

## **Minutes of the WRC Board Meeting March 1, 2019**

Present at the meeting is: Geoff Chatas, Alixe Holcomb, Kyle Muncy, and Craig Westemeier of the University Caucus; Jill Esbenshade (via phone), Julie Farb, Mark Levinson, Julie Martinez Ortega, and Julie Su (via phone) of the Advisory Council; Patricia Alvaro, Citlalli Aparicio, Elizabeth Carroll, Amber Chan, and April Lopez of USAS.

WRC staff members in attendance were: Scott Nova, Ben Hensler (via phone), Jessica Champagne, Rola Abimourched, Chelsea Rudman, Vincent DeLaurentis, Penelope Kyritsis, Kimberly Capehart, Laura Gutierrez, and Tara Mathur (via phone).

Observers in attendance included: Ana Jimenez, USAS and Obed Ventura, WRC Intern.

Alixé, Board Chair, called the meeting to order at 9:17 a.m.

### **Board Member Nominations**

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The Board ratified the election of two new members, as follows:

#### ***Advisory Council Board Member***

Julie Farb nominated: Mark Levinson

Julie Martinez Ortega seconded

Approved by acclamation; no opposition

#### ***USAS Board Members***

Patricia Alvaro nominated: Citlalli Aparicio

Craig Westemeier seconded

Approved by acclamation; no opposition

### **Approval of Minutes of November Meeting**

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Kyle motions to approve. Geoff seconded. The minutes were approved by acclamation; there was no opposition.

### **Executive Director's Report**

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Scott Nova gave sincere congratulations to Board Member Julie Su for her promotion as the new Secretary of the California Labor and Workforce Development Agency.

#### ***Open Apparel Registry (OAR) - Rola Abimourched***

The WRC is serving as a board member on the nascent organization, Open Apparel Registry (OAR), which publishes supply chain information from major apparel and footwear brands. They are working to create unique identifiers for all apparel and footwear factories globally. Rola provided a brief overview of the effort, whose purpose is to improve transparency in the industry.

### ***Funding Prospects - Chelsea Rudman***

Chelsea provided a general overview of foundation fundraising efforts, including new prospects.

### ***Organizational Review and Staff Changes - Jessica Champagne***

In January/February 2019, the WRC hosted an Organizational Review for the entire WRC staff. This was the first time in over 10 years the global staff came together for capacity and team building. Trainings included: occupational health and safety, labor laws, payroll review, digital security, and more. The WRC has also experienced some changes to the field staff. An introduction of new staff was highlighted.

### ***Alta Gracia – Scott Nova, Vincent DeLaurentis, and Jessica Champagne***

In January, Alta Gracia experienced a financial crisis; it had lost one of its key investors. After consulting the WRC, labor laws, and the union, operations at the factory were suspended for six days while leadership actively sought new capital. When the factory reopened, workers received back pay for the missed time. While it is not uncommon for garment factories to experience this kind of crisis, what is unique is the company worked with the union and the WRC to resolve the situation in the manner least burdensome to workers. The new investor has brought in substantial capital and expertise in operations.

### ***Cambodia – Vincent DeLaurentis***

A government crackdown started about four years ago after several protests. As a result, key union and labor rights leaders were arrested on trumped up charges in Cambodia. This was an effort by the government to inhibit labor organizing and the ability of unions to address human rights issues. There was significant international pressure to stop the crackdown and to free the labor rights leaders. After a drawn-out process, prosecutors changed the charges at the last minute, so defense lawyers could not adequately defend their clients. The six leaders were thus convicted of inciting others to violence; they were given a suspended sentence of 2.5 years and are on probation for five years. Any action or fabricated offense against them would result in them having to serve their deferred sentence. This allows the Cambodian government to avoid international outcry while also restricting the leaders' ability to advocate for worker rights. The leaders have appealed the sentence.

### ***Hetian Taida – Scott Nova***

AP News found a connection between Badger, a university licensee, and forced labor within Uighur concentration camps in China. The WRC was able to confirm that the factory in question is within the camp through satellite imagery and confirmed that a representative from Badger did, in fact, visit the factory. This factory was not disclosed by Badger. The WRC is investigating.

### ***Konffetty – Scott Nova***

The factory, Konffetty, makes high end children's clothes using hand embroidery by homeworkers in El Salvador. El Salvador requires homeworkers to be treated the same as factory workers in regards to pay and benefits, and they must be registered with the government as employees. The WRC investigated and published a report, finding that the employer had failed to pay legal minimum wages and benefits to the homeworkers and that they are owed

approximately 2.7 million dollars in back wages. The WRC has had extensive discussions with the owner, Miguel Lacayo, to discuss remedies for the homeworkers, both for past wage theft and future compliance with Salvadorian law. Under university codes of conduct, if the factory and licensees cannot pay back the workers due to genuine financial constraints, the remedies may be reduced. After a review of Konffetty and Vive La Fete's finances, the WRC proposed substantially reduced back pay. Lacayo is still unwilling to pay and to implement adequate prospective remedies, and the WRC will now report this to affiliates.

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**Liebra Permana - Rola Abimourched**

Liebra Permana, a producer of lingerie, closed one of their three facilities in Indonesia. To avoid paying the legally owed severance, Liebra Permana engineered a fake transfer order to a factory 400 kilometers away, then fired workers for not going to work, and used this to justify paying workers a small fraction of the severance they are owed. After union leaders wrote to brands sourcing from Liebra Permana, Liebra Permana compelled the police to harass the union leaders. In an ongoing legal battle, the Indonesian Supreme Court rejected Liebra Permana's appeal of a lower court ruling in the workers' favor, but the company still refuses to pay. Several buyers, including Fruit of the Loom, have, at the WRC's request, put substantial pressure on the company, and we are hopeful they will ultimately pay the workers what they are owed. The case underscores the problem of severance theft in Indonesia and is an example of the increasingly complex schemes employers are using to avoid paying what the law requires.

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**Executive Session**

An executive session was held to discuss confidential personnel, financial, and other sensitive matters.

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**Field Reports*****League - Tara Mathur***

The WRC began an investigation in January of the League Central America factory in El Salvador, owned by licensee League. The inquiry included worker interviews, on-site inspection, document review, and follow-up interviews with the company. Several violations were found at the factory including: wage theft related to education programs operated by the factory, violation of laws protecting workers' religious freedom, verbal harassment and abuse, and LGBTQ discrimination.

League has been open to remediation to come into compliance with university codes of conduct, and the WRC will report on the case to affiliates shortly.

***Direct Ship Americas (DSA) – Tara Mathur***

In December 2018, the university licensee, Fanatics, alerted the WRC to an imminent factory closure within their collegiate supply chain at DSA in Honduras. Fanatics informed the WRC that the factory owner did not have money to pay severance, and Fanatics committed to ensure workers are paid. The WRC was able to be onsite on the day of the closure to inform workers of

the situation and of Fanatics' commitment. The WRC worked closely with Fanatics and its agent, AGI, which put up funds to pay the workers, to ensure all workers were paid in full and promptly. The case illustrates best practice in terms of licensee handling of a severance case.

***Delta – Jessica Champagne***

The factory, Delta Apparel Honduras, has failed to make meaningful commitments to address outstanding violations, in the areas of: wages and hours of work, legally mandated benefits, health care, harassment and abuse, gender discrimination, freedom of association, and occupational health and safety. In addition to licensees buying from the factory, all of which have already ceased doing so, the WRC advised all licensees using any Delta factory that doing so places them in violation of university labor codes. Additional licensees are taking action against Delta. The WRC continues to hope that Delta will make the necessary remedial commitments.

The meeting adjourned at 3:36pm.