Minutes

Attending: Kristen Ablauf, Kevin Ferrell, Diana Parker, Rosa Peralta, Larry Root (chair), Ada Verloren (staff to committee).

Absent: Sarah Bookbinder, Mary Gallagher, Steven Ratner, Katherine Terrell, Veronica Wilkerson-Johnson

1. Review and approval of minutes
The committee approved the minutes from January 27, 2006.

2. Discussion of USAS Designated Supplier Proposal
The discussion of the DSP started with the chair offering some thoughts regarding the proposal. The intention was to explore whether some modifications of original USAS proposal could result in an approach that addressed some of the committee’s expressed concerns and still met the basic goal of improving code enforcement.

1. Initially focus on a less-complicated product, such as standard T-shirts or sweatshirts. This might get away from issues in which the relationship with suppliers is complicated by more technical design/quality/timing issues, while including a large proportion of collegiate apparel. If a licensee is currently sourcing such work from a large number of suppliers, universities would work with licensees to seek to concentrate collegiate production in a smaller number of factories. [Question: would such concentration benefit workers generally?]

2. Recognize certification bodies other than WRC. Lessens some of the problem of WRC capacity and licensee suspicion that WRC has an anti-corporate bias. Also recognizes that larger licensees have developed working relationships with NGOs and doesn’t seek to replace them. Perhaps provide some approval mechanism to lessen concerns about these NGOs being too pro-corporate.

3. Establish wage expectations in line with the local labor market/prevaling wage and focus on ensuring that the wages/working conditions do not violate relevant laws and codes of conduct. The most serious problems that have come to light are almost always violations of laws (that are frequently not enforced). Paying workers all that they are entitled to would be an important step in ensuring wage adequacy/fairness.

4. Seek to advance freedom of association and worker voice. While complete freedom of association is the goal, in practice this has been the very difficult to monitor and enforce because of legal restrictions and/or the realities of implementation. Rather than excluding workers/factories in China, Vietnam, or other countries where independent union activity is not allowed, licensees would work with suppliers to take legal steps toward greater worker representation. [Question—can this realistically done? Could this be a step towards real freedom of association?]

Rather than focusing on a specific product, some committee members thought that it would be better to require licensees to source a certain percentage of goods from designated supplier factories, increasing each year. According to the DSP, after the first year of implementation, licensees will be required to source 25% of their logo goods in the manner; after two years, the requirement will be 50%; and after three years, the requirement will be 75%. However, committee members wondered whose responsibility it would be to calculate the percentage of logo goods that licensees produce at the end of every year.

Some committee members indicated that it would be irresponsible of the University to sign on to a program such as the DSP if it was uncertain that the WRC and other organizations have the capacity to certify and monitor. The committee recognized that as the University requires an increase in factory compliance, there would potentially be an increase in certifying organizations.

Many unresolved questions remained, such as the following:
- In terms of the DSP, how would a licensee calculate the required percentage of goods that it sources from designated supplier factories when it uses one supplier to make a blank product and another supplier to do embroidery?
- Has the WRC laid out criteria for the auditing process? Who will pay for it?
- What would happen if a licensee challenges the WRC’s refusal to certify a factory? Would there be a system of outside arbitration?
- Will the WRC provide a checklist to explain certification of factories?
- How will the University investigate if the program has had a positive impact?
- Assuming that certification will not be a one-time process, will there be ways in which licensees could move production from one factory to another?

The committee recognized that upcoming FLA and WRC meetings during February and March, involving university representatives, would provide more information about feasible options of improving code compliance.

The committee discussed the possibility of arranging a public session, possibly on the strengths and weaknesses of NIKE’s compliance program, and ways in which companies deal with the code of conduct. It might also be possible to invite a representative from a monitoring group. A good time for such a public session would be on a Thursday at 7:00 p.m.
The next meeting of the committee will be on March 10, 9:00 a.m.