Submitted by Ravi Anupindi, Chair

EXECUTIVE SUMMARY

Our findings and recommendations are summarized below.

The President’s Advisory Committee on Labor Standards and Human Rights advises the University concerning policies and practices to ensure that corporations engaged in the manufacture of licensed goods, bearing the University of Michigan name and/or logos, are not engaged in unlawful or unconscionable labor practices.

In 2013-2014 in accordance with the charge to the Committee by the President, we focused on monitoring code enforcement and promoting University leadership in corporate citizenship with respect to fair labor practices, human rights, and sustainability in its licensing operations.

Our major activities for 2013-14 included a) finalizing changes to the U-M Code of Conduct to include a preamble and a remediation clause b) discussing and deliberating our role in ensuring building and fire safety in factories in Bangladesh with appropriate recommendations to President Coleman c) renewal of the committee’s internship program through a collaboration with the U-M Law School’s Cambodia Law and Development Program directed by committee member Professor Nicholas Rine, and d) decision and preliminary planning to host a symposium on October 10, 2014 to commemorate the 15th anniversary of the PACLSHR committee.

In the educational arena:
• Established an internship program in Cambodia in collaboration with committee member Nicholas Rine, Director of the U-M Law School’s Program for Law and Development in Cambodia.
• Initiated a case study of U-M licensee Knight’s Apparel’s Alta Gracia factory located in the Dominican Republic as initiated by the Committee Chair in partnership with the Center for Positive Organizations.
• On October 10, 2014 Committee will commemorate 15 years of the work of the University in ensuring labor standards and human rights through the PACLSHR.
• Provided funding and support for student member Kelsea Ballantyne’s trip to Dallas for the UAC meeting. Kelsea was selected by the FLA to be a student member of the FLA’s University Advisory Council for a two-year term from 2013-2015.
• Hosted Joseph Bozich, CEO of Knight’s Apparel at the Ross School of Business on November 26, 2013. Committee members had the opportunity to meet with Mr. Bozich to learn about the Alta Gracia project.
In the operational arena:
• Continued review of the impact of the CLC Corporate Responsibility Pilot Program to incorporate compliance evaluation as part of license renewals on the U-M Licensing program; and,

In the code of conduct for labor standards we
• Updated the U-M Code of Conduct with the inclusion of both a preamble and remediation in effect as of March 2014 per President Coleman’s April 1, 2014 letter to the committee.

In the monitoring arena we
• Investigated and made recommendations to President Coleman regarding the University’s response to the Fire and Building Safety issue in Bangladesh.
• Reviewed cases of ongoing concern identified by our monitoring bodies, the Fair Labor Association (FLA) and the Workers Rights Consortium (WRC);
• On June 4, 2014, committee met with compliance representatives from U-M licensees VF Imagewear and Outdoor Cap, non-signatories to the Accord, for presentations of their plans to ensure building and fire-safety in Bangladesh.
REPORT OF THE COMMITTEE

The President’s Advisory Committee on Labor Standards and Human Rights advises the University concerning policies and practices to ensure that corporations engaged in the manufacture of licensed goods, bearing the University of Michigan name and/or logos, are not engaged in unlawful or unconscionable labor practices.

This year, the Committee has representation from the Gerald R. Ford School of Public Policy, the Law School, Licensing, the Ross School of Business, the International Institute, Financial Operations, Procurement, and Engineering.

In 2013-2014, in accordance with the charge to the Committee by the President, we focused on promoting University leadership in corporate citizenship with respect to fair labor practices, human rights, and sustainability in its licensing operations.

I. Educational Leadership

- Renewed the internship program through a collaboration with committee member Nicholas Rine, Director of the U-M Law School’s Program for Law and Development in Cambodia. Two graduate interns were selected for summer 2014 Cambodia internships, Janet Jansen, School of Public Health and Grace Adofoli, School of Social Work. Their internships were with the Community Legal Educational Center http://www.clec.org.kh/ under the mentorship of Professor Rine who was in Cambodia for the spring/summer terms.

- In partnership with the Center for Positive Organizations, the Committee Chair initiated a case study project on U-M licensee Knight’s Apparel and their Alta Gracia factory in the Dominican Republic. Student committee member Kelsea Ballantyne and Ross student Andrea Krauss volunteered to work on the project. Kelsea’s travel was supported by the committee. The students traveled to the Dominican Republic in February 2014 for a tour of the Alta Gracia Factory and surrounding community. While there, they interviewed workers and locals affected by factory’s presence in their community. They also traveled to Knight’s Apparel’s headquarters in South Carolina to interview executives / managers. Case study writing is in progress and is expected to be completed by December 2014.

- The committee confirmed October 10, 2014 as the date for hosting a symposium at the University of Michigan to commemorate the 15th anniversary of the work of the University in ensuring labor standards and human rights through the PACLSHR. Professor Michael Posner will be the keynote speaker. The theme of the symposium is to explore the role of universities in facilitating social responsibility in global supply chains. The symposium will cover the challenges of ensuring social responsibility in today’s globally dispersed supply chains, historical approaches universities have taken, current industry best practices and challenges. Panelists will also consider what ought to be the role of a university and how they could fulfill that role more effectively. The audience for the conference will include faculty/students/ licensees/and members of labor standard committees from other schools. Co-sponsors of the symposium include the Ross School of Business, Law
School, the School of Public Health, the Ford School and the Erb Institute. Please see Addendum I for the Save-the-Date flyer.

- Kelsea Ballantyne was chosen as an FLA student member of the University Advisory Council for the 2013-2014 year. She joined 15 other students from 11 FLA-affiliate universities on March 6 in Dallas, Texas for student-focused meetings and the annual FLA University Advisory Caucus meeting.
- The chair attended the FLA University Advisory Council (UAC) in Dallas, TX on March 6 and the WRC annual meetings on May 1 in Washington, DC.
- PACLSHR has a new web home on the President’s Office home page http://president.umich.edu/mission.php moved from the IRLEE server in April 2014.

II. Operational Leadership

- The committee continued to review the impact of the CLC’s Corporate Responsibility Pilot Program on the U-M Licensing Program. The committee recommends U-M’s continued participation with the CLC’s Corporate Responsibility Pilot Program aimed at strengthening code compliance through the licensing process.
  - Currently four schools are participating: U-M, UCLA, UNC and Wisconsin.
  - In its fourth year, the licensing program is seeing a leveling off in its non-approval for renewals.

III. Code of Conduct for labor standards

- The committee updated the U-M Code of Conduct with the inclusion of both a preamble and remediation in effect as of March 2014 per President Coleman’s April 1, 2014 letter to the committee.

IV. Compliance Issues and Procedures

- In response to the very serious catastrophes affecting the readymade garment industry in Bangladesh and responding to the request from the Workers Rights Consortium (WRC) notifying its affiliate universities to mandate their licensees to sign the Bangladesh Building and Fire Safety Accord, the committee investigated the issues and made four formal recommendations to the President regarding the University response to the Fire and Building Safety. Please see letter dated March 3, 2014.
- On June 4, 2014, committee met with compliance representatives from U-M licensees VF Imagewear and Outdoor Cap, non-signatories to the Accord. The committee met several times over the summer months to determine a course of action. Motions regarding the plans submitted by VF Imagewear and Outdoor Cap have been voted on and final recommendations to the President are being drafted at the time of this report. We expect to submit our final recommendations to the President by October 13, 2014.
- The Committee reviewed cases of ongoing concern identified by our monitoring bodies the Fair Labor Association (FLA) and the WRC.
V. Beyond the Committee

- Prof. Ravi Anupindi collaborated with the Center for Positive Organizations at the Ross School of Business to create a video interview with Joseph Bozich, CEO of Knight’s Apparel, a U-M licensee: http://positiveorgs.bus.umich.edu/videos/ceo-interview-joe-bozich-2/
- Professor Ravi Anupindi has joined the FLA Core Advisory Group that focuses on sustainability and fair labor with respect to agricultural issues.

VI. Suggestions regarding 2014-2015 committee activities

Based on activities of the Committee to date and issues pending as of September 2014, issues that will likely need attention in the upcoming year include:

- Monitoring the fire and building safety issues in Bangladesh and U-M licensee sourcing issues in Bangladesh.
- Continue preparations for the October 10, 2014 campus symposium.
- As appropriate, implementation of recommendations from the October 10, 2014 symposium.
- Based on reports of the 2014 internships, continuation of the summer internship program in Cambodia.
- Review scope of committee’s work as outlined in the President’s Charge to the Committee document and make appropriate recommendations.