

Minutes of the WRC Board Meeting May 20, 2022

The meeting was held at Georgetown University and on Zoom.

Present at the meeting in person were Rachel Duffy, Kyle Muncy, Cal Watson, and Craig Westemeier of the University Caucus; Jill Esbenshade, Julie Farb, Mark Levinson, and Mark Pearce, of the Advisory Council.

Board Members attending via Zoom included: Alixe Holcomb of the University Caucus; Julie Martínez Ortega and Angeles Solis of the Advisory Council; Sarim Karim, Rachana Nettem, and Alek Palacios of United Students Against Sweatshops.

Michael Ferrari, Bryanna Gonzalez, Sarah Guzman, and Ricardo Perez were absent.

WRC staff members attending in person were Scott Nova, Ben Hensler, Jessica Champagne, Rola Abimourched, Vincent DeLaurentis, and Kimberly Capehart; Liana Foxvog, Tara Mathur, and Vincent Holmes attended on Zoom.

Observers in attendance included: Jess Dampier, USAS, in person; and Leigha Ellis, USAS, on Zoom.

Guest presenter, Mark Anner, of The Pennsylvania State University, joined on Zoom.

Meeting was called to order at 9:02 a.m. EDT by Board Chair, Rachel Duffy.

Approval of Minutes of February Board Meeting

Craig moved to approve the February Board Meeting minutes without amendment. Kyle seconded the motion. There was no opposition to the approval of the minutes; all board members approved.

Executive Director's Report

Organizational Updates – Scott Nova

Scott reported the completed renovation of the WRC's new office space, the staff's return from full-time work at home to the new office, and the finalization of the negotiation with the WRC Staff Association on a flexible, hybrid work schedule. The agreed schedule requires staff members to spend at least three days per week in the office, with two "core" days set by management and a third day chosen by each staff member.

Personnel Updates – Jessica Champagne

Jess introduced two new staff members, Thulsi Narayanasamy, Director of International Advocacy and Vincent Holmes, Director of Development and Strategic Partnerships. She additionally announced the WRC's newest hire, Sarah Orleans Reed, Director of Strategic Research, who will start in July. Jess also provided a review of all current staff positions.

A Review of the WRC's 2021–2022 Investigations – Rola Abimourched

Rola provided an overview of the factories the WRC has assessed since the start of the fiscal year. She noted trends in violations by region and highlighted a few notable cases, summarizing violations and remediation. Scott noted the growing challenges to working in some regions due to the increased despotism in many garment-producing countries and the resulting closure of space for civil society, including for the work of unions and labor rights defenders.

Rola discussed the freedom of association violations at the collegiate factory BD Cambodia and the remediation that was achieved after the WRC engaged with brands sourcing from the factory. She then reviewed the wage theft experienced by workers at PT Dong-A Decal, a collegiate factory in Indonesia. After the WRC's investigation and brand engagement, Rola reported workers were paid the severance they were owed. Rola discussed the WRC's recent engagement at Brilliant Alliance, a non-collegiate factory in Thailand that closed without paying workers \$7.3 million in legally mandated severance, with some workers being robbed of the equivalent of more than four years of salary. Rola reviewed the efforts of the WRC to secure payment for the workers via the parent company and/or its customers, noting also the activism of the workers' union and the strong support the union received from the Solidarity Center. Rola reported that one buyer, Victoria's Secret, committed in April to fund full payment of the arrears to workers, including legally mandated interest, a total of more than \$8 million. Scott noted the complex ownership scheme developed, after the closure, by the factory's parent company and the Sri Lankan manufacturer Brandix and the WRC's work to document the relationships involved. He explained that the money provided by Victoria's Secret is technically a loan to the parent company, to be repaid over time, which is a notable precedent. Scott also noted that this is the largest amount ever paid to workers in a case of severance theft, explaining that this could not have happened without years of work to enforce labor codes in the collegiate space, which has raised expectations for brands in the broader industry. Rola reviewed the WRC's investigation into KGG Garments, a collegiate factory in Ethiopia, which forced 1,300 workers to resign in order to avoid paying their severance. She discussed the WRC's engagement with the buyer, Cutter and Buck, and the commitment of Cutter and Buck to directly pay workers their owed wages. Scott noted that the swiftness of Cutter and Buck's decision to address the issue is a good illustration of how expectations of collegiate licensees in wage theft cases have changed over time, such that making workers whole is now the norm.

Hong Seng – Jessica Champagne

Jess discussed the wage theft case at Hong Seng Knitting, a collegiate supplier to Nike, located in Thailand. She provided a recap of the case and of Nike's unwillingness to acknowledge the violations. She updated the Board on the WRC's engagement with Nike, and the latter's continued refusal to remediate, beyond a handful of workers who won cases at the Thai labor ministry. She noted that, with legally mandated interest, the WRC now estimates arrears to workers at roughly \$600,000. Scott expressed his concern that the most prominent licensee in the collegiate sphere is acting with such recalcitrance in a case the WRC considers entirely straightforward.

Hoosier Manufacturing/Indiana Knitwear – Ben Hensler

Ben reported on a collegiate factory in Guatemala that had a history of freedom of association violations including a new report of a violation, which was the subject of the WRC's investigation. He discussed the union's efforts to organize and the consequent retaliation by the management, including the firing of union leaders and members. Via interviews and examination of evidence, Ben reported, the WRC discovered that some of the union leaders had not engaged in a genuine effort to organize a union but had carried out a scheme to prompt the factory to fire them in order to acquire severance. Ben explained that, despite the underlying motive for the organizing effort, the retaliation by the factory owners, who thought the unionization effort was genuine and fired the workers to stop it, was a violation of law and university codes and created a chilling effect on other workers who may sincerely want to organize and collectively bargain. He reviewed the remediation plan which includes the rehiring of the terminated workers, the hiring of an ombudsman, the commitment to not interfere with future union organizing, and rehiring and back pay for workers who had been fired in a previous, genuine, effort at union organizing. Ben reported that the WRC did not recommend back pay for the leaders who had concocted the scheme.

Transforming Work and Lives in the Honduran Maquila Sector

Scott reviewed the seminal freedom of association work in 2008 and 2009 at Russell Athletic/Fruit of the Loom, wherein the WRC documented an anti-union factory closure by the company and, after a tremendous amount of USAS activism, and the decision of more than a hundred universities to terminate Russell Athletic's licensing rights, the company agreed to sweeping remediation, with long-term implications in Honduras. He then introduced guest speaker Mark Anner, Director of the Center for Global Workers' Rights at The Pennsylvania State University.

Mark A. discussed his forthcoming report on the transformative impact of the Russell Athletic/Fruit of the Loom case and of the historic agreements the company signed in 2009. He noted 44 percent of Honduran workers are now unionized, with genuine collective bargaining, the most, by far, in any garment-producing country in the world. Mark A. presented key takeaways from his research, which found that unionized workers were paid more than their non-unionized counterparts; women working in unions had less of a wage gap than their non-unionized counterparts and face less sexual harassment; and workers in unions reported more reasonable increases in production quotas. Mark A. also gave two examples that highlighted how the unions improved working conditions for all garment workers in Honduras: (1) union workers advocated for a national minimum wage increase, which positively impacted all garment workers; and (2) due to their organizing, most workers in Honduras received their legally required pay during Covid-19, where many workers in other countries in the region did not.

Fielding questions from the board, Mark A. also discussed some of the challenges in El Salvador, the impact of the changes in Honduras on migration, and the outlook for unions and collective bargaining in the region going forward.

Set Next Meeting(s) Date

The Board decided to hold the next meeting on October 21, 2022, in person.

Communications Strategy Discussion

Board members discussed ideas around making the content the WRC publishes more available in digestible form to university communications' operations, including ways to lift up worker voices and showcase the broader scope of work and progress the WRC has made and actionable ways to get more schools involved. Among other ideas were the value of creating more infographics and more videos explaining the work. Concerns around time, staff capacity, and cost were raised. Board members suggested creating content that describes the investigation processes the WRC uses when responding to a complaint and creating more evergreen content that is less issue-based. The board agreed informally to continue this discussion and thanked Mike for introducing the topic.

Executive Session

An executive session was held to discuss confidential financial and programmatic matters.

Winning against Wage Theft: Updates on Severance Theft and Widespread Wage Theft in Karnataka, India

Ben reviewed the illegal refusal of garment factories in the state of Karnataka, India to implement an increase in the minimum wage from April 2020 to January 2022/ He noted that this represents the largest wage theft the WRC has identified in the recent history of the global garment industry. He noted the destructive impact the wage theft had on workers and their families—increasing food access instability, negative impacts on children's education, and the increasing need for workers to take out loans to pay for basic necessities. Ben highlighted the engagement the WRC undertook with brands in order to convince them to recognize the violations and press factories to implement the overdue wage increase and pay workers their legally owed back wages. Ben reported that the engagement with brands and with the media was successful in pressuring the largest garment exporter in Karnataka to make these commitments and that other factory owners predictably followed. Ben informed the board that hundreds of thousands of workers have received some of their back pay, and that, in total, nearly \$30 million has been committed to be paid. Ben noted there is still considerable work to be done on this case, including ensuring factories follow through on their commitments to pay and ensuring former employees of these factories are also contacted and receive their back wages. Ben noted that virtually all factories in the region are now paying the minimum wage going forward.

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