Labor Standards and Human Rights Committee  
January 28, 2008  8:30-10:00 a.m.  
ROOM: B631 SSWB

Minutes

Attending: Kristen Ablauf, Jason Bates, Steven Brunn, Sioban Harlow, Marian Krzyzowski, Ana Quinones, Larry Root (chair), Brian Talbot, Ada Verloren (staff to committee).
Absent: Mary Gallagher, Greg Marquis

UM undergraduate student, Ken Srdjak, also attended the meeting to inform the committee about recent interviews with New Era factory workers in Mobile, Alabama.

1. Approval of minutes

The committee approved the minutes of the December 11, 2007 meeting.

2. FLA Enhanced Licensee Program Pilot

The committee reviewed the first results of a licensee’s self-assessment, including the FLA’s report on the obligations that the company met, areas for improvement, and suggested steps. The committee discussed whether it should refrain from receiving results e-mails because of the possibility that they may become part of the “public record” of the university and may hurt the companies’ licensing status as they work toward improving their compliance programs. One possibility would be to delete the results e-mails immediately after taking note of the results; another possibility would be to get a legal waiver in the event of FOIA requests. At the licensor training session, the FLA had agreed not to forward any of the additional documents submitted by licensees in version 1 (i.e. audit reports or other material). Universities will be able to access these documents through the FLA portal in version 2 of the pilot (along with the results).

So far, the FLA has indicated to licensees that the results e-mails will come to the FLA, their licensors, and licensing agents involved in the pilot. For the self-assessment to be meaningful, it is, of course, important that licensees answer the questions honestly, so that the FLA and licensors can get an accurate picture of licensees’ state of compliance and determine next steps. The FLA regards it as important for everyone to recognize that most of the licensees in the pilot are at the beginning of the compliance process, and to see some progress over time.

In thinking about UM’s objectives in asking licensees to document compliance, the committee discussed the importance of not frustrating the FLA’s goals. For example, retribution by a university for a licensee’s lack of compliance may frustrate the FLA’s goal to build capacity and be self-defeating. The committee realized that it should be sensitive to potential different agendas as it interpret reports and decide what UM’s actions should be. A crucial question is whether companies will respond to the rising set of expectations.

The committee decided to get more information about FLA’s goals with the enhanced licensee program, as well as its training program.

3. CLC initiative on integrating code compliance information into licensing

The committee took note that CLC has organized a joint task force to pool resources of licensing directors of several major universities in an effort to have a more significant impact on the compliance efforts of the FLA and the WRC. This task force has discussed the challenges of improving working conditions, mutual goals, and items for action. CLC is working on formulating an official questionnaire that it will send to both new applicants, and licensees who come up for renewal. Based on this questionnaire, CLC will design a grading system to provide guidance to participating schools.

- Update
  The committee commended the FLA for its University Update (November-December 2007).

4. WRC -- DSP update on Dept. of Justice Business Review letter

On January 22, WRC executive director Scott Nova issued a communication informing Universities that the Department of Justice would not issue the anti-trust clearance that the WRC requested for the Designated Suppliers Program (DSP). Upon learning this, the WRC decided to withdraw its Business Review request at this time. Scott Nova noted that the WRC cannot go forward with trying to implement the DSP at this time.

Scott Nova went on to discuss some possible “intermediate” steps that universities could take. These steps include licensing only those companies who voluntarily adopt and enforce higher labor standards. Another step would be to ask licensees to demonstrate that they
have a meaningful compliance program. Scott Nova described such a request as “a positive step.” He stated, “[i]f actively pursued by
enough individual universities, it will encourage greater compliance with existing codes and help ensure that less responsible licensees do not
lead a race to the bottom in the sourcing of university logo apparel.”

5. **Report on violence in response to Chinese labor contract law**

The committee acknowledged WRC executive director Scott Nova’s communication reporting on violence in response to
implementation of the new Chinese labor contract law.

6. **Reports on factories in Cambodia and Thailand**

The committee took note of WRC reports on two factory assessments, one in Cambodia and one in Thailand. In both cases, the factories
are responding to the WRC’s concerns and have made progress on addressing the issues.

7. **New Era**

Ken Srdjak, a Michigan student who was part of the USAS delegation that interviewed workers and union officials in Alabama, gave a
presentation to the committee. Approximately 25 current and former employees met with the student delegation. They provided accounts of
discrimination, favoritism, firing or union supporters, unfair application of a disciplinary point system, suspicions that temporary workers were
not subject to the same disciplinary point system, discriminatory promotion and appointment of supervisors, and management’s participation
when having an audit done of the facility, resulting in a lack of neutrality.

The committee recognized that it only heard complaints from the side of workers without having had the opportunity to hear the other
side. Following its procedural guidelines for acting on complaints, the committee decided to determine the $ amount of UM sales, to find out
the date of the next contract renewal, and to evaluate legal options and constraints for non-renewal/termination with UM’s General Counsel.
The committee also decided to forward to New Era a list of questions raised by SOLE, a UM student group.

8. **Russell Athletic**

The committee took note of the latest Russell Corrective Action Plan (dated 12/18/07). Committee members were encouraged to
participate in the FLA’s conference call later in the day (Jan. 28) to get more information about Russell Athletic’s corrective action plan, the
situation at New Era, and implementation of China’s labor contract law.

9. **China Labor Watch report & adidas**

The committee learned of China Labor Watch’s (CLW’s) investigation report on four apparel factories in China, and adidas’ statement in
response to the alleged poor working conditions found by CLW.

The next meeting of the committee will be on Monday, March 10, 8:30-10:00.