

Report on the activities of the Advisory Committee on Labor Standards and Human Rights¹, 2015 – 2016

Submitted by Ravi Anupindi, Chair

EXECUTIVE SUMMARY

The President's Advisory Committee on Labor Standards and Human Rights is appointed by the President of the University to advise the University concerning policies and practices, ensuring corporations engaged in the manufacture of licensed goods and bearing the University of Michigan name and/or logos are not engaged in unlawful or unconscionable labor practices.

In 2015 – 2016, pursuant to the charge from the President, the committee 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.

Major activities for 2015 – 2016 include 1) launching a research assistantship program focused on mapping University non-licensed goods procurement and potential ways to monitor related human rights and labor standards; 2) supporting student internships; and 3) making recommendations to the President regarding 2016 – 2027 Nike apparel, footwear and equipment contract; and 4) hosting Nike's Social Responsibility team on campus.

In the educational arena:

- On December 8th, 2015, co-sponsored and hosted Doug Freeman's public talk at the Ross School of Business on 'Responsible Supply Chains.' Doug Freeman is Chief Operating Officer (COO) of outdoor apparel company [Patagonia](#);
- Participated in the visit of Sir Fazle Hasan Abed, Founder / Chairman of [BRAC](#), 2016 Thomas Francis Jr. Medal in Global Public Health recipient, hosting him for a 1-on-1 with committee Chair;
- Expanded summer internship program, reaching out to U-M's campus community to sponsor two international and one domestic experiential learning experience related to labor standards and human rights; and
- Under the committee's research and education mandate, conducted a preliminary study to assess social responsibility in University of Michigan's \$3.75 billion non-licensed goods procurement spend.

In the operational arena:

¹ The 2015-16 committee was chaired by Prof. Ravi Anupindi (Ross School). Committee members included Prof. Sioban Harlow (School of Public Health), Prof. Nicholas Rine (Law School), Prof. Susan Waltz (Ford School), Kristen Ablauf (Licensing), Khaled Eid (Finance), Stacey Glemser (Procurement Services), Kelsea Ballantyne (MBA/MS, Erb Institute), Eni Kruja (LSA undergrad), and Rebecca Wren (LSA undergrad). Britney Rashleigh provided administrative assistance.

- Participated in the Fair Labor Association's (FLA) Student Engagement Program webinar and to explore University of Michigan participation.
- The committee Chair advised the General Counsel's office regarding University's perspective on labor standards and human rights as they negotiated the Nike contract;
- During his visit to Bangladesh (July 30-August 4), committee Chair visited with several stakeholders in the Ready Made Garment (RMG) sector in Bangladesh.

In the monitoring arena:

- Monitored developments in investigation of adherence to labor standards and human rights at the Nike Supplier factory Hansae Vietnam;
- Recommended to the President regarding some core requirements of contract terms with Nike, which reflect our institutional values and principles on labor standards and human rights;
- Hosted a visit by the Nike Social Responsibility team to meet with PACLSHR;
- Reviewed cases of ongoing concern identified by our monitoring bodies, the Fair Labor Association and the Workers Rights Consortium (WRC).

REPORT OF THE COMMITTEE

The President's Advisory Committee on Labor Standards and Human Rights is appointed by the President to advise the University concerning policies and practices, ensuring corporations engaged in the manufacture of licensed goods and bearing the University of Michigan name and/or logos, are not engaged in unlawful or unconscionable labor practices. This year, the committee had representation from the School of Public Health, Stephen M. Ross School of Business, Gerald R. Ford School of Public Policy, University Procurement, Financial Operations and Licensing. In 2015 – 2016 and pursuant to the President's charge to the committee, activities 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

A. Summer Internship Program

Encouraged by the success of its 2014 and 2015 summer internship programs, the committee expanded its offering, funding two international and one domestic internship experience during the summer of 2016. In previous years only one international and one domestic experience was sponsored.

The international travel award was open to graduate students whereas the domestic project experience was open to both undergraduate and graduate students. For the international travel award, prospective applicants were asked to submit a brief proposal of their work accompanied by a resume,

transcripts and a letter of recommendation. The domestic project experience was executed in collaboration with [Sumerra LLC](#), a social auditing company based in Portland, OR that does work for University licensing programs. This year's project was a continuation from last summer to now conduct a risk analysis of the University's supply network. A call for applications included a brief project proposal asking the applicants to submit their resume, transcripts and a brief statement of their interest in the project.

For the International Travel Award, the committee received a total of six applications, two each from the Law School and the School of Public Health and one each from the Ford School and School of Architecture. Graduate students Mary-Catherine Goddard (School of Public Health) and Erin Collins (Law School) were selected as recipients of the committee's 2016 International Travel Awards. Funding provided by the committee allowed Mary-Catherine to travel to Guadalajara, Mexico and work with the Centre for Labor Action and Studies (CEREAL). Her research explored the applicability and effectiveness of labor laws for temporary electronics factory workers in urban areas and methods used by CEREAL to promote workers rights. Erin worked as a Legal Intern with the International Commission of Jurists (ICJ) at their Tunis office exploring the lack of adequate standards for victims of gender based violence in the home and workplace.

For the domestic project engagement with Sumerra, the committee received a total of 14 applications, equally split between graduate and undergraduate students, representing a wide spectrum of major including Mathematics, Economics, Policy, Public Health, Social Work, and Urban Development. Michael Jenuwine, undergraduate economics and mathematics student from the College of Literature, Science & the Arts, was selected by the committee. Based at Sumerra's headquarters in Portland, Oregon, Michael's research focused on conducting an audit analysis of social risks in university licensed goods supply chains. His work built upon research conducted by the 2015 summer intern on mapping of the apparel supply chain.

All three interns are expected to submit a report of their work as well as make brief presentations to the committee in 2016-17.

The committee's 2015 awardees, Robert Flood and Eni Kruja, presented their research findings at the committee's first meeting on October 9th, 2015. Eni Kruja subsequently served on the PACLSHR committee for 2015-16.

B. Lecture Event

On December 8th, 2015, the committee co-sponsored and the Chair hosted Doug Freeman, Chief Operating Officer of the outdoor apparel company Patagonia. With it's topline sales exceeding \$700M in FY15, Patagonia is known for being one of the apparel industry's most progressive and dedicated companies for environmental and social responsibility. Doug described Patagonia's method of mitigating risks through their long-term, value-added relationships with vendors, leading to transparent supply chains

and requirements for fair margins. As a result, the company has enabled supplier factories to provide fair wages and healthy working conditions for its employees. Held at the Ross School of Business' Robertson Auditorium, this lecture attracted a university-wide audience. Mr. Freeman also met with multiple groups of students to discuss Patagonia's approach to social responsibility. Member Kelsea Ballantyne coordinated a blog post by a small group of students of the Erb Institute on Mr. Freeman's talk titled: Responsible Economy: [U-M students gain global perspective from Patagonia COO](#). Committee Chair recorded a video interview with Mr. Freeman; once finalized the video will be added to the archive of the [Center for Positive Organizations](#). Mr. Freeman also addressed the students in the Tauber Institute Global Operations class module on Social Responsibility in Global Supply Chains taught by committee Chair.

C. Meeting with Sir Fazle Hasan Abed, Founder & Chairman of BRAC

During his visit to University of Michigan's campus to receive the Thomas Francis Jr. Medal in Global Public Health, Sir Fazle Hasan Abed, Founder and Chairman of BRAC, met with the committee Chair to discuss the work of PACLSHR in relation to the mission and activities of BRAC.

D. Research Assistantship Program

During the Winter 2016 semester, the committee offered two Research Assistantships focused on conducting a spend analysis of the University's non-licensed goods procurement. This project opportunity was advertised to the student community. The committee received a total of 18 applications, equally split between graduate and undergraduate students. Shortlisted students were interviewed by select committee members. Ultimately, Graduate MBA/MS student Kristine Schantz and Undergraduate Public Policy student Ian Hecker were selected for the project.

Supervised by the Chair and committee members Kelsea Ballantyne and Stacey Glemser, the student team was provided data by the University's procurement office and partnered with several internal and external stakeholders, gaining information and advice to guide their research development. On April 22nd, the student Research Assistantship team presented their findings to the full committee, along with members of University procurement. The presentation was also submitted to the President of the University with recommendations for potential next steps in moving towards ensuring social responsibility in areas of University non-licensed goods procurement.

E. Measuring Human Rights Performance: Metrics that Drive Change Workshop: Committee Chair was invited to attend this [workshop](#) hosted by the Center for Business and Human Rights, New York University held on April 20 - 21, 2016. The workshop was focused discussing ways to assess and differentiate companies on the basis of their performance on a wide range of

sustainability factors, including human rights. Because of prior commitments, committee Chair was only able to attend the first day of the workshop.

F. Positive Business Conference, Ross School of Business: Committee Chair was the faculty lead for the [2016 Positive Business Conference](#) held at the Ross School of Business, May 12-13, 2016. He also emceed the 2-day event and conducted a workshop, along with Sean Ansett, Chief Sustainability Officer of [Fairphone](#), on “Responsible Supply Chain Management”.

G. Bangladesh Visit: Upon invitation from Sir Fazle Abed of BRAC, committee Chair visited Dhaka from July 30-August 4. The main purpose of the visit was to see BRAC’s activities and meet with the leadership of BRAC and BRAC University to discuss potential collaborative opportunities. He met with Sir Fazle Abed, Chairman of BRAC as well as Prof. Syed Andaleeb, Vice Chancellor of BRAC University. He also gave a talk at the BRAC University on “Social Responsibility in Global Supply Chains”.

II. *OPERATIONAL LEADERSHIP*

A. Participation in FLA Student Engagement Webinar

In an effort to further foster the University’s relationship with the FLA and to gather information regarding resources available to help them best serve in an advisory role, committee members participated in the FLA’s ‘Student Engagement Program’ webinar held on March 29th, 2016. The FLA’s webinar recapped its 2015 – 2016 student engagement program and welcomed participating students and their supervisors from Washington University in St. Louis, California State University – Long Beach and North Carolina State University to speak on their experiences. The program focused primarily on teaching students about the FLA’s external monitoring, audit and 3rd part complaint processes as well as use of FLA platforms. Participants found that the program directly benefited licensing departments through increased communication; allowed students to use FLA tools to produce reports and take on various projects beneficial to their respective campus needs; and provided students additional insight into the importance of corporate social responsibility.

Unfortunately, because of the timing of the beginning of this program (in late summer 2015), University of Michigan was unable to participate in the program.

B. Discussions with General Counsel’s office regarding Nike contract:

The General Counsel’s office consulted with the committee Chair regarding comparative assessment of respective approaches to social responsibility taken by our University and Nike to ensure that the ultimate contract with Nike reflected the University’s values and principles of labor standards and human rights.

C. WRC Caucus Meeting: Committee Chair participated in the WRC Caucus Meeting held in Washington, DC on May 4, 2016. This is an annual event for WRC's university members where WRC gives an update on its activities and addresses current issues.

D. Bangladesh Visit – Meetings with RMG Sector: During his visit to Bangladesh, committee Chair also met with several actors in the Ready Made Garment (RMG) industry of Bangladesh. Specifically, he met with Mr. Rob Wayss, Executive Director of the Bangladesh Accord for Fire and Building Safety to get an update regarding on ground progress of the work of Accord and discuss the future of the initiative. Ms. Moushumi Khan (UM alum) arranged for the committee Chair to meet with several factory owners to better understand their perspectives on social responsibility issues in the RMG sector. Ms. Khan also arranged for the committee Chair to meet with Ms. Paula Albertson (UM alum), Labor Attaché, U.S. Embassy, Dhaka to discuss US Government perspectives and initiatives on labor issues in Bangladesh as well as other parts of the world. In Fall 2016, the committee Chair plans to update the PACLSHR committee members regarding his Bangladesh visit.

III. *COMPLIANCE ISSUES & PROCEDURES*

A. Correspondence to the President regarding Hansae Vietnam and Nike

On November 17th, 2015, the committee received a memo from Scott Nova, Executive Director of the Workers Rights Consortium detailing Nike's refusal to allow the WRC access to its supplier factor Hansae Vietnam, as well as its possible mischaracterization of the role of WRC in monitoring and the assessments it conducts on behalf of universities. Given the University's status with Nike as its new forthcoming licensing partner, the committee engaged with the WRC, FLA, Nike and peer schools to gather information about the specific situation and continued to monitor it. Through memo correspondence, the committee notified the President of the issue, emphasizing the critical role played by WRC as an independent monitoring agent of University codes with recommendations that any contract signed by the University with Nike contain an explicit reservation allowing the University the authority to designate an independent inspection agent.

B. Hosting of Nike's Social Responsibility Team

On May 26th, 2016, the committee hosted Sharla Settlemier (Vice President, Sustainable Manufacturing and Sourcing) and Kit Morris (Senior Director, College Sports Marketing), members of the Nike's Social Responsibility Team. Ms. Settlemier provided an overview of Nike's approach to Corporate Responsibility, discussed steps taken by the company to ensure compliance to its internal code of conduct, and described the company's factory audit process. Members of the committee requested an update on Hansae Vietnam, to which Ms. Settlemier shared that the factory is currently labeled a 'red

light' factory, flagged for non-compliance issues by Nike investigators. While they are still unable to require supplier factories to allow the WRC inside their doors, they shared that the FLA has taken up an expanded investigation and are doing so in partnership with the WRC.

Former PACLSHR Chair, Professor Larry Root and Dr. Jinyun Liu, co-director, Center for China Employment and Labor Relations, have been working on creating worker-management committees in Chinese companies and, more recently, collective bargaining training. This work has included some Nike suppliers in China. Professor Root and Dr. Liu requested to observe the PACLSHR-Nike meeting. Later committee Chair arranged for them to meet with Ms. Settlemeir to discuss how their work within Nike's China factories be expanded.

IV. *SUGGESTIONS FOR 2016 – 2017 COMMITTEE ACTIVITIES*

Based on the activities of the Committee to date and issues pending as of August 2016, items that will likely need attention in the coming year include:

- Continuation of summer internship program, sponsoring international human rights and labor standards related research experiences for graduate students and continuing the committee's undergraduate internship in partnership with Sumerra LLC, Portland, OR, or another similar partner.
- Continuation of Research Assistantship program, building on what has been learned from the spend analysis on University non-licensed good procurement, to develop specific recommendations outlining a plan of engagement for consideration by the President. Details were outlined in a July 8, 2016 letter to the President. The committee is requesting continued support from the President's office to facilitate this work.
- Review the scope of the committee's work as outlined in the President's *Charge to the Committee* document and suggest recommendations, when appropriate.