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 2014-2015, 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 2014-15 included 1) engaging the campus community in discussions of labor standards and human rights by hosting a symposium on October 10; 2) communicating a recommendation to the President regarding U-M licensees VF and Outdoor Cap; 3) deliberating U-M’s role in ensuring building and fire safety in factories in Bangladesh; 4) supporting a second year of student internships; and 5) developing an internship project to address mapping issues of the University of Michigan’s licensee supply chains.

In the educational arena:

- Hosted a public symposium entitled “Global Human Rights and Labor Standards” commemorating 15 years of committee service to the University ensuring labor standards and human rights of its licensees and their supply chains.
- Reached out to U-M’s campus community to recruit two students for experiential learning opportunities on topics related to labor standards and human rights. 1) We funded Robert Flood, a graduate student at the Nursing School who has developed two internship projects in Siem Reap, Cambodia. 2) Undergraduate Eni Kruja receiving funding to work as an intern at Sumerra, LLC, a monitoring management company that possesses worldwide resources with headquarters in Portland, Oregon. Her project on “Mapping and Analysis of the University Apparel Licensing Supply Chain” was a first-time effort to address the challenge of limited visibility beyond the first tier in licensed goods supply chains;
- On December 2, 2014, hosted Kohl Gill’s public lecture at the Ross School of Business on the topic “The Story of Fairer Stuff: Workers Driving Supply Chain Transparency Via Mobile Phones”. Mr. Gill is the CEO and Founder of LaborVoices.

In the operational arena:

- Continued development of the CLC Corporate Responsibility Pilot Program to incorporate compliance evaluation as part of license renewals on the U-M Licensing program;
- Expanded the committee’s conversations beyond that of licensed goods by setting up a webex meeting with Kyle Richard, Corporate Social Responsibility Analyst at the University of Washington (UW), Seattle. Mr. Richard discussed how UW’s institutional procurement
practices focus on the social responsibility and environmental sustainability of non-licensed goods;

- Committee met with Interim Director Colin T. Anderson, Procurement Services for an overview of the procurement of goods and services at the University of Michigan;
- Hosted an all-day FLA licensee training event at the Ross School of Business on August 4.

In the monitoring arena:
- Sent a recommendation to President Schlissel to consider against granting an exception to signing the Accord requested by licensees VF and Outdoor Cap;
- Continued discussion and monitoring of 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);
- Our Committee Chair attended the WRC’s May annual meeting in Washington DC.

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, Financial Operations, Procurement, and the School of Public Health. In 2014-2015, 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

The committee found various ways to enhance campus dialogue on the topic of labor standards and human rights.

A. Symposium

On October 10, 2014 the committee hosted a campus-wide symposium entitled “Global Human Rights and Labor Standards” to commemorate the 15th anniversary of the committee’s service to the University ensuring the labor standards and human rights of its licensees and their supply chains. The theme of the symposium, held at the Ross School of Business, centered on the role of universities in facilitating social responsibility in global supply chains. Discussions addressed current industry best practices and challenges while querying the role of a university in creating safe and fair work conditions broadly around the globe. U-M Alumni Michael Posner delivered the keynote address on the “Role of American Universities in a Globalized World”.

The conference audience included U-M faculty, staff, students, and licensees, in addition to representatives from other schools and universities on issues related to licensing and supply chains. Other co-sponsors included the Ross School of Business, the U-M Human Rights Initiative (with a direct contribution of $250), the Law School, Ford School of Public Policy, Erb Institute and the School of Public Health. The chart (next page) briefly summarizes the day’s topics. Please see
Appendix A for the full agenda. PACLSHR student committee member Kelsea Ballantyne, organized and conducted the symposium’s afternoon brainstorming session. From that session, she created an action plan to provide more specific direction for the committee’s future work. Notes from the symposium appear in Appendix B.

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<tr>
<th>Opening Remarks:</th>
<th>Keynote</th>
<th>Address:</th>
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<tbody>
<tr>
<td>President Mark Schlissel, University of Michigan, Ann Arbor, MI</td>
<td>Michael H. Posner, Professor of Business and Society, New York University Stern School of Business</td>
<td>Role of American Universities in a Globalized World</td>
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<tr>
<td>Kevin Kolben, Associate Professor, Rutgers Business School</td>
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<th>PANEL DISCUSSION:</th>
<th>Leading Industry Practices on Supply Chain Engagement Strategies for Social Responsibility</th>
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<td>PANEL DISCUSSION:</td>
<td>Transparency Challenges in Sourcing of Promotional and Blank Goods</td>
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B. Internship Program

Encouraged by the success of its 2014 summer interns, the committee continued to build the Cambodia internship program by funding Robert Flood, a graduate student from the School of Nursing. With mentoring from Nick Rine, Director of the Law School’s Cambodia Law Project, Mr. Flood developed two internships, one with The Lake Clinic which serves the floating villages on the Tonle Sap lake and its tributaries and another with SiRCHESI (Siem Reap Citizens for Health, Education and Social Issues).

Better transparency and visibility into the extended supply chain is an essential step in ensuring labor standards and human rights and yet, university licensing offices have limited visibility beyond the first tier in their licensed goods supply chains. With this in mind, the committee supported a US-based internship focused on Mapping and Analysis of the University Apparel Licensing Supply Chain to address the challenges that university licensing offices face with limited visibility beyond the first tier in their licensed goods supply chains. Undergraduate student Eni Kruja was selected for this internship project which attracted 40 student applications across the campus. Ms. Kruja’s internship site was the Portland, Oregon offices of Sumerra, a monitoring management company that possesses worldwide resources. She independently sought assistance from a variety of organizations within the collegiate licensing business, including licensees and the University’s licensing agency, the Collegiate Licensing Company.

C. Lecture Event

Hosted a public lecture on December 2 entitled: “The Story of Fairer Stuff: Workers Driving Supply Chain Transparency Via Mobile Phones” presented by Dr. Kohl Gill, CEO and Founder of LaborVoices. LaborVoices provides global brands and their supply chains an early warning system based on direct feedback from workers by repeatedly polling workers through their mobile phones. Mr. Gill was a guest lecturer for RAnupindi’s session on social issues in global supply chain management for a seminar class titled “Topics in Global Operations”. RAnupindi also presented a workshop on “Responsible Supply Chain Management” at the Positive Business Conference hosted by the Ross School of Business in May 2015.

II. Operational Leadership

A. 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. In its fifth year, U-M’s CR program with the CLC continues to incorporate more corporate responsibility in the renewal process.

B. RAnupindi participated in the WRC Caucus Meeting held in Washington, DC on April 30, 2015. He gave a brief overview of the October symposium to the meeting attendees.

C. The committee hosted an FLA Affiliate Training Session on August 4 at the Ross School entitled “Introduction to Compliance Monitoring”. Twenty licensees attended the session.

As background, the original training (developed in 2009) occurred as a two-day event during which licensees further developed capacity to create and execute a headquarter-level compliance program, as well as understand the basics of conducting onsite social compliance assessments in supplier facilities. This program generated much positive feedback from licensees, and many licensees have expressed interest in and a need for a similar program to be re-launched by the FLA. In 2009, the University of Michigan hosted a licensee training session for the FLA at the Ross School of Business.

The training included a one day classroom-based session and on the second day, a shadow audit at Underground Printing, a nearby manufacturing facility. The training focused on the mechanics of a strong factory monitoring (or auditing) function within a greater social compliance program at the licensee’s headquarter level. An experienced trainer introduced participants to the “management systems” audit approach, and introduced best practices for key aspects of auditing, such as pre-visit preparation, worker and management interviews, document review, factory floor walk through, among others. Yudira Hurtado, Global Training Manager at UL, Responsible Sourcing, led the training.

III. Compliance Issues and Procedures

A. Reviewed procedures with the FLA regarding complaints involving U-M licensees.

B. Fire and Building Safety in Bangladesh. In response to the very serious catastrophes affecting the ready made garment industry in Bangladesh, the Committee Chair forwarded committee
recommendations to the President’s Office regarding Outdoor Cap and VF. Committee discussed next steps of the Accord’s implementation process: issues of accountability, the Accord’s implementation process, and general awareness of issues such as finding out if any U-M licensees have directly funded Bangladesh factory updates and repairs. Licensee terminations with VF and Outdoor Cap were completed in January, 2015.

IV. Beyond the Committee

- R Anupindi had joined the FLA Agricultural Working Group: Benchmarks and Principles that focuses on sustainability and fair labor practices in agribusiness. In September 2015, the working group completed Benchmarks and Principles to be included as a recommendation to the FLA Monitoring Committee for its consideration.

V. Suggestions regarding 2015-2016 committee activities

Based on activities of the Committee to date and issues pending as of September 2015, 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. The committee began monthly review of the Accord Newsletters beginning in February 2015.
- Gradual Implementation of recommendations from the October 10, 2014 symposium.
- Continuation of the summer internship program. With support from NRine, we have had good success on internships in Cambodia. In 2015, we also had an overwhelming interest from the student body in the US-based project focused internship. We would like to continue and grow the internship program with three interns in 2016.
- Review the scope of committee’s work as outlined in the President’s Charge to the Committee document and suggest appropriate recommendations.
- Explore assisting the University to assess social responsibility in its procurement supply chain (for non-licensed goods). While the mandate of this committee has been limited to licensed goods, social responsibility issues in the much larger procurement spend of the University not only poses a potential risk to university brand but also presents an opportunity to the University to use its leverage to improve labor standards and human rights in select areas. What is needed, however, is a structured approach to spend analysis, risk assessment, and identification of leverage points to inform the University of potential areas of engagement. This is perhaps best undertaken as a supervised student internship (during the academic year) with financial support from the President’s office and positioned under the research and education charter of the committee. The committee is requesting two RA slots to facilitate this study.
Appendix A: Oct 10, 2014 Symposium Agenda
Symposium on Global Human Rights and Labor Standards  
*Commemorating the 15th Anniversary of the University of Michigan President’s Advisory Committee on Labor Standards and Human Rights*

**October 10, 2014, Ross 6th Floor Colloquium**  
**AGENDA**

<table>
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<tr>
<th>Time</th>
<th>Description</th>
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<tr>
<td>7:45-8:15am</td>
<td>Registration Check-in</td>
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<tr>
<td>8:15-8:30am</td>
<td>Welcome</td>
</tr>
<tr>
<td>8:30-8:40am</td>
<td><strong>Opening Remarks:</strong> President Mark S. Schlissel, University of Michigan</td>
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| 8:45-9:25am      | **Keynote Address:** Michael H. Posner, Professor of Business and Society, New York University Stern School of Business  
*Role of American Universities in a Globalized World* |
| 9:25-10:00am     | Kevin Kolben, Associate Professor, Rutgers Business School  
*Private Labor Regulation and the Global Supply Chain: A Bridge to the State?* |
| 10:00-10:20am    | **B**REAK                                                                  |
*Promoting Labor Standards in Global Supply Chains: What Works Well, Not So Well, and What Can Universities Do?* |
| 11:00-12:00pm    | **PANEL DISCUSSION:**  
*Leading Industry Practices on Supply Chain Engagement Strategies for Social Responsibility*  
- Joel Friedman, Barnes & Noble College Booksellers, Inc.  
- Sean Ansett, At Stake Advisors & Fairphone  
- Brian Delehoy, Colosseum Athletics  
**Moderator:** Professor Jerry Davis, University of Michigan |
| 12:00-1:00pm     | LUNCH (Box lunch provided)                                                 |
| 1:00pm-2:00pm    | **PANEL DISCUSSION:**  
*University Approaches to Labor Standards and Human Rights*  
- Professor Marsha Dickson, University of Delaware  
- Professor Siobán Harlow, University of Michigan  
- Ben Hensler, Worker Rights Consortium (WRC)  
- Claudia Coenjaerts, Fair Labor Association (FLA)  
**Moderator:** Professor Susan Waltz, University of Michigan |
| 2:00pm-2:30pm    | **PANEL DISCUSSION:**  
*Transparency Challenges in Sourcing of Promotional and Blank Goods*  
- Neil Levitt, I.D. Me Promotions  
- Cynthia Holmes, Trademarks and Licensing, University of California Los Angeles  
- Rick Brenner, Prime Resources  
**Moderator:** Liz Kennedy, The Collegiate Licensing Company (CLC) |
| 2:30pm-3:15pm    | Moderated Break-out Sessions & Report Out  
*Next Steps for University Engagement in Social Responsibility: Structure, Tools, Resources, Research & Education*  
**Moderator:** Kelsea Ballantyne, Graduate Student, University of Michigan |
| 3:15-3:45pm      | Group reports                                                              |
| 3:45-4:00pm      | Wrap up & Adjourn                                                          |

Presenter, panelist, and moderator bio’s are posted at:  
[http://www.bus.umich.edu/Conferences/](http://www.bus.umich.edu/Conferences/)  
Search Word: Global

*Event Sponsors: The President’s Advisory Committee on Labor Standards and Human Rights, Ross School of Business, Michigan Law School, School of Public Health, Gerald R. Ford School of Public Policy, Erb Institute, and the Human Rights Initiative at the University of Michigan.*
Appendix B: Oct 10, 2014 Symposium Notes
GLOBAL HUMAN RIGHTS & LABOR STANDARDS SYMPOSIUM
COMMEMORATING THE 15TH ANNIVERSARY OF
THE U-M PRESIDENT’S ADVISORY COMMITTEE ON LABOR STANDARDS & HUMAN RIGHTS

Keynote: Michael Posner, Co-director and Professor Business and Society, New York University:
Talk Title: Universities Not Making Enough Progress to Protect Human Rights In Supply Chain, Spending or Investments

Press Release October 2014

Symposium Talk:

Thank you Ravi for inviting me here and for organizing and hosting this timely and important meeting. And thank you President Schlissel for your kind introduction. It is great to be back at Michigan where I very happily spent my undergraduate years. Fortunately for me it was long before the Internet age and before social media was there to capture every adolescent adventure and misadventure. I can save some of that for the coffee break.

Actually I was fortunate to attend two of the world’s great public universities – Michigan and the University of California at Berkeley, where I got my law degree. I also taught for many years at two American law schools – Yale and Columbia – and I am now a proud member of the faculty at New York University’s Stern School of Business. At Stern, Sarah Labowitz and I have established the Center for Business and Human Rights, the first human rights center at a business school.

These experiences as a student and teacher, and now also as a parent, have led me to appreciate the extraordinary nature of our system of higher education. Our thousands of colleges and universities are the crown jewel of American democracy and the envy of the world. Each year, hundreds of thousands of students from all corners of the globe come here to enjoy the benefits of an American education. Many are among the best and brightest young minds in their own societies. Often they come because they are shut out of higher education at home.

They come here for the opportunity to get an American degree because it is the gold standard in higher education. According to the Times World University Rankings, seven of the top ten universities in the world are American. This is not to diminish the greatness of many excellent colleges and universities in other countries, but simply to observe that no other country devotes the resources we do to higher education or has a system of higher education with comparable breadth and depth. And even with the rising cost of college, our system is unique in that it reaches so many beyond the elite few. At a time when many people question American leadership in the world, the preeminent position of our colleges and universities is a sign of our continued success and a key to our future.

Colleges and universities also have become an economic force in American society, generating patents, commercially valuable intellectual property, and also building considerable endowments that help them maintain their standard of excellence. The combined endowments of American and Canadian colleges and universities total more than $450 billion dollars. If Harvard’s endowment were a hedge fund, it would replace Blackrock as the sixth biggest hedge fund in the world.

But with these resources comes responsibility. The soaring cost of higher education over the last 25 years means that many Americans struggle mightily to find the means to send their kids to school. As President Obama has said, “[W]e’ve got a crisis in terms of college affordability and student debt….The system’s current trajectory is not sustainable.” With the government’s help, academic and financial institutions need to do more to make college accessible and affordable to more Americans.
On the plus side, American colleges and universities are expanding their global reach. Nationally, about a quarter of the class of 2012 studied abroad. In recent years, several leading universities, including my own, have taken international education to the next level, opening campuses abroad. NYU has opened degree-granting campuses in Abu Dhabi and Shanghai. Georgetown, Carnegie Mellon, and Cornell have campuses in Doha, Duke recently established the Duke Kunshan University in China, and Yale has partnered with the National University of Singapore. These campuses are an innovative next step in the trajectory of American higher education, helping prepare students to meet the challenges of an increasingly globalized world.

But conducting university operations abroad presents new tests. The views of host governments on issues of academic freedom, free speech, labor rights, and the rights of LGBT people often are very different from our own and inconsistent with international human rights standards. It is up to leading American universities to come together to adopt common standards and procedures to respect fundamental rights and freedoms in their international operations.

Looking more broadly, what are the responsibilities of modern universities to the societies we serve? As we seek to change the future – through the minds of those we teach, the research we conduct, and the scholarship we publish – we also have responsibilities to respect human rights in the ways we operate.

What does this mean in practice? I know from long experience that when you say the words “human rights,” many people think the subject is worthy, but probably too difficult and expensive to implement in practice. I submit that American colleges and universities can lead the way in achieving practical, and even affordable, human rights results in three key areas: licensing, procurement, and investment.

University logoed goods are a source of immense pride and a sign of loyalty among students, parents, and alumni. I can’t count the number of Michigan t-shirts in my drawers and those of our three kids. These goods are a significant source of university revenue. The market for collegiate licensed merchandise was worth more than $4.5 billion last year.

Beginning in the 1990s when the anti-sweatshop movement took shape, students pushed university administrators and faculty to take a hard look at the conditions under which this merchandise is made. A number of people who will speak here today – Liz Kennedy, Marsha Dickson, Ben Hensler and Brian Delahoy – are veterans of intense debates on campuses about the role of universities in improving working conditions in factories to ensure that those Michigan t-shirts are not made in sweatshops. Ravi and others here have made Michigan a leader in those efforts.

We’ll hear more in today’s program about the work of the 200 or so universities that participate in the Fair Labor Association and the Worker Rights Consortium. An important premise of both of these efforts is the recognition that no one company – or university – can solve challenging labor rights issues alone. Companies need to work together, even with their fiercest competitors, when it comes to human rights.

But universities need to assume greater responsibility for labor rights in their licensing programs. Universities should screen potential suppliers for their capacity to manage labor rights challenges in their supply chains before licensing proposals are accepted and at the point of renewal. Schools like Michigan and UCLA are doing this, but more need to follow. Groups like the FLA and WRC can’t succeed if universities don’t assume greater responsibility and ownership for these issues.

I also want to comment on the broader subject of university procurement practices. From the food served in the dining hall to construction of new buildings and facilities, to the paper in office printers, the scope of university purchasing is tremendous. Each year, American colleges and universities spend hundreds of billions of dollars on commercial contracts for goods and services.

The scope of human rights challenges in this area is equally broad. The supply chains of universities touch labor rights in manufacturing, but extend to other issues and sectors as well. Oxfam’s Behind the Brands campaign rates food and beverage companies with respect to labor, property rights, and
gender discrimination in agricultural supply chains. These are the companies that supply on-campus dining facilities. Conflict minerals can be found in the technology that is playing an increasing role in higher education. Another NGO, the Enough Project, is rating companies’ efforts to eliminate conflict minerals in their supply chains in the Democratic Republic of the Congo. And in their dealings with information and communication technology companies, universities should consider the scope and effectiveness of privacy policies and whether the companies they deal with are providing advanced customized technologies to aid repressive governments. If major American universities were to adopt uniform purchasing standards that addressed these issues they would help drive the debate nationally and globally on these important human rights subjects.

Many schools have systems in place that govern purchasing practices and dictate terms for contractors. For example, a number of schools include policies related to environmental sustainability or that encourage sourcing from minority- or women-owned businesses. But these efforts are uneven and uncoordinated, and more needs to be done.

The University of California system spends more than $7 billion each year on goods and services. It has an extensive and laudable commitment to what it calls “environmentally preferable purchasing goals.” And while the university’s supplier agreements require a certification that foreign made products will not be produced by forced or prison labor, it does not incorporate any of the other fundamental labor rights protections codified by the International Labor Organization. Why not?

Yale spends more than $1 billion a year and stipulates that its purchasing decisions are based on “a mix of social, environmental and economic considerations” which are spelled out in the university’s “Sustainable Procurement Standards Guide.” But the procurement guide offers little specific content relating to human rights and labor practices. Stanford’s guidelines are even narrower, focused almost exclusively on addressing “harmful effects on the environment.”

Michigan has adopted a program it calls “strategic sourcing” which calls for a fact-based approach aimed at consolidating the school’s purchasing power. Focused primarily on leveraging the university’s buying power to achieve cost savings, the school also applies what it calls the “total cost of ownership” model, which reflects customer needs, organizational goals, and total market conditions. But the human rights and labor dimension of purchasing practices is missing.

Current efforts to address these challenges are not commensurate with the responsibility of a sector that spends hundreds of billions of dollars annually. Why can’t major universities come together to develop common human rights standards and metrics for procurement that will maximize their leverage?

Finally, I want to add a third element to the mix, and consider the university as investor. Michigan’s endowment is $8.7 billion dollars, making it the eighth largest university endowment in the country. As I mentioned earlier, the combined endowments of American and Canadian universities now exceed $450 billion. Viewed from the perspective of the overall U.S. economy, with assets of over $200 trillion dollars, university endowments are modest. But if major universities came together to develop collective investment strategies aimed at advancing human rights, there is little doubt that they could have an impact.

Even in the mainstream investment world, long-term concerns about sustainability are starting to influence behavior. Just a few weeks ago, the Rockefeller family announced that their family foundations would divest from fossil fuels. Thus the nearly $900 million dollar legacy of Standard Oil is now committed to investments in clean energy and other sustainable technologies. Earlier this week, one of Australia’s largest pension funds announced that it will sell its holdings in coal companies, saying that climate change is an “unarguable scientific reality” and a “very real investment risk.” These choices suggest a changing landscape. There now is a recognition by some in the investment world that the long-term health and stability of investments is connected to the long-term health and stability of the societies in which they operate and invest.

To be sure, the obligations of university endowments differ from those of family foundations or state pension funds. College and university endowments generate vital resources to support research, education, and scholarships. It is the generous tradition of philanthropy and financial stewardship within its academic institutions that has made the United States the leader in higher education.
Mindful of this, a number of universities have begun to adopt investment policies that incorporate environmental or social concerns into their investment analysis and decision-making. Harvard was the first U.S. university endowment to sign the UN Principles for Responsible Investment. But in resisting a campus campaign urging divestment from fossil fuels, Harvard President Drew Faust wrote last year, “[W]e should be very wary of steps intended to instrumentalize our endowment in ways that would appear to position the university as a political actor rather than as an academic institution.”

Academic institutions do hold a special place in our democracy and they are not political actors. But neither are they exempt from responsibility for the impact of their investments when it comes to the environment and human rights.

In May, Stanford took the decision not to invest in publically traded coal mining companies. Michigan has twice divested stocks on the basis of social issues, from companies doing business in South Africa during Apartheid and more recently from tobacco companies. Yale has rejecting divestment from fossil fuels, but implementing new guidance for example on how it will vote on shareholder resolutions on climate change.

A number of other universities have constituted advisory committees to examine social and environmental issues in their portfolios and adopted statements on responsible investment policies. But too often the debate is purely reactive, focused on those issues that are the subject of student campaigns or wide media attention. These discussions are too narrowly focused on divestment in extreme cases as the only tool available to influence the behavior of companies in an endowment’s portfolio.

Instead there is a need for major universities to come together to develop a better coordinated, more creative and expansive approach to investments, an approach that yields solid financial returns while rewarding long-term sustainable business practices. Investment managers at universities and their investment management firms should build greater expertise in environmental and human rights issues. And university presidents should integrate the role of their schools both as thought and ethical leaders and as powerful economic actors.

In each of the areas I have mentioned there is a need for more research and scholarship. Through teaching, research and writing, the academic community has unique resources to examine the role of universities as licensors, purchasers, and investors.

So where do we go from here? First, with respect to the licensing issues that will be our primary focus today, universities should look to large American and European brands that have devoted significant resources to understanding and managing their supply chains. University leaders engaged on these issues should come together annually to address these challenges in a more comprehensive manner and to engage experts in these areas. It is not enough to simply join an organization like the FLA or WRC – universities must own the responsibility for ensuring respect for labor rights in their own licensing operations.

With respect to procurement, the footprints of the largest universities are similar to large, multifaceted companies that buy a wide range of products from around the world. Some companies have begun to screen their supply chains for issues such as child, forced, and migrant labor, as well as for risks of deforestation, land rights abuse, and conflict minerals. As a first step, universities commit to gather and publish comprehensive data that outlines both the scope of their procurement and the social and environmental risks that arise in these operations. With this data as a baseline, schools should organize a task force to develop university standards for social and environmental issues in procurement.

Finally, the time is ripe for major schools with the largest endowments to convene a meeting of their Chief Investment Officers to explore the collective actions they can and should be taking on social and environmental issues, consistent both with their duties as fiduciaries and their unique leadership role in advancing democratic principles and ideals.

When I served as our government’s point person on human rights in the State Department. I spent a lot of time in places that do not enjoy the tradition of open debate and academic freedom that are core attributes of our democracy. There is no doubt that even in these troubled times, America remains a beacon to people around the world. Our colleges and universities are the shining example of this truth. It will not be easy for our academic institutions to take a hard and sometimes critical look at their own role in the ongoing struggle for human rights. But I am confident that we are up to the ask.

Thank you.
GLOBAL HUMAN RIGHTS & LABOR STANDARDS SYMPOSIUM

COMMEMORATING THE 15TH ANNIVERSARY OF THE U-M PRESIDENT’S ADVISORY COMMITTEE ON LABOR STANDARDS & HUMAN RIGHTS

Speaker: Kevin Kolben, Rutgers Business School; Federal Advisory Committee for Labor Provisions of Trade Agreements in the United States Department of Labor
Title: Regulatory and political context of the global supply chain

Summary notes from Professor Kolben’s talk (see title above)
1) Universities & their committees need to re-focus attention on the
   (a) state, which is often forgotten in this conversation
   (b) broader end of public and privately enforced labor law

2) Kolben’s experience with this topic:
   Began in the year 2000 at the University of Michigan when he was a SOLE member (part of USAS)
   and Law School student committee member on the newly established advisory committee on
   labor standards and human rights under President Lee Bollinger. Kolben spent a summer in
   Cambodia where a new bilateral textile free trade agreement had been signed with the US
   establishing what is now called Better Factories Cambodia. President Bollinger created the
   advisory committee in response to student unrest on Michigan’s campus, which began in mid
   1990’s with protests against licensees, specifically Nike. Students held sit-ins at the president’s
   office, marches, teach-ins and calls for a University boycott unless Michigan adopted a code of
   conduct requiring its licensees to make transparent its supplier list. Bollinger charged the
   committee consisting of faculty staff and students with monitoring licensee compliance of its
   code of conduct and ensuring full public disclosure by licensees. Debates on this committee
   were a microcosm of larger debates many of which persist today.

3) Those debates are:
   a) What is the proper role of freedom of association?
   b) Should U-M & universities be permitted to engage with licensees that locate production work
      in China & Vietnam where independent unions are illegal?
   c) What is the proper role of universities and other stake holders in prescribing wages, in particular living
      wages?
   d) Which labor rights NGO is best suited to promote labor rights and which might be just corporate
      shill?
   e) What is the most effective way to ensure licensees & their suppliers uphold labor standards
      and human rights in their supply chains? Carry a big stick and be confrontational or work
      closely assume good intentions with the other party?
   f) The arguments particularly with faculty were sometimes intense and personal. They gave him a
      glimpse of academic life. One faculty member viewed the committee as a colossal waste of time
      only serving to ineffectively interfere with the markets’ ability to improve wages. Others strongly
      advocated for interventions through a legalistic approach: the code of conduct would serve to
      strongly enforce a set of rules, conditions by which licensees were contractually bound to enforce
      on its suppliers. In the end, sanctions would lead to compliance. Many discussions helped shape
      his work following graduation.
   g) Looking back, remarkable growth has occurred. We now have knowledge of what works
      and what doesn’t, which is what we are discussing today.

4) Discussion of the rise of privately driven non-state initiatives like that of the University of Michigan’s to
   enforce labor standards in their licensee supply chains in spite of private government limitations. As
   sociologist Harry Graphine noted, growth of trade in capital has not compared with commensurate
   growth of appropriate regulatory institutions. What has emerged is termed as governments’ deficits of
   which there are three.
5) Deficit of traditional legal institutions. Some countries are very limited in their capacity to regulate the conduct of their companies abroad even more limited in regulating the conduct of their companies’ suppliers. Labor organizations were viewed as a matter of local or domestic sovereignty. In US, attempts of creating forms of liability in US courts, such as alien tort statute, to claim third party claim beneficiary claims under contract law have been largely unsuccessful.

6) Weakness of international institutions. The pre- eminent UN organization responsible for labor is ILO. It is highly limited in its impact on the conduct of the states even more so the private ones. It is and remains a standard org with limited ability. Non-state initiatives limit the ability of the economy and labor markets. Due to these limitations, there are weaknesses within the international institutions. However, the World Trade Organization (WTO) could with its stronger ability to strengthen and incentivize compliance in labor markets. International institutions could improve state compliance with international labor standards. But WTO is a democrat and consensus building organization. The developing country members forced it to fail on this issue. They said go to the ILO. The opposition disagreed these efforts have failed. What emerged out of this failure was the Declaration of Fundamental Principals and Rights at Work, which outlines four areas that all ILO must realize: freedom of association, child labor, discrimination and forced labor. These standards became benchmarks.

7) The limited ability of many developing countries to sufficiently monitor their labor markets and economies. Many of the tragedies are the result of the failure of domestic enforcement and weak institutions of enforcement.

8) We need to not just work around this deficit, but seek to remedy it, through inclusion of labor rights and provisions and bilateral trade agreements. The most remarkable invitation has come from the rise of private regimes of labor government. Nowadays, almost every major company with global supply companies has a code of conduct & a system for enforcing it. Why? Companies have experienced damage to their brands and harm to their workers happens and consumers react. Media and new tech communications bring intense pressure. Result is a range of private mechanisms that exclude the states. These companies participate in multi-stakeholder initiatives.

9) Is the shift to private regimes the answer?
   i) Private regulation is limited and lacks sustainability. It suffers from its own governing deficits. Compliance based models have not proven to be effective especially if there is a lack of communication. Private regulation in particular regimes run by private companies are limited in scope. Tend to be better at technical standards like health and safety, but not necessarily good or interested in addressing freedom of association, collective bargaining rights, discrimination, workplace democracy (or what might be termed more generally as process rights. Process rights are more difficult to enforce. Often tend to reflect the ideologies and interest of the entities that control it. There is a tendency to be managerialistic and repress unions and workers' rights.
   ii) Private regulation is not a dead-end. Labor law is grounded in global institutions of industrial relations; how a country governs its workplace. Democratic and participatory Trade Unions and Labor organizations can make a difference. Having a wage sufficient to live on encourages workers to have time and energy to be involved citizens outside of the workplace. Labor democracy and higher labor standards in the workplace are closely linked to many aspects of developments.

10) What does this mean to the advisory committee & for universities in general? Kolben's aim is not to discourage private regulation but rather suggests:
   a) That universities & university committees are uniquely situated to act outside of the structural states, corporations, trade unions and multi stake holder initiatives to ask:
   b) How can private regulation be part of a broader strategy to promote and realize the ultimate goals of development and democracy? To enforce these in ways that other organizations cannot?
   - Need to conceptualize and actualize the relationship between public and private regulation. Re-focus attention on state capacity building.
   - Need to ask how public and private regulation can be deployed?
   c) Universities and their committees can identify and promote research from their public and private regulation. Perhaps require that multi stakeholder initiatives purposefully engage states to identify the points of collaboration and engage. They could make direct contact with ministers of labor and commerce to collaborate on capacity building. Private regimes should not be seen as substitutes but
as bridges; not final destinations.

d) When he was on the committee in 2000, questions about public law were rarely part of the conversation. They were too busy developing codes of conduct, sending admonishing letters to licensees, debating to join WRC or FLA. Recently the conversation has been whether to join the Accord and/or the Alliance, drop Adidas or FLA, which once again sounds like the same rhetoric.
GLOBAL HUMAN RIGHTS & LABOR STANDARDS SYMPOSIUM

COMMEMORATING THE 15TH ANNIVERSARY OF THE U-M PRESIDENT’S ADVISORY COMMITTEE ON LABOR STANDARDS & HUMAN RIGHTS


Title: Promoting Labor Standards in Global Supply Chains: What Works Well, Not So Well, and What Can Universities Do?

A summary of RLocke’s presentation is best represented by his powerpoint slides which are available upon request. Send email request to PACLHSRInfo@umich.edu

Additional information is available under the Publications category on the Watson Institute website at: http://watson.brown.edu/research

Summary of Q&A with R. Locke

Q: Have you done further investigation on why labor standards improved when improvements to production skills and capacity building took place? Is this related to a higher profit margin or is something else going on there?

A: We are still working on analyzing what the mechanisms may be to lead to this causal relationship. There seem to be two dynamics. The capacity programs improve efficiencies and better margins especially for suppliers. When the better margins are more equitably distributed, that is, some is re-invested in wages or improved conditions, we do see a relationship there. The second is that for these new production systems to work, you both have to upskill the workers and also empower them because they are involved in micro level quality production issues. Labor management understands that this improved worker skill level means they need to be treated differently. Locke’s research group is trying to identify these mechanisms with some qualitative field studies in process.

Q: Does the same dynamic apply to health and safety issues such fire safety, appropriate ventilation, etc.?

A: Locke has worked primarily on the labor side than with environmental issues. There seems to be a strong correlation between those factories that are improving processes, labor and improving conditions and production. There is some complimentary research that other people have done on health safety & environment issues. Mention of researchers at Harvard or David Wyles’ work at Dept of Labor that compliments what Locke’s research group has been finding in their studies.

Q: How has the capability training been funded? 2nd, how have the companies with which you’ve worked reacted to the results of that training? Could this become a role for downstream companies, perhaps as an alternate to auditing or self-assessment systems?

A: Funding models vary. The most effective ones are those funded by buyers and suppliers. Sometimes the training is fulltime, up to 12 weeks offsite with more training & implementation back in their home factory. Factories are funding this but buyers are not committing to much one-to-one funding. There’s an implicit process when a buyer designates a factory as a strategic supplier. They establish longer term contracts or the orders are greater. Sometimes training comes from the ILO or the national governments. What works best is when the supplier has skin in the game. In the survey they did in China, they asked the suppliers if they considered it reasonable for buyers to make these demands? Suppliers responded that yes, as long as they provide steady or increasing orders. 2nd part of the question: Increasingly most companies acknowledge limits of previous programs (i.e. Nike & Apple). Some of their corporate responsibility reports indicate that some of their downstream efforts are influencing labor conditions.

Q: Of the audits done, 1) any indication in the data if the audits were announced? Any corrective action follow-up and how that changes over time? If too many hours for examples, then remedied, what did follow-up audit reveal? 2) Issue of audit fatigue. Was there any verification from workers that the factory data was consistent with what was going on in the workplace?

A: Some of the brands we looked at are members of FLA. There is data from FLA which often has unannounced audits. Locke’s analysis of these unannounced and announced audits showed little difference. Even company audits show that there are tremendous, persistent problems in the supply chain.
Locke would occasionally tag along on some of factory visits and would see significant issues. Sometimes a second set of books would be found confirming the messy data. What Locke’s group is seeing in terms of follow-up of remediation plans is that some of the factories improve in consistent ways, some do not improve at all, and vast majority (B & C companies) move in and out of compliance. They may initially remediate but then slip back to corporate behavior. Steady improvements occur with capability training, which get at the root of these problems. This moving in and out of compliance may be due to volatile purchasing orders and seasonality demands. Locke has tracked purchase orders and production orders with hiring and firing of migrant workers. These kinds of practices affect factory compliance. Many companies source out for audits to independent companies and those companies charge multiple times for a single audit. Studies found that when buyers shared information, then improvements ratcheted up. End of Q&A. Locke offered his slides to all participants.

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GLOBAL HUMAN RIGHTS & LABOR STANDARDS SYMPOSIUM
COMMEMORATING THE 15TH ANNIVERSARY OF THE U-M PRESIDENT’S ADVISORY COMMITTEE ON LABOR STANDARDS & HUMAN RIGHTS

Panel Discussion:

- Sean Ansett, At Stake Advisors & Fairphone, Acting Board Chair of Liberty & Justice Clothing
- Brian Delehoy, Director of Licensing and CSR, Colosseum Athletics
- Joel Friedman, Vice President of General Merchandise; Store Design & Construction for Barnes & Noble College Booksellers, Inc.

Moderator: Professor Jerry Davis, Ross School of Business, University of Michigan

Summaries from Panel Discussion 1:
Sean Ansett addressed specific issues within various industries. He started his career as a social auditor, focused on enabling transparency. He observed that buyers make product changes without considering impact on factory floor. Best practice suggestions include: setting design date and aligning with merchandizing date and establishing more long-term relationships with suppliers where they take more capacity from a single supplier. If a supplier is confident that you’ll be around, they are more likely to invest in improvements. Buyer needs to question how a supplier can be so inexpensive as a metric for factory quality. To put words into action, Ansett began the FairPhone company (http://www.fairphone.com/) with the premise of rewarding workers and giving them an elected council. Words Matter. At Fair-Phone, suppliers are production partners and audits are assessments. There is a focus on defining the deficits and figuring out how they can target resources to improve conditions. A relationship is not about policing but rather using the term “we”. The principle aim is to build trust and transparency. Assessment reports are public, pricing reports, too. Set aside a fund for workers to decide how they choose to spend it in the factory but not to be used on improving conditions. The FairPhone model not only aids in helping workers, it bridges the relationships between the suppliers and buyers. Ansett is convinced that this model company could be a useful solution to long-term industry issues.

Brian Delehoy discussed collegiate apparel licensee. Colosseum Athletics began in 1992. Kelsea Keene oversees all things CSR. Colosseum started out as a category C company, moved to B and soon will be Category A. Colosseum works with Sumera to improve worker participation in their factories. The company has partnered with an NGO in Vietnam to set up an educational program at a factory. This has improved attendance. Colosseum is part of a pilot program with Notre Dame involving a factory in China. This project is in its early stages. Colosseum envisions improvements to the supplier system through an increase in commitments to the suppliers as the needs of the company grow. There ought to be a variety of efforts used to improve the working conditions and livelihood of the workers. At Colosseum, they aim to encourage factories to implement ways to work towards improving the licensing by educating factory employees, and getting the supplier involved with the final buyer.

Joel Friedman
- Retailers are an underutilized leverage and should be considered part of the supply chain.
- Retailers evaluate consumer needs and try to find ways to satisfy them in successful ways.
- Overview of Barnes & Noble College: Barnes & Noble is three-fold: a trade company, e-commerce (bn.com) and college. All three are wholly owned subsidiaries under the corporate umbrella. They focus on how to satisfy the consumer. B & N College has 750 retailers from 4 year public institutions to 4 year private, to community college systems and single entities. Facilities range from 5,000 sq ft to just a few hundred feet.
- Brief overview of the retail landscape: college bookstore channel either on-campus lease (50% bookstores across the states are run this way) or run by university; off-campus (ie MDen, Urlichs); specialty chains such as Dicks and Champs. There are the traditional models (ie department store, JC Penney, Walmart, Sears) and ecommerce: espn.com. These retail components have different agendas based on consumer needs.
-The revenue streams for Universities from retailers: licensee fee revenue goes back to the University. 2nd is royalties. Retailers pay this on every garment. Third is the commission rate from on-campus bookstores for the privilege of operating on-campus.
-Value of on-campus bookstore. It provides a function that’s different than others because it exists for the university. Faculty, staff and students feel ownership of that commerce. This places a high standard on B&N College. On-campus bookstores feel pressure to protect the brand. Finally, there is a commission on sales. 75% of profit structure goes back to schools in some way or other.
-B&N adopted its code of conduct in 1998. Became acquainted with FLA; Joined FLA in 2006. Developed a strong communicative connection with the WRC.
-B&N College develops long conversations with potential supply chain partners. What are their supply chain management and issues? How do they approach them? B&M carefully works on production plans so that their factories do not have to adjust their work schedules. Universities have varying requests. At U-M, they are very aware of the relationship change that may occur with VF and that B&N may have to stop selling their goods at U-M. At University North Carolina, they will continue to partner and sell their merchandise. These are unique challenges that retailers face with universities.

PANEL 2: “University Approaches to Labor Standards and Human Rights”
- Professor Marsha Dickson, Irma Ayers Professor of Human Services; Chairperson in the Department of Fashion and Apparel Studies; Co-Director of the Sustainable Apparel Initiative at the University of Delaware
- Professor Siobán Harlow, Department of Epidemiology and Former Chair of the President’s Advisory Committee on Labor Standards and Human Rights, University of Michigan
- Ben Hensler, Deputy Director and General Counsel, Worker Rights Consortium (WRC)
- Claudia Coenjaerts, President and CEO of the Fair Labor Association (FLA)
Moderator: Professor Susan Waltz, Ford School of Public Policy, University of Michigan

Siobán Harlow
1) Why are universities so central to this issue?
Let’s talk about the role that Universities play as a social institution and how the articulation of that role has great significance. The early days of U-M’s committee discussions centered on establishing a Code of Conduct. Looking back, this was an important exercise in creating social dialogue on the subject with faculty, students and staff. They examined the responsibility of the brand in terms of the University and purchasing practices, ensuring and safe guarding worker rights. Committee originally anticipated seeing an evolution of a multi-national legal system that would define itself more precisely in factories and governments on thinking through those rights.
-Where have Universities moved from that point in time?
Today, universities play a key collective role on this issue in the US. They fund the main NGO’s that monitor factories. They push the FLA in terms of training all profit level companies. Students ensure that the topics remain in the curriculum and keep the advisory committee agendas active.
2) The power of the University through its collective action.
Through Locke’s presentation, we have seen the data presented to us on the limitations of the changes. Think about the specific events: Russell and Adidas. Russell’s first unionized plan in Honduras changed the nature of the relation. Not broad enough but an important change. This event confirmed our understanding of the responsibility of the brand in purchasing organizations and deepened the role of the University. That is what needs to be articulated more broadly to engage others. We are in fact, all-responsible and must take appropriate action.
3) Where are we going? Universities need to keep implementing the rights-based approach, to adopt that responsibility through our structure to move from humanitarian to structural engagement with these issues. Locke’s presentation about the role of Universities in presenting evidence is worth noting. There is a critical need to be more thoughtful about what we can do in this realm.
4) Moving from the United Nations Millennium Development goals (target date 2015) to how to sustain progress towards those goals; two goals standout 1) ensure full and productive employment force, 2) reduce inequalities. Professor Harlow referenced the values of health in labor and associational rights.
5) How can universities stay informed on those goals? How can we develop the evidence to document movement towards those targets?
Marsha Dickson
Looking back:
How things were before the committees were in place.
1) In her early career years as Professor and Researcher, there was little literature on the topic of social responsibility. There was plenty on feminism and the global supply chain’s affect on women and reproductive health matters, but not much information on what to do about it.
2) The 1990’s Nike issue changed that. She observed scholars from various disciplines (law, sociology, ethics) commenting on the issues of social responsibility and what can be done to address these issues.
3) M. Dickson chairs the Department of Fashion and Apparel Studies at University Delaware. This field emerged from the old home economics programs and takes a deep dive into the fashion industry and retail apparel business. They study science, chemistry, and design, pricing, merchandising in stores, supply chains and sourcing issues.
4) When the academic debate picked up around social responsibility and she was preparing the future work force for the industry, she founded a group in the year 2000 called Educators for Social Responsible Apparel Business. They actively sought to promote what they knew and understood but also to encourage broader efforts in their field and instill better practice in the industry.
5) As the academic literature developed and companies starting making CR efforts, students saw openings for change and room for their ideas to shape the industry. In 2004 they started a Graduate Certificate Program on social responsibility and sustainable apparel business to study factors that impede better behavior in the industry. This is an online program that has attracted people from various disciplines. M. Dickson conducted a literature review. Some less impactful research tended to be out of touch with the main issues because of the hesitancy that some academics have to base their work on anything other than other academic studies. She often tells students that they can bring in reports from other sources. The consequential research is therefore engaged, relevant to the field, understands the current issues and complexities of resolving issues.
6) Universities need to incentivize more engaged research.

Claudia Coenjaerts
1) How does FLA come into the picture? Some Facts: FLA has about 200 university affiliates, 44 participating companies, 18 participating suppliers, 69 category B’s, 65 category C’s, 1,969 Category D’s. Part of the overall partnership.
2) C. Coenjaerts talked about the governance issues and points of debate within the FLA many of which were points recently covered during the FLA’s recent board meeting. Part of that meeting involved discussion of Cambodia. Many workers lost their lives at beginning of 2014 protesting and demanding a wage increase within the deeper context of worker rights challenges, government issues, and structural issues. Where is the FLA in this debate? What is its role in this process?
3) The meeting resulted in the establishment of a collective agreement from FLA brand affiliates, including some European company brands; CNA, H&M, etc. They will be working to reach that goal.
4) Another outcome was the development of an action plan for how to expect affiliates to implement compensation of the code of conduct. The compensation element has two components: 1) Legal requirements regarding compensation 2) Discretionary income.
5) The FLA brought together CSO communities and organizations to discuss how to move forward with that tension between civil society and the brands.
6) They discussed the China issue: Nike, Adidas are FLA affiliates. Non-compliance is enormous. Need to understand what lies underneath to move towards sustainable compliance. What is the role of the FLA in working with the companies involved?
7) The FLA works in many different ways with its licensee program. What does it mean for a University to be affiliated with the FLA? Hope it goes beyond licensee program. The universities make it mandatory for their licensees to join the FLA but for the other affiliates, it’s voluntary. What is the value?
8) The FLA’s expectation is that companies and affiliates do the work themselves. They expect their affiliates to have the systems in place.
9) Sustainable change is not just brands and suppliers. It is about purchasing practice.
10) (After working for ILO for 22 years) There are ways for different needs to reach the same goals. The FLA brings engagement but it’s not as visible. The FLA fills needs to play the role of the friendly partner to work with companies and develop and institute change.
11) How the FLA sees role of Universities: the licensing component. Walking the talk and finding ways to make sure there is responsible sourcing in those categories. There is potential with consumers, the students. They consume computers and food products that are a large area that are still untapped or not received much attention yet. Universities are seen as thought leaders; leaders of change. The FLA wants to expand its relationship with universities to help find solutions to pricing practices or to hold companies.
accountable. There is a need for new info. Universities have a voice through their research, to understand what solutions mean for workers, apply do-no-harm policies in the actions we take.

Ben Hensler:
1) What has been the impact of University engagement on social responsibility in supply chains? Needs to be placed in context of conditions today. What is the reality for workers? When Locke discusses the D- grades, what is that picture like for workers? It is grim: 1500 workers killed at Rana Plaza; Pakistan had the worst factory fire in history of manufacturing only two years ago; and the Tazreen factory fire. Before that you have to go back to 1911 Triangle Shirt. There is a great human toll that workers have paid for this. Between 2001 and 2011 wages fell. Some notable exceptions are China and Vietnam where there have been increases. However, the top countries that produce collegiate apparel, China and Vietnam, both deny workers freedom of association. Both have factories that are subject to codes of conduct and are monitored by those brands. The current approach doesn’t work.
But there are bright spots. Universities have played a key role in advancing many aspects of the issues: supply chain transparency, substantive rights, and accountability of brands for conditions in supply chains & enforceability of their commitments. Universities have had an important halo effect and important precedence setting effect on the industry.
2) Examples include:
• Supply chain transparency. Before 2000 no major brand exposed their supply chain information. Universities opened that door in 2001 by requiring licensees to disclose their supply chains. By 2005 Nike and Adidas disclosed their entire supply chains for all products. Levi & H&M followed suit. Apple sells non-apparel yet they have disclosed their entire supply chains
• The right to a living wage. Before 2000 apparel brands explicitly projected the call to have a living wage be the standard for codes of conduct. They insisted that their only requirement was to require suppliers to pay legal minimum wage. In 2009, Alta Gracia became the first factory in the Dominican Republic producing for university market that paid a living wage. In 2011, the amendment to the FLA code of conduct moved on this issue. It is no longer simply an aspiration.
• In Cambodia heard from brands to recognize need adjustment to support wages. How purchasing practice are the key to make it possible for factories to pay minimum wage.
3) Enforceability: Before 2000, codes were thought of as voluntary. They would stop doing business with a supplier if the code was not implemented. They did nothing to help the laborers and work would often shift to the worse factories. Universities made the shift. Brands for the first time were obligated to meet the commitments and a code of conduct was applied to their third tier suppliers. Brands were required to take effective action not just walk away from a factory. Adidas, Nike, Knights Apparel, and Russell have signed agreements with workers legally obligating them to pay severance payments in shut and run situations.
4) The hope is to see more agreements where brands are forced to make more commitment to align purchasing practice, pricing, scheduling, and long-term relationships with factories. That will be the source of sustainable improvement for workers in this industry.
This panel represents a journey into the front line of the intersection between University licensing programs & taking on the accountabilities that several have mentioned today. CLC and Georgetown are undertaking a project on their level of engagement on their efforts to source responsibly as an institution. As a brief introduction to the topic L. Kennedy showed a slide of what a university would see if they aggregated the data from the FLA and the CLC. At first glance, it looks like a significant portion of the collegiate licensing information is available, but we know there is a deep gap. For example, the sourcing information from the United States lacks deeper data. Under the surface are a number of suppliers that are not transparent. These challenges are common to all universities.

Cynthia Holmes

C. Holmes discussed the issue that Universities face with licensees and that is of stagnation. She talk about their efforts to move to the next step of transparency with licensees. C. Holmes mentioned the CR Program that it is engaged with through the CLC, which established the development of the licensee questionnaire. Data from the questionnaires is being used as a basis of inquiry and understanding for further communications with licensees. At UCLA, they are searching for information to answer the question: to what degree are we going wrong with licensee compliance? To what degree is there alignment between our code of conduct and that of our licensees’? There exists a sense of voluntariness among licensees when it comes to compliance. Some just pay their dues and follow through with the minimum. Others are more active. How do we communicate university expectations in practice? UCLA separately tracks the progress of its promotional goods licensees. They have found that there continues to be a significant lack of transparency within the supply chain, issues of non-compliance and failure to maintain accurate, up-to-date disclosures. The Bangladesh issue presents a good example of this. It has raised questions about how reliable this questionnaire process is as a filter. The lack of transparency from licensees who do not know the factory information for their blank goods suppliers within their supply chain is a problem. At UCLA, someone in Purchasing may not be aware of the impact of their pressures of price and timeliness on their supply chains. This requires much communication within the University so that the University’s policies and day-to-day practices align. This year, UCLA has challenged all blank goods promotional licensees to a conditional renewal. By next year, they must fully disclose all suppliers in their supply chain by name.

Neil Levitt

N. Levitt is a distributor in the promotional product industry. He works with universities on the front line. A few years ago, he was given the responsibility of dealing with product safety and social responsibilities issues in factories. Has worked with Cynthia Holmes and confirmed their challenge this year to raise the bar with CR issues by requiring full disclosure of supply chain factories by name. N. Levitt stressed that it is important to understand who we are. We are not OSHA nor are we trained on health and safety issues. N. Levitt described a life-changing event involving a chemical accident, which drove this issue home to him and changed his ambition level on this subject. He started to ask himself what if his company had ever sold products that could cause harm to the consumer or to the worker that manufactured them? Blank goods and promotional items represent a $20 billion industry. But the distributors represent a very small fraction of that industry. Buyers still demand a low price but are also paying attention to governments, safety and environmental issues. This has changed the competition dynamic among distributors. His company is faced with the challenge of filtering suppliers by their environmental practice, safety, codes of conduct, opportunities for education in the factories, etc. One of the hazards of selling products that could cause harm is the forced labor that causes poor conditions for laborers working overtime. Other industry problems include the gap between the producers and consumers, in which both price and quality remain a major disadvantage. N. Levitt merged these problems together and created the 3P idea: product, people, and planet. To aid in overcoming these challenges, he noted the value of social compliance. Within the ideology of social compliance, there should be building infrastructure through the realms of adopting a code conduct, developing a preferred supplier list, and educating people about social responsibility. Thus, these ideologies should help reduce challenges and improve better labor standards.
Rick Brenner
R. Brenner elaborated on how supply chains work. Within the supply chain, there are distributors buying from suppliers. Trading agents are an essential part of the factories. They are a mix of traders and factories and aid in bridging any disconnect between the buyers and the suppliers. Within supply chains, quality and safety are important to maximize five key elements: product safety, supply chain security, product quality, environment impact, and social compliance. For their supply chains, they aim for quality over quantity. Although these ideas are systematically ideal, there are still challenges that need to be overcome. Challenges within the supply chains include knowledge of who creates production of goods, awareness of the costs of audits, and reversion back to the old practice of following the audit stream. Resolution of these challenges will strengthen the supply chain.

This ends the panel session summaries
GLOBAL HUMAN RIGHTS 
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Summaries of Brainstorm Sessions

Professors and Leaders

Established curriculum
- increase awareness of this issue by providing more structured classes and focus
- classes should be cross-disciplinary because this issue has many touch points

Power in numbers
- people who are advocates and passionate about this issue are few and far between on campuses across the country; we need to bring these people together
- Maybe there’s a way to leverage NCAA or Big 10 networks to bring people together
- Complex internal barriers within the university (i.e. the large number of buyers, divisions, etc. within one school) require some ability to leverage. Role of university should be to build bridges that connect all key decision makers together

Desire for research
- There’s a need for funding...maybe that could come from donors or from licensing revenue
- Gather and share data points: enlist the research capacity within universities and look at industries outside of academia for best practices and tactics for labor standards
- Student internships

Expand perspective beyond licensed products
- There’s a need to start thinking beyond licensed products to include procurement of items such as food, construction, etc.
- Focusing on licensed products only is limiting. This is a much larger issue
- Is there a way to set specific guidelines and metrics?

Expand the mission of the committee
- The committee should spearhead these initiatives and change their current mission so they’re open to taking on larger issues

University Students

What are the largest issues we are facing?
Visibility/transparency: It is difficult for the public (students included) to gain visibility into the ever expanding and diverse supply chains of the goods we purchase day in and day out. To make things more complicated organizations often “spin” biased messages, thereby not fully disclosing details about their supply chains.

Profits/responsibility: Who should bear the responsibility of advocating for change and the cost that comes with these efforts? Consumers, Producers, Suppliers, etc.?

Dysfunction in monitoring: Current regulations, auditing and other monitoring activities are ineffective and costly. We need to focus more on an enabling capacity and the potential of those involved in the supply chain to create change (via training, education, etc.).

What is the role of students?
Advocates of change: First, we need to become more aware of what needs to change. Second, we need to move past our pre-conceived bias in order to think through issues objectively. Finally, we need to be brave to go against the crowd when we believe in change.
University representative (licensing)

How can we continue or increase our effort?

Connecting the gap between academic and business function within the university
- Description: incorporating the research on supply chain to licensing practice, especially related to gathering data and identifying the issues that licensees are facing.
- The research needs to be well-documented and easily shared between the stakeholder for training and knowledge sharing purpose

Enable knowledge sharing between university and licensee
- Open source platform for knowledge sharing of labor practice between stakeholders. Knowledge to share: best practices in labor practice policy and monitoring; data related to practice; research documentation.
- University take action in training on labor practice for the licensing director of the university and training for the licensees

Take proactive action toward improving the practice
- Role: More than just member. University has become the member of national organizations such as WRC and FLA. Moving forward, university should actively monitor on “what has been done with this membership status” and, how to improve it.
- Improving the sustainability metrics currently used to evaluate university compliance on STARS program. It is important to reward a university based on the right metrics for sustainability issues and not limited to paying due.
- Moving toward university level labor standard. Take systemic view of the issue of labor standards, not only limited to a licensing business but also to university purchasing and procurement practices.

Licensees

Central problem:
There is a disconnect between what the University says about social responsibility and the behaviors that it incentivizes. For example, vendors have to make expensive social responsibility investments unlike many of their competitors without the assurance that their business won’t be given to a vendor that bids lower. Buyers seem to prioritize margins over the lofty social responsibility goals that other parts of the university espouse.

End-to-end needs from the universities to address this problem:
[1.] The University needs specific and measurable (SMART) goals for hard to define CSR issues. For example, a living wage means different things to different people. The University needs to be explicit about the criteria by which it defines such critical terms.

[2.] The University should then better coordinate within itself so that all portions of its operation have the right incentives to give these specific criteria the proper weight. For example, rather than just concern from the Social Responsibility folks, Buyers’ financial goals should be adjusted by the necessary amounts to bear the costs of the initial shift to socially responsible production.

[3.] The University should implement these goals through vendor partnership; it isn’t possible with a transactional vendor relationship. Vendors need to know that when they make these investments that some of their competitors don’t have to. UM is not going to then drop the business and give it to a cheaper vendor. “Make it a competitive advantage to do good.”

[4.] The University should then follow up and track metrics. For example, it may implement a vendor scorecard (maybe public-facing to provide positive publicity?) to ensure that practices are followed past the vetting process, or check with vendors to see if one of its specific goals was possibly misguided. This follow-up ensures that its process is a closed loop that collaboratively refines the initial goals.
National Committee Leaders

Leverage universities to push agenda
“Power of University” For Example
  - Student internships
  - Sponsorship/partnership for action-based learning
  - Summer projects