The Standing Committee on Labor Standards and Human Rights was formed by President Bollinger to provide advice concerning policies and practices to ensure that corporations licensed to produce goods with the name or insignias of University of Michigan do not engage in unlawful or unacceptable labor practices. The President's charge to the Committee included several specific areas of concern:

- public disclosure by licensees of the location of manufacturing sites
- finalizing a code of conduct for labor standards, with input from licensees and seeking consistency with other codes when possible
- monitoring of compliance with labor standards
- verification and investigation of complaints concerning labor standards
- research and educational initiatives related to these issues

The full charge to the Committee is included as Appendix A to this report.

The Context of the Committee’s Work

Over 550 companies are currently licensed by the University to produce goods bearing the name or logos/insignias/"marks" of the University of Michigan. These companies pay the University royalties based on their sales of UM goods. These royalties have fluctuated over the years. Apparel sales (sweatshirts, baseball hats, etc.) provide the lion's share, with the annual amount of licensing revenues fluctuating with fashion trends and the success of the University's sports program. In recent years, gross royalty income has been between $2 and $3 million per year.

The University uses the Collegiate Licensing Company (CLC) as its administrative agent in contractual relationships with licensees. The CLC represents about 180 schools in exercising trademark control over products bearing their name or logo. The licensees sign a contract with the CLC in which special provisions, such as a code of conduct or requirements to disclose manufacturing locations, are included based on the requirements of individual schools.

During the 1999-2000 academic year, an ad hoc Committee on Labor Standards and Human Rights was created by the University to provide advice concerning labor standards in factories producing UM products. The work of that Committee, chaired by Professor John Chamberlin, provided the basis for the efforts of the current committee.
The *ad hoc* committee developed a draft code of conduct for the University, facilitated the collection and dissemination of information from licensees about the location of manufacturing locations, and participated, with four other universities, in a study of manufacturing conditions. The final report of the 1999-2000 committee was completed in May 2000 (available at [http://www.umich.edu/~newsinfo/BG/humright.html](http://www.umich.edu/~newsinfo/BG/humright.html)). One of the recommendations of the *ad hoc* committee was that the University establish a standing committee to address these issues on a continuing basis.

The University participates in two organizations that offer complementary approaches to the issue of workers' rights: the Worker Rights Consortium (WRC) and the Fair Labor Association (FLA). The WRC was formed by students, labor rights experts, and university representatives. In so far as compliance is concerned, its goal is to assist member schools in enforcing their codes of conduct for manufacturers of goods bearing their name or logo. The focus of the WRC has been to develop and implement a system that receives and responds to complaints concerning code violations with an emphasis on working with local organizations, including nongovernmental organizations (NGOs).

The FLA also was created to improve working conditions. It grew out of the Apparel Industry Partnership, an organization of apparel companies convened and supported with significant government support. Manufacturers, consumer groups, labor and human rights organizations, and universities formed the FLA. In contrast to the approach of the WRC, the FLA seeks to enforce labor standards through the adoption by member companies of codes of conduct and their agreement to and active participation in a system of internal and external monitoring. Internal monitoring entails monitoring and self-reporting by the company concerning its own compliance with the code; external monitoring is undertaken by outside organizations that have been certified by the FLA.

**Committee Operations and Processes**

During the 2000-2001 academic year, the University's Committee on Labor Standards and Human Rights included ten members, representing students, faculty, and administrative personnel. In establishing its working protocols, the Committee sought to make its deliberations as open as feasible. After preliminary discussion, several steps

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1 The members of the 2000-2001 committee were:
   - Kristen Ablauf (Director of Licensing and Trademarks)
   - Alan Deardorff (Professor of Economics and Public Policy)
   - Louis Green (Manager of Supplier Diversity Programs)
   - Sioban Harlow (Associate Professor of Epidemiology and Associate Director of the International Institute)
   - Robert Howse (Professor of Law)
   - Veronica Johnson (Director of UM-Lansing Service Center)
   - Kevin Kolben (Student of Law and South Asian Studies)
   - Lawrence Root (Chair; Professor of Social Work and Director of the Institute of Labor and Industrial Relations)
   - Stevan Rosenberg (Student, College of Literature, Arts, and Sciences)
   - Scott Trudeau (Student, College of Literature, Arts, and Sciences)
were taken. The Committee decided that its meetings would be open to observers. Although the Committee reserved the right to schedule closed working sessions when there was a justifiable reason for confidentiality, that option was not exercised. A website was created for committee communications and an address for e-mail messages from non-committee members. The website [http://www.ilir.umich.edu/colshr/](http://www.ilir.umich.edu/colshr/) includes a description of the Committee, its membership, information about upcoming meetings, minutes of previous meetings, and links to other relevant websites.

The Committee met about twice a month during the academic year. Outside observers attended most meetings. Telephone conferencing with external groups (WRC, FLA, and CLC) was used as part of the Committee's discussion.

During the course of the year, the Committee maintained communication links with the administration, either formally for conveying specific recommendations or informally as issues would arise for which the University administration sought advice.

**Recommendations for future action:**

1. Continue to have regular Committee meetings open to observers, while allowing for closed sessions if so indicated.

2. Continue to use a public website for communications concerning Committee activities.

3. Use computer-based word-processing with projection to support drafting of documents developed in Committee meetings.

4. Use individual members and subgroups of the Committee to take the lead on specific issues/topics, when appropriate.

The following sections review Committee activities based on the President's charge, with recommendations for future actions.

**Public Disclosure of Manufacturing Sites**

Knowing the location of factories producing licensed goods is central to any attempt to monitor compliance with labor standards. Licensees typically contract with other companies to manufacture their products, in part or wholly, which creates a "supply chain" that complicates the seemingly straightforward question of where licensed products are made. During the 1999-2000 academic year, the University informed its licensees that continued contractual relations would require public disclosure of the location of all factories manufacturing University of Michigan licensed goods. These manufacturing locations were made public on a University website.

Maintaining useful information about factory locations to support code enforcement, however, raises a number of logistical challenges because these contractual relationships tend to change over time. Licensees select suppliers based on price, quality, and available capacity to produce a product, often using “middlemen” to locate suppliers for
particular jobs. Depending upon the particular product and market factors, the factories in a licensee’s “supply chain” may change frequently. This complicates the task of assembling up-to-date information for enforcing a code of conduct, particularly when considering the collegiate market as a whole rather than an individual school’s licensees.

Rather than proceed individually in developing an ongoing system for disclosure of factory locations, the University is working with the WRC on a common approach. The Collegiate Licensing Company, which serves as the licensing agent for a number of WRC members, has agreed to provide disclosure information for its member universities (including University of Michigan) to the WRC in electronic form to facilitate analysis and publication on the web. The Standing Committee has been kept informed of the progress of this WRC initiative to develop a comprehensive and consistent approach to disclosure of manufacturing sites.

Recommendations for future action:

1. Continue to track the progress of the WRC approach to securing accurate and useful information from licensees on the location of factories manufacturing University of Michigan licensed products.

2. Provide assistance as necessary and appropriate to this effort, within the parameters of University’s assessment of the situation.

3. If the WRC approach does not achieve satisfactory results, develop alternative approaches, in consultation with other universities.

University Code of Conduct

The Committee reviewed and revised the draft code of conduct developed last year by the ad hoc committee. In addition to that review, the Committee solicited feedback from our licensees concerning the draft code. The Committee presented a final version of the code, recommending that the code be adopted by the University and included in future contracts.

In recognition of the fact that a number of licensees had already implemented their own codes of conduct, the Committee reviewed several other commonly used codes to determine whether they adequately met the University’s overall goal of protecting workers’ rights. On the basis of this evaluation, the Committee recommended that, for a two-year trial period and under specified conditions, the University would accept adherence to selected other codes as meeting our recommended contractual code provisions. (The University of Michigan code of conduct and the recommendations concerning other codes are included as Appendices B and C.)

Recommendations for future action:

1. Monitor, through the University’s licensing office, licensees’ communications concerning the code and the impact of the code on future contractual relationships between licensees and the University.
2. Develop further information about code provisions, with particular attention to issues of work hours, freedom of association, and health and safety (see “Research and Educational Initiatives,” below).

3. Continue to work with other universities and organizations in order to move toward greater consistency in code language.

Monitoring Compliance with Labor Standards

Incorporating a required code of conduct in contracts with licensees creates the expectation that these companies will, in good faith, enforce that code. Because most licensees subcontract production, compliance often depends on a licensee’s commitment to ensuring that subcontracted factories are themselves complying with the code. As with other provisions of a contract, the basic expectation is that the parties will fulfill in good faith the provisions of the contract. Compliance with codes of conduct, however, suggests the need for monitoring to ensure sufficient confidence that these standards are being met.

Through its affiliation with the Fair Labor Association, the University participates in an organization whose purpose is to create a uniform approach to internal and external monitoring by apparel companies. Although the FLA’s approach is still in its early stages and there are continuing questions concerning whether the resulting monitoring will meet the University's expectations, the Committee has recommended that the University require its licensees to participate in the FLA monitoring system. In making this recommendation, the Committee is not precluding the possibility that additional or alternate arrangements may be undertaken in the future to monitor the implementation of our code of conduct.

In addition to monitoring of factories, the Committee also recognizes the need for a means for workers to register complaints concerning possible code violations. A complaint-based system is a way for workers, nongovernmental organizations, and other interested parties to take action in response to alleged violations. A complaint-based system also has the advantage of focusing on "real world" problems and can provide a check on possible shortcomings of a monitoring plan.

The University's participation in the Worker Rights Consortium offers a means for implementing a complaint-based approach. As with the FLA, the WRC is still in its early stages, but it offers the potential for developing a network to identify and investigate allegations of violations of our code of conduct. The Committee has recommended that the University continue to work with the WRC on the development of their approach.

Recommendations for future action:

1. Monitor and evaluate the FLA's approach to establishing internal and external monitoring by licensees, with particular attention to:
   a. the extent to which the monitoring is being implemented
b. the nature of the monitoring procedures being implemented
c. remedial actions being undertaken in cases of code violations
d. nature of communications concerning monitoring and remediation and level of public confidence in the monitoring process

2. Monitor and evaluate the WRC's approach to establishing a complaint-based system for identifying and investigating possible code violations, with particular attention to:
   a. the extent to which effective networks are established to receive complaints in a reliable manner that doesn't endanger or disadvantage the complainant
   b. the establishment of effective working relations with workers, NGOs, licensees, and the University so that the outcomes of investigations and recommendations are considered objective and fair

3. Consider additional or alternative approaches if current efforts do not satisfy the need for ensuring that the goals of the code of conduct are not being adequately met.

**Investigation of Complaints Concerning Labor Standards**

Reports of violations of the code of conduct present a number of challenges to the University. The WRC provides a means for handling complaints about code violations if an investigation seems warranted. But determining the credibility of allegations and whether an investigation is needed can be very difficult—particularly when factories are located abroad.

During the course of the year, the Committee has received reports of violations of labor standards from various sources (such as journalistic accounts and communications from labor rights activists). In the case of the Kukdong factory in Mexico, a manufacturer of collegiate merchandise for Nike and Reebok, the allegations of code violations came from a number of sources and, if confirmed, constituted very serious violations of the code of conduct (particularly with regard to freedom of association). Based on this assessment, the Committee recommended that the University urge an investigation of these alleged violations. In contrast, when allegations of unfair labor practices were made against New Era, a New York manufacturer of hats with college logos, there were preliminary discussions concerning whether or not the allegations, if true, would constitute a violation of the University's code of conduct. Also, the New Era plant was unionized and the Committee was concerned that the union should not be bypassed. Based on these questions, the Committee felt that more information was needed before recommending an investigation.

Developing criteria for when to pursue an investigation of alleged code violations is a challenge. First, the allegations, if true, would have to constitute a violation of the code of conduct. There may be a number of decisions made by an employer that have negative
consequences for workers yet do not constitute code violations. Second, the initial complaint ought to be submitted, if possible, by duly elected representatives of the workers involved. If no union exists, or if that union does not appear to be democratically elected or not representing the interests of the workers (a violation of the freedom of association clause of the code), then complaints from individual workers or third parties should be acceptable. Because these issues are often extremely time-sensitive, a subcommittee of the Committee might be formed to review such initial complaints, consult with the University administration and other universities, and make recommendations for a full investigation.

If an allegation seems sufficiently creditable to warrant investigation, there remains a question concerning how to proceed. Involving the complaint-handling capacity of WRC presents one possible option. If the WRC is functioning properly, in the course of its investigation it will solicit and document the evidence and perspectives provided by all parties in a dispute. The University can also seek explanation from the licensee, drawing upon the Collegiate Licensing Committee as our agent in contractual relations with licensees. One initial step could be requesting the CLC to communicate with the licensee concerning the allegation. Such an action would draw upon the contractual relationship and could bring together queries from the other CLC schools.

Recommendations for future action:

1. Continue discussion of preliminary criteria to initiate investigations of allegations.
2. Explore with the CLC the potential for their involvement in preliminary inquiries concerning the position/perspective of licensees in alleged code violations.
3. Assess the manner and extent to which the WRC can provide resources for investigating preliminary allegations and, when appropriate, use the WRC structure for investigation of complaints that appear to be valid.

Research and Educational Initiatives

In the fall of 2000, the final report of the Independent University Initiative, begun during the previous year (1999-2000), was completed. This research effort was organized by the Business for Social Responsibility Educational Fund and involving the Investor Responsibility Research Center and Dara O'Rourke of MIT. It was commissioned by the University of Michigan and four other universities: Harvard, Notre Dame, Ohio State, and University of California. The final report is available on the University’s website (http://www.umich.edu/~newsinfo/Releases/2000/Oct00/report.pdf).

The authors selected seven countries that were most active in the production of collegiate apparel and undertook studies of the working conditions (legal structure, economics, organizational relationships, etc.) in those countries. They also engaged in two factory-visits to companies manufacturing for the collegiate market in each country. Their
investigation found widespread code violations in apparel factories in each of the seven countries. Their analysis of the national context also revealed a number of barriers to making improvements through the use of codes of conduct. The authors conclude that local conditions often make enforcement of codes of conduct very difficult. They note that there are other ways in which universities can use their position and expertise to improving working conditions:

Universities can contribute to improvements through a variety of targeted, strategic and long-term actions that draw on the roles universities are best at--producing information and knowledge, advancing study and learning, and educating people, communities and organizations. Solutions can derive from disciplined analysis and open debate within the academy and in public discourse, as universities seek to examine and learn from industry conditions and practices. (p. 13)

One of the major areas in which the University of Michigan has the potential to contribute to our understanding of labor standards and human rights is in research and education. During the course of the year, the Committee has identified a number of issues that the University of Michigan may be uniquely suited to address through forums such as symposiums, pilot or seed research grants, or through other types of educational or research initiatives. Preliminary discussion has focused on:

- the dearth of occupational health and safety infrastructures in many developing countries;
- the meaning of and barriers to freedom of association in different world regions;
- how best to codify standards related to hours of work;
- "living wage" definitions;
- potential detrimental effects of the establishment of the imposition of wage/hours limits; and
- the interplay between social and economic considerations in trade policy.

A major strength of the University is our ability to provide contextual expertise as we attempt to understand how common values, such as freedom of association, may confront distinct barriers or require specific strategies in different world regions.

Recommendation for future action:

1. Identify key areas in which research or public discussion (forums, symposia, etc.) could provide greater understanding and enhance University efforts in the area of labor standards and human rights

2. Coordinate with relevant University units, such as the International Institute, Institute of Labor and Industrial Relations, as well as teaching units, to develop these educational and research opportunities

3. Explore additional educational options, such as internships, for students who are interested in issues related to the work of the Committee
Appendix A
Charge to the 2000-2001 Committee

The committee is charged with advising 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. Specifically, the Committee is instructed to address key decisions facing the University in the following areas:

1. Disclosure of manufacturing locations - Review the results of the requirement that licensees disclose manufacturing locations and, if appropriate, recommend further actions to meet the goals of this disclosure policy.

2. Code of conduct for labor standards - Review the University’s draft code of conduct, with input from licensees and other interested parties, and recommend final code language with attention to achieving consistency with other universities when possible.

3. Monitoring compliance - Participate in organizations that the University has joined to monitor the code of labor standards defined in the code of conduct and continue to explore alternative means to ensure compliance.

4. Addressing complaints about licensees - Develop and implement a fact-finding procedure for addressing complaints that may be received concerning violations of the code of labor standards.

5. Research and education - Draw upon the resources of the University and other sources of expertise to advance understanding of the issues involved in globalization and labor and to inform decision-making by the University.
Forced Labor. Licensees shall not use (or purchase materials that are produced using) any form of forced labor, whether in the form of prison labor, indentured labor, bonded labor, or otherwise.

Child Labor. Licensees shall not employ any person at an age younger than 15 (or 14, where, consistent with International Labor Organization practices for developing countries, the law of the country of manufacture allows such exception). Where the age for completing compulsory education is higher than the standard for the minimum age of employment stated above, the higher age for completing compulsory education shall apply to this section. Licensees agree to consult with governmental, human rights and nongovernmental organizations, and to take reasonable steps to minimize the negative impact on children released from employment as a result of implementation or enforcement of the Code.

Harassment or Abuse. Every employee shall be treated with dignity and respect. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse. Licensees will not use or tolerate any form of corporal punishment.

Nondiscrimination: No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, marital status, reproductive or familial situation, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety. Licensees shall provide a safe and healthy working environment to prevent accidents and injury to health, including reproductive health, arising out of, linked with, or occurring in the course of work or as a result of the operation of Licensee facilities.

Women's Rights. Women's rights are included in the previous sections of this Code of Conduct. Without restricting the generality of the foregoing and for purposes of greater clarity and specificity, licensees shall abide by the following conditions:

- Female workers shall have the same work opportunities as men, without arbitrary restriction on the types of jobs or special limits on hours of work.
- Licensees shall not use criteria related to marital or reproductive status (for example, pregnancy tests, the use of contraception, fertility status) as conditions of employment.
- New mothers shall be entitled to leaves of absence (with the right to return to work) for childbirth and recovery from childbirth

Freedom of Association and Collective Bargaining. Licensees shall recognize and respect the right of employees to freedom of association and collective bargaining. No employee shall be subject to harassment, intimidation or retaliation for her/his efforts to
freely associate or bargain collectively. Licensees shall allow union organizers access to employees. Licensees shall recognize the union of the employee's choice.

Hours of Work and Overtime. Licensees shall comply with applicable laws and industry standards on working hours. In any event, personnel shall not, on a regular basis, be required to work in excess of 48 hours per week and shall be provided with at least one day off in every seven-day period. Mandatory overtime shall be limited to extraordinary and short-term business circumstances and the policy concerning mandatory overtime shall be explained to employees before they are hired. Regular working hours plus mandatory overtime shall not exceed 60 hours per week. All overtime shall be remunerated at an appropriate premium rate.

Compensation. Licensees recognize that wages are the principal means of meeting the basic needs of employees and their families, and therefore commit themselves to a wage goal that enables employees to satisfy these needs. Licensees shall ensure that wages and benefits for a standard working week meet at least legal minimum standards and industry averages, whichever is greater, and that net compensation is at least sufficient to meet the worker’s basic needs. Compensation standards will be adjusted periodically based on experience and increased knowledge concerning local labor markets and living conditions.
Appendix C

Committee Recommendation concerning Other Codes

Recommendation to the President for implementation of the University of Michigan Code of Conduct in light of the fact that some licensees have already adopted other codes of conduct. (approved 1/26/01)

In response to the request of the President, the Committee has examined other codes of conduct that may have been adopted by licensees: WRC code; the CLC code, and the FLA code. We are also in the process of examining SA8000.

The Committee believes that a licensee adhering to the WRC code would be meeting or exceeding the standards advocated in our draft code.

With regard to the CLC and FLA codes, the recommended University of Michigan code of conduct is similar in many of its provisions while there are also differences. In some instances, these differences are relatively clear (e.g., limits on mandatory hours of work). In other cases, the differences are elaborations and clarifications which reflect the Committee’s view of how a general provision should be interpreted (e.g., specification of “freedom of association”).

Recognizing that licensees may have already implemented other codes of conduct, the Committee recommends that for purposes of compliance assessment, for a trial period of two years, licensees who have adopted the CLC Code (including women’s rights provisions) and FLA Code (including the FLA Compliance Benchmarks) be deemed to meet their contractual obligation to protecting the rights of workers if compliance with the codes meets the additional following conditions:

1. code provisions apply not only to the supplier factories but also to manufactured components purchased by those factories

2. the women’s rights provisions are understood to include the right of a new mother to take a leave of absence and that nondiscrimination includes protections against adverse employment decisions based on marital status and reproductive or family situation

3. freedom of association means that licensees shall recognize and respect the right of employees to freedom of association and collective bargaining; no employee shall be subject to harassment, intimidation or retaliation for her/his efforts to freely associate or bargain collectively; licensees shall allow union organizers access to employees; and licensees shall recognize union of the employee’s choice.
4. mandatory work needs to be closely monitored and any scheduling of mandatory hours of work exceeding 60 hours in a week should be reported to the University of Michigan with a full explanation that this was due to extraordinary circumstances and what these extraordinary circumstances were.

Note: During the 2-year trial period, efforts will be undertaken by the University (e.g., research, symposiums, and monitoring) to determine the extent to which this exception results in undue hardship for workers.

5. language in the CLC and FLA codes recognizing that wages are necessary to meet at least basic needs implies that this is a goal for the wage programs of licensees

At the end of the two-year trial period (or prior to then, if significant problems are identified), the effects of these compliance guidelines related to other codes will be assessed and recommendations will be made on future arrangements.