconded the motion. The motion was unanimously approved.

**c. Section 2.5 (Ratification of Directors).**

*Which currently reads:*

“The board of directors, at its annual meeting, shall ratify the directors elected and reported by the three constituencies.”

*Shall be amended to read:*

“The **board of directors shall ratify** the directors elected and reported by the three constituencies.”

Scott F. made a motion to approve the proposed amendment. Julie M. seconded the motion. The motion was unanimously approved.

**d. Section 2.7 (Regular Meetings).**

*Which currently reads:*

“An annual meeting of the board of directors shall be held promptly at the time and place determined by the board, for the purpose of electing officers and for the transaction of such other business as may come before the meeting. There shall be no less than three (3) regular meetings, including the annual meeting, of the board of directors in each calendar year, at the time and place determined by the board, and the board of directors shall

provide by resolution the time and place for the holding of such additional regular meetings. To the extent possible, prior to each regular meeting, a written agenda stating all the matters upon which action is proposed to be taken at the meeting will be sent to each director at his or her last known business or home address. There shall be a standing board committee on the agenda, composed of one director from each of the three constituencies. The executive director shall draft the agenda. The standing committee shall have sole authority to approve the agenda for presentation to the board.”

*Shall be amended to read:*

**“Meetings of the board of directors shall be held promptly at the time and place determined by the board, for the purpose of electing officers and for the transaction of such other business as may come before the meeting. There shall be no less than three (3) regular meetings of the board of directors in each calendar year, at the time and place determined by the board, and the board of directors shall provide by resolution the time and place for the holding of such regular meetings. To the extent possible, prior to each regular meeting, a written agenda stating all the matters upon which action is proposed to be taken at the meeting will be sent to each director by the executive director. The board of directors shall approve or amend the draft agenda at the start of the regular meeting. In the event that the board of directors lacks a quorum to approve the draft agenda, an agenda for discussion of matters not requiring action by the board of directors may be approved by majority of those directors who are present.”**

Marc made a motion to adopt the proposed amendment. Julie F. seconded the motion. The motion was unanimously approved.

**e. Section 2.12 (Action without a Meeting).**

*Which currently reads:*

“Any action required or permitted to be taken at a meeting of the directors or any committee thereof may be taken without a meeting if a consent in writing, setting forth the action so taken or to be taken, is signed by all of the directors or committee members entitled to vote upon such action at a meeting. Such consent (which may be signed in counterparts) shall have the same force and effect as a unanimous vote of the directors or committee members.”

*Shall be amended to read:*

“Any action required or permitted to be taken at a meeting of the directors or any committee thereof may be taken without a meeting if a consent, setting forth the action so taken or to be taken, **is provided in writing by a majority of the directors of each constituency group on the board of directors or committee** who are entitled to vote

upon such action at a meeting. Such consent shall have the same force and effect as a vote of the same directors or committee members.”

Julie M. made a motion to adopt the proposed amendment. Kyle seconded the motion. The motion was unanimously approved.

**f. Section 2.13 (Board Chair).**

*Which currently reads:*

“At its annual meeting, the board of directors shall elect, from among those who are, or are to be, directors of the corporation, a board chair who shall, when present, preside at all regular and special meetings of the board of directors and shall generally perform all other duties incident to the office, required by the bylaws or from time to time assigned to him or her by the board of directors. See section 3.2 for rotation among the Classes.”

*Shall be amended to read:*

“**The board of directors shall elect annually**, from among those who are, or are to be, directors of the corporation, a board chair who shall, when present, preside at all regular and special meetings of the board of directors and shall generally perform all other duties incident to the office, required by the bylaws or from time to time assigned by the board of directors. See section 3.2 for rotation among the Classes.”

Scott F. made a motion to adopt the proposed amendment. Jim seconded the motion. The motion was unanimously approved.

**3. Article III. (Officers and Agents), Section 3.5.2 (Secretary)**

*Which currently reads:*

“The board of directors shall elect a secretary who shall attend the meetings of the directors and shall record the proceedings of the corporation and of the board of directors and of all committees of the board, at their respective meetings. He or she shall provide for notification of the directors of the corporation of their respective meetings in accordance with these bylaws of the corporation, shall be the custodian of the corporate records and seal, shall make certifications of board actions, bylaws and all organizational documents, and shall perform such other duties as may be required by these bylaws or as may be assigned by the board of directors.”

*Shall be amended to read:*

“The board of directors shall elect a secretary who shall attend the meetings of the directors and shall record the proceedings of the corporation and of the board of directors

and of all committees of the board, at their respective meetings. **The secretary shall provide for notification of the directors of the corporation of their respective meetings in accordance with these bylaws of the corporation, shall make certifications of board actions, bylaws and all organizational documents,** and shall perform such other duties as may be required by these bylaws or as may be assigned by the board of directors.”

Scott F. made a motion to adopt the proposed amendment. Kyle seconded the motion. The motion was unanimously approved.

#### **4. Article VIII (Miscellaneous)**

##### **a. Section 8.2 (Fiscal Year and Audit).**

*Which currently reads:*

The fiscal year of the corporation shall be July 1st through June 30th, inclusive.

*Shall be amended to read:*

**“The fiscal year of the corporation shall be July 1st through June 30th, inclusive. An audit of the corporation’s accounting records and financial statements for each fiscal year shall be completed by a qualified independent auditor. The board shall establish an Audit Committee, which shall be composed of one director from each constituency, including the Treasurer, and shall review the independent auditor’s report and present it to the board of directors for approval.”**

Julie F. made a motion to adopt the proposed amendment. Julie M. seconded the motion. The motion was unanimously approved.

##### **b. Section 8.5 (Checks, Contracts and Deposits).**

*Which currently reads:*

“The executive director, chair and treasurer shall be authorized to sign contracts authorized by the board and to sign checks on behalf of the corporation; provided, however, that any check drawn for an amount greater than \$5,000 shall require the signature of two persons authorized by these bylaws or the board of directors to sign checks on behalf of the corporation. The board shall select depositories for funds of the corporation, which funds may be held as cash or invested as determined by the board of directors.”

*Shall be amended to read:*

**“The chair, treasurer and the executive director and those employees or agents of the corporation whom the executive director shall specifically designate shall be authorized to sign contracts and to sign checks on behalf of the corporation; provided, however, that any check or wire transfer for an amount greater than \$30,000, or any contract whose annual cost to the corporation exceeds \$150,000 shall require the signature of two of the following persons: the chair, the treasurer, the executive director, or other person authorized by the board of directors. The board of directors shall approve depositories for funds of the corporation, which funds may be held as cash or invested as approved by the board of directors.”**

Jim made a motion to adopt the proposed amendment. Scott F. seconded the motion. The motion was unanimously approved.

Amendments to Board policy statements were then discussed and approved, as follows:

**1. Release of Board Meeting Minutes:**

*To replace the following policy statement from the October 2nd 2000 Board Meeting:*

“WRC staff and secretary will put forward to the board a draft of the minutes two weeks after the meeting. The Board will have two weeks to respond to the minutes and then the minutes will go up on the web as unofficial, unapproved minutes, until approved at the next meeting.”

*The Board adopts the following policy:*

“At the start of each regular meeting, the Secretary shall present the draft minutes of the preceding Board meeting to the Board for approval. Minutes, except for minutes of executive session, shall be posted to WRC website within 10 days of their approval.”

Scott F. made a motion to adopt the proposed amendment. Julie M. seconded the motion. The motion was unanimously approved.

**2. Scheduling of Board of Directors’ Meetings:**

*To replace the following policy statement from the October 2nd 2000 Board Meeting:*

“It is agreed ... that future meetings should be held in September, January and May.”

*The Board adopts the following policy:*

“At each regular meeting of the Board of Directors, the Board of Directors shall establish the time and place for the next regular meeting.”



Scott F. made a motion to adopt the proposed amendment. Kyle seconded the motion. The motion was unanimously approved.

### **3. Board Meeting Executive Sessions:**

*To replace the following policy statement from the November 12th 2001 Board Meeting:*

“The Governing Board determines that staff will remain during executive sessions unless the Board decides in a particular case that staff should not be present.”

*The Board adopts the following policy:*

“The Executive Director and General Counsel will remain during executive sessions, unless the Board decides in a particular case that either or both should not be present, and/or that other staff should be present.”

Marc made a motion to adopt the proposed amendment. Scott F. seconded the motion. The motion was unanimously approved.

### **4. Provision of Financial Statements to the Board Audit Committee:**

*To replace the following policy statement from the November 12th 2001 Board Meeting:*

“The staff is directed to supply to the members of the audit committee the same monthly financial statements as are provided to the Treasurer and to provide such other information as the Audit Committee Requests.”

*The Board adopts the following policy:*

“The Executive Director shall supply to the members of the Board’s Audit Committee the same financial statements as are provided to the Treasurer, and to provide such other information as the Audit Committee requests.”

Jeff made a motion to adopt the proposed amendment. Jill seconded the motion. The motion was unanimously approved.

### **5. Verification of Payment of Living Wage:**

*To replace the following policy statement from the June 25th 2001 Board Meeting*

“In factory assessments where wages are identified as an important issue, the WRC will seek to determine whether or not all workers are receiving a living wage.”

*The Board adopts the following policy:*

“In factory assessments where the WRC finds credible evidence that indicates that workers may be receiving a living wage, the WRC shall conduct further research to verify whether this is actually the case, and include the findings in the WRC’s report of the assessment.”

Julie M. made a motion to adopt the proposed amendment. Julie F. seconded the motion. The motion was unanimously approved.

The Board then considered a proposed update to the WRC Investigative Protocol, proposed by the Board Officers and presented by Jess. After discussion, the following text was unanimously approved, as the updated WRC Investigative Protocol, pursuant to a motion made by Jim and seconded by Kyle:

### **WRC Investigative Protocol**

The following outlines the general investigative procedure for factory assessments conducted by the WRC. In specific cases, the Executive Director may authorize investigators to adapt this protocol to address risks to workers, other local actors, or WRC personnel, or to reflect the particular circumstances of a given case.

It should be noted that, while the stages of fact-finding are presented below as separate stages implemented in a linear order (interviewing workers, reviewing standards, reviewing documents, and gathering and reviewing evidence from management), fact-finding is in fact an iterative process. Any new piece of evidence may require posing additional questions to sources or gathering additional documents. While worker interviews are presented as being the initial stage of the investigation, for example, these interviews often continue through the entire process. Similarly, after conducting an initial factory site inspection, the WRC may pose additional clarifying questions and document requests to factory managers based, for example, on new or contradictory evidence drawn from the document review or additional worker testimony.

#### *WRC Investigators*

All investigations are led by WRC staff and/or field representatives, who also carry out most of the investigative work. In some cases, the WRC may obtain assistance, on a paid or unpaid basis, from outside individuals or organizations with relevant subject matter expertise and/or local knowledge, or that have capacity to assist with offsite worker interviews. All personnel involved in WRC investigations, including the WRC’s own staff and field representatives, will be individuals who are strongly committed to ensuring protection for the rights of workers under applicable labor standards, strongly committed to carrying out investigative work with objectivity, professionalism and methodological rigor, and free of financial conflicts of interest.

## **1. Initiating Investigations**

The WRC conducts factory investigations both (1) in response to worker complaints and (2) on a proactive basis. Proactive investigations may be conducted at factories that are disclosed by university licensees, including, but not limited to, factories that are particularly significant suppliers or where there is particular reason to believe violations may be occurring. Investigations may also be requested by other entities that have contracted with the WRC to conduct investigations (e.g., cities or other public entities). The WRC may also conduct investigations of other non-collegiate facilities, at the discretion of the Executive Director. A WRC investigation may be confined to a specific incident, allegation, or issue area, or may be a general assessment of compliance with applicable codes of conduct, national or international laws, and/or other relevant standards.

Complaints may be filed by any party with any WRC representative, in writing, electronically, via phone, or by any other means of communication. Complaints need not state the specific code of conduct provisions, or other legal rules or standards, that have allegedly been violated. It is sufficient if the factual allegations in the complaint would, if true, constitute a violation of any provision of applicable codes. If a complaint is submitted without such specific allegations, WRC investigators may contact the party submitting the complaint or any other party in order to gather additional information that will enable the WRC to determine whether an investigation is warranted.

In considering whether to launch an investigation, the WRC may consider a number of variables, including the nature and severity of the alleged violations, the number of workers impacted, the broader implications of the case including potential to lead to broader positive change in the industry, the likelihood that the WRC can bring about remediation in the case, organizational resources, and whether the investigation will yield additional results advancing the WRC's mission.

## **2. Interviewing Workers**

### *Offsite Worker Interviews as a Labor Rights Research Best Practice*

Offsite worker interviews, arranged when possible through organizations or individuals that are already known and trusted by workers, are a key source of evidence in labor rights investigations and other investigations related to human rights. The centrality of worker testimony has been noted by experts including an experienced ILO investigator,<sup>1</sup> noting that

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<sup>1</sup> Adrian Goldin, "Mission Report: The Closure Process at Jerzees de Honduras, Previous Investigation and the Right of Freedom of Association" 3 (Jan. 26, 2009), [https://www.researchgate.net/publication/239823514\\_Mission\\_Report\\_The\\_Closure\\_Process\\_at\\_Jerzees\\_de\\_Honduras\\_Previous\\_Investigations\\_and\\_the\\_Right\\_of\\_Freedom\\_of\\_Association](https://www.researchgate.net/publication/239823514_Mission_Report_The_Closure_Process_at_Jerzees_de_Honduras_Previous_Investigations_and_the_Right_of_Freedom_of_Association).

at the ILO, “the organs that are responsible for freedom of association investigations rely without reservation on this source of evidence,” and Human Rights Watch.<sup>2</sup>

Workers are typically the persons most knowledgeable about, and most directly affected by, labor rights violations. Obtaining testimony from workers, away from the factory, is central to the WRC’s investigative procedures. This emphasis on offsite worker interviews as a powerful research technique is based fundamentally on the recognition of:

- The strong economic imperative for factory managers to conceal labor rights violations from buyers, and outside auditors or monitors, including through falsification of records and ‘coaching’ or coercion of workers to provide misinformation in onsite interviews; and
- The centrality of the testimony of knowledgeable and credible witnesses in any robust and reliable process of fact-finding, particularly concerning labor and human rights violations.

Workers are in the best position to know and—if they feel secure to speak openly and truthfully—to provide information about factory labor conditions and practices, for many reasons:

- Workers actually see and experience these conditions and practices, sometimes day after day;
- Workers may witness verbal admissions by factory management acknowledging certain practices or policies—for example, employees may hear a supervisor comment that the factory intends to terminate an employee on account of pregnancy;
- Workers can also report when factory managers have coerced or ‘coached’ other employees to provide misinformation about factory conditions or practices;
- Even when workers’ testimony is hearsay—so long as it is identified as such—it can be of substantial value if it alerts the investigator to seek interviews with other employees who can provide eyewitness testimony to the same practices or conditions; and
- With a few exceptions, workers rarely have an incentive to deliberately misreport conditions or events, especially collectively. Indeed, a greater risk is that, even during offsite interviews, workers may still underreport violations for fear that disclosure to investigators may cause managers to try to identify the informant and retaliate, or may cause the factory loss of business, leading to job reductions.

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<sup>2</sup> Human Rights Watch, “About Our Research,” <https://www.hrw.org/about-our-research>.

In reaching factual findings based on worker interviews, the WRC places special emphasis on whether the testimony supporting such findings possesses both corroboration and specificity.

#### *Arranging Offsite Interviews Through Community Partners*

The WRC seeks to arrange interviews in a manner that maintains workers' confidentiality and makes it possible for them to speak openly and truthfully regarding workplace conditions and labor practices. WRC investigators will arrange interviews to occur offsite, in locations where workers feel secure and comfortable speaking with investigators and where it is possible to safeguard their confidentiality to the greatest extent possible. Where possible, the WRC will work in partnership with persons and/or organizations in the local community that are already known to, and trusted by, the workers whom the WRC seeks to interview.

#### *Worker Interviews in WRC Investigations*

WRC investigators will:

- Gather basic facts concerning alleged worker rights violations (if responding to a complaint) or general worker rights compliance at the factory (if conducting a proactive investigation, unless the investigation is focused on a particular subset of issues);
- Obtain firsthand testimony from workers, leaders of worker organizations, and/or other witnesses. In a proactive investigation, investigators will seek to interview as representative a sample of the workforce, or that subset of the workforce in a position to speak knowledgeably about the issues under investigation, as possible. If investigating a specific incident, the WRC will seek, in particular, to interview both individuals directly impacted by the violation and any witnesses, whether or not those witnesses are employed by the factory;
- Obtain testimony from worker representatives and/or advocates with direct knowledge of the case;
- Gather information from workers and worker representatives to develop a basic profile of the factory (e.g., size of workforce, ownership, product lines, key buyers);
- Obtain any supporting documentation available from workers and worker representatives (e.g., pay stubs, termination notices, and Ministry of Labor inspection reports); and
- Seek workers' input as to desired remedies for alleged violations.

#### *Confidentiality*

WRC investigators will explain the WRC investigative process to workers and any relevant organizational representatives, and obtain a clear indication from workers of whether, and

under what conditions, they consent to: (1) the WRC discussing the subject of the complaint with the factory's management, buyers, and other stakeholders, and (2) the WRC sharing their names and, if relevant, images with factory management, buyers, or the public. The confidentiality of workers, when requested, will be vigorously protected.

### **3. Reviewing Relevant Standards**

WRC investigators will identify and review relevant labor standards pertaining to the matters under investigation, including, but not limited to, the standards contained in university codes of conduct, buyer codes of conduct, national laws, international standards, internal company rules, and collective bargaining agreements.

### **4. Gathering and Reviewing Relevant Documents**

The WRC will also gather public record documents regarding the factory and its practices with regard to worker rights. This includes online research, such as reviewing factory disclosure data from university licensees and other sources, customs records, statements made by factory owners and managers on their websites or in other venues, and local and international media coverage. Investigators may also seek documents from local agencies, including court decisions and findings of fact by government agencies, and may interview local and international specialists with expertise relevant to the investigation or the interpretation of the relevant standards.

### **5. Gathering and Reviewing Evidence From Factory Management**

#### *Arranging Factory Cooperation*

After gathering worker testimony, the investigator will request the factory's cooperation with the investigation so that the WRC can obtain evidence as necessary. Depending on the specifics of the case, as part of the investigation, the WRC may request the opportunity to interview factory personnel, review documents, and/or conduct an onsite inspection.

The intervention of buyers is often necessary to gain factory owner's cooperation, since owners may fear negative consequences of an investigation, particularly if there are serious violations at the factory. While the WRC does on occasion successfully arrange access directly with factory owners, it is more often necessary that the factory's business partners, who have a direct financial relationship to the factory, arrange access. In the case of factories supplying university-licensed goods, licensees are generally required, under their licensing contracts, to provide access to the WRC, as a designated monitor for our affiliate universities. Some other WRC partners, such as some city governments, also require this form of cooperation as a matter of contractual obligation. Where buyer assistance is required to secure factory access, or other forms of cooperation from factory owners, the WRC will

request intervention by those licensees and/or vendors contractually obligated to assist. Where no such obligations exist, the WRC may still request voluntary assistance.

If the factory management does not respond within a reasonable timeframe to requests for access or other cooperation, or refuses such cooperation, the WRC may move forward without it. It is preferable to have employer cooperation, as this assists the WRC in gaining a full understanding of the facts and as some violations, particularly with regard to health and safety, are more difficult to identify without a site inspection or review of personnel documents. However, factories' unwillingness to cooperate cannot, wherever avoidable, be allowed to prevent documentation and exposure of worker rights violations.

The WRC will generally seek to gather evidence from factory management prior to contacting other stakeholders, including buyers, regarding specific alleged violations. However, if information gathered from workers indicates that a violation has occurred that requires swift remediation in order to prevent additional and/or irreparable harm to workers' rights, or if the WRC has had prior contact with the factory and its management has made clear its refusal to cooperate, the WRC may inform buyers, universities, and/or the public, of violations without first contacting the factory's management.

#### *Site Inspections, Document Review, and Interviews*

If, upon the WRC's request, a factory's owner(s) agree to cooperate with the investigation, the WRC will request documents, the opportunity to interview factory personnel, and/or a site inspection depending on the specific subject of the investigation.

WRC investigators may gather documents (either as hard copies or in electronic form) at the factory, or may request that such documents be provided electronically. Investigators may review payroll records, time sheets, employment contracts, employer policies and procedures, personnel files, injury and illness logs, and other documents.

During site inspections, WRC investigators may conduct a health and safety walk-through, map the physical layout of the plant as it pertains to specific allegations, or gather other evidence. WRC investigators may interview factory personnel with knowledge as to the specific allegations or worker rights compliance areas under investigation, which may include managers, supervisors, security guards, leaders of worker organizations, and other personnel.

As part of investigations, WRC investigators will often take photographs, for the investigators' reference and/or for use in reports, and require that factories provide photocopies of documents and allow investigators to scan or photograph documents as necessary.

WRC investigators will not sign confidentiality agreements that restrict the WRC's ability to report publicly on issues related to workers' rights and code compliance. The WRC may review and sign confidentiality agreements limiting the disclosure of confidential business information that does not pertain to labor rights compliance, if such agreements are requested by the factory prior to the visit.

## **6. Formulating Findings and Necessary Corrective Actions**

Based on the totality of evidence gathered from all sources, the WRC will reach findings of fact and determine whether or not relevant codes, laws, and/or other standards have been violated.

The WRC will then, based on these findings, and on relevant standards (national law, codes of conduct, or international standards), industry best practices, and, in some cases, consultation with individuals with expertise in specific areas such as health and safety, formulate a list of actions necessary to correct and remedy violations that have been found (if any).

Corrective actions will always include meaningful remedies for workers, including restitution. Where workers have been harmed, the WRC will not only seek to ensure that the noncompliant practices have ceased, but will also seek to ensure that workers are made whole for past harm, (including, for example, reinstatement with back pay for wrongfully terminated workers and payment of wages and benefits in cases of wage theft). This type of remedy, in turn, creates a deterrent to future noncompliance. In many cases, to be fully effective, a remedy must be implemented promptly. When a worker has been terminated in retaliation for associational activities, for example, delays in remediation not only have serious consequences for the worker and her family, but also create a chilling effect in the workplace that can become difficult to reverse. In such a case, prompt reinstatement (with back pay) and other remedial elements to reduce and reverse the chilling effect of the firings are crucial.

## **7. Seeking Remediation**

The WRC is committed to ongoing engagement to sustain genuine workplace improvements. We work closely with workers, factory owners, suppliers, and other stakeholders for as long as it takes for workers' rights to be vindicated.

### *Achieving Remediation*

In each case, the WRC will assess the best avenue for achieving full remediation. The WRC will engage with the relevant factory and/or buyer to secure commitments to implement



corrective action plans on a time-bound schedule. The WRC may ask that specific steps proposed by management, such as purchase of equipment or hiring of trainers, be approved by the WRC prior to implementation, to ensure that the steps proposed by factory management will fully remedy the violation.

Depending on the specific case, the WRC may pursue various avenues of engagement with stakeholders, including factories, buyers, universities, and/or others, as necessary. When appropriate, the WRC will initiate this process by sending a written communication detailing findings and, where applicable, necessary corrective actions to the factory management and/or buyers, with a clear deadline for responding. WRC representatives will, upon request, discuss requested corrective actions in detail with brand and/or factory personnel.

## **8. Verifying Remediation**

After a factory commits to implement specific remediation on a time-bound schedule, the WRC will verify compliance through, as appropriate, requesting and reviewing documentation from management, conducting additional site visits, interviewing workers, and other means. Where factories do not complete the agreed-upon remediation, or take initial steps but then later revert to noncompliant practices, the WRC will engage with the relevant stakeholders to achieve full remediation.

### *Public Reporting*

Wherever possible, the WRC reports publicly on case work. Depending on the progress of the case, requests from stakeholders and other variables, initial reports and updates may occur at any stage in the process, before or after remediation. The WRC will generally issue a report or status update in a given case after remediation has been agreed upon and/or implemented.

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Nike, University Labor Codes, and Hansae Vietnam: Ben reported on the case of Hansae Vietnam. In May 2016, the WRC identified widespread and severe violations of university labor codes at the factory, despite being initially unable to gain access into the facility. Eventually, Nike agreed to provide access to the WRC for two days, in conjunction with the FLA. The WRC's assessment, which took place in October and November 2016, confirmed and expanded the WRC's original findings. The WRC shared its recommendations for remediation with Nike, which responded with a corrective action plan, developed by Hansae, that addressed some, but not all problem areas identified by the WRC. The WRC sought additional commitments from Nike on a number of issues. The WRC received a general commitment from Nike along the lines requested, but not with as much detail as the WRC had sought. Nike did specifically commit to require Hansae to provide detailed action plans on three important issues: cooling, ergonomic seating, and back pay for off-the-clock work. Because these detailed action plans did not

materialize, because of other concerns about inadequate remedial progress, and because Nike was crediting insufficient remedies in some areas as full remediation, the WRC reported to universities in April that the remediation process was not properly on track. The WRC also, at that time, increased efforts to work with other, non-collegiate buyers to compel stronger action by Hansae.

Jeff shared an update on Hansae, based on his work with the company, noting that this work has been carried out in his individual capacity, not in his role as a member of the WRC Board. Hansae had contacted Jeff for remediation consultation, based on his work with other Korean manufacturers. Jeff visited Hansae in Korea and Vietnam, and advised the company to comply with the WRC's recommendations. Jeff expressed optimism that Hansae would come forward with additional commitments.

Ben then noted that Nike reduced its orders from Hansae after the WRC's initial findings of worker rights violations, thereby reducing its leverage with the factory and removing incentives for remediation. The WRC has asked Nike to commit to restore its orders upon adequate remediation, but Nike has not agreed to make such a commitment. This led to a discussion among Board members about when it is appropriate for licensees to reduce or cut orders with a non-compliant factory.

Finally, Scott N. spoke about Nike's proposals for revised university contract language. After receiving requests from several affiliate universities for analysis of the impact of Nike's proposals, the WRC provided a detailed analysis to all affiliates in April, noting that the proposals represented a major departure from long-standing university policies and would reduce universities' ability to determine their own labor standards, require that violations be remedied to their satisfaction, and select their own monitors.

FY18 Budget and Other Financial Matters in *Executive Session*: An executive session was held to discuss confidential financial and personnel matters.

Next Board Meeting Data: Three possible dates were identified – September 22, October 13, and October 27. Ariana will follow up with absent board members and send out the confirmed date.

AOB and wrap-up: Scott N. provided an update on the Bangladesh Accord, which involves 217 signatory brands, 1662 factories, and 2.7 million workers. Scott noted that the Accord was necessary because voluntary initiatives to address the safety crisis in Bangladesh factories had failed. Scott N. also shared infographics to demonstrate the current progress on remediation of all identified electrical, fire, and structural safety violations at Accord-covered factories. Timelines for the resolution of these issues have, in many cases, been much longer than was originally anticipated and agreed, due to challenges in moving the factories to take action and, in some cases, non-compliance by signatory brands. Approximately 80% of identified violations have been addressed; however, this is not an entirely representative statistic as many of the more expensive remedies fall into the incomplete category. 137 factories have completed all of their corrective work, but 494 factories are still below 75% completion. Recently, some suppliers who were terminated as a result of their failure to carry out corrective action have filed lawsuits

against the Accord in Bangladeshi court and appear likely to win in initial court rulings, not, Scott explained, because of the merits of their cases, but because of the Bangladeshi court system's susceptibility to local political influence. Nevertheless, despite all of the challenges, the Accord has been creating positive change; Bangladesh has a long history of fatal factory incidents, but there have been no deaths in any factory with a full corrective action plan since the beginning of 2014. Also, when workers have concerns related to the safety of their workplace, they can bring complaints to the Accord. For example, in the case of Ananta Apparels, when workers noticed that a mistake by construction workers in an adjacent lot had undermined the structural integrity of their factory building, they contacted the Accord. The Accord sent inspectors to the factory within a matter of hours, and, having determined the building was unsafe for occupation due to collapse risk, ordered the facility evacuated. The Accord did not allow the factory owners to reopen until sufficient steps were taken to fully address the safety hazard, even though the owner lobbied for swifter re-occupation.

Scott N. reported ongoing efforts to renew and extend the Accord, noting that renewal is crucial to maintain and extend the progress the Accord has achieved, since the Bangladesh government cannot yet reliably assume responsibility for enforcing safety standards in these factories. Some suggestions for improving the Accord, as part of the negotiation for an extension, include expanding its scope to cover more categories of factories, improving its remediation financing mechanism, increasing its protection of associational rights, streamlining its enforcement mechanism, and improving coverage of severance in cases of safety-related closures and relocations. Scott also noted that there is a great need for expanding the Accord to other countries where workers face similar safety hazards, particularly Pakistan and India.

Finally, Scott N. provided updates on the labor movement in Bangladesh, where peaceful protests over the minimum wage resulted in the government jailing 35 leaders, and factory owners illegally firing over 3000 workers. The WRC worked with a broad range of organizations to urge the government to release workers from jail and factory owners to reinstate fired workers. As a result of this international pressure, all of the leaders were released from jail. An agreement was also reached at the end of February to address the remaining criminal charges and to achieve re-instatement of workers – but the agreement has significant weaknesses and has not yet been fulfilled.

Scott F. made a motion to adjourn the meeting. This motion was seconded by Kyle, and was unanimously approved. The meeting was adjourned at 3:34 p.m.