President’s Advisory Committee on Labor Standards and Human Rights

MEETING MINUTES
December 5, 2016 – 9:30 a.m. – 11:00 a.m.

Attendees:  Ravi Anupindi (Chair), Kristen Ablauf, Michael Counts, Sabrina Bilimoria, Khaled Eid, Mary-Catherine Goddard, Nicholas Rine, Omolade Adunbi, Kristy Demas
Via Bluejeans:  Sioban Harlow
Absent: Rebecca Wren

Committee Business

Chair Anupindi called the meeting to order at 9:00 a.m. Minutes from the November 2, 2016 meeting were discussed and NRine moved to accept them. OAdunbi seconded the motion, which passed unanimously.

Operational Leadership

KAblauf provided the committee with her report. In its November 28, 2016 communication, the WRC had informed the university about severance pay violations at a Tailgate Clothing Company supplier called Rio Garment (Honduras); the bulletin had been shared with committee members prior to the meeting. Tailgate is a university licensee and owned by a major global apparel brand, American Eagle Outfitters, a Fortune 1000 corporation with $3.5 billion in revenue during its 2016 fiscal year. The WRC reported that “Tailgate’s proposal is insufficient to correct the violations of university labor standards at Rio Garment. The figure the company proposes is significant, but it is only a small fraction of the amount owed to workers.” WRC reported that it continues its “efforts to ensure that the workers at Rio Garment receive all of the compensation they legally earned the amount of severance.” The committee wanted to know whether Tailgate was a Michigan licensee. KAblauf confirmed that it is; Rio Garment produced merchandise there from 2014 through 2016. Because the WRC communication was an update, KAblauf said there was no action to be taken at this time. WRC communication mentioned that retailers like GAP also sourced from the same factory; Chair RAupindi asked if this is concern for UM. KAblauf reported that retailers such as GAP are usually not licensees for UM.

KAblauf then briefly outlined the quarterly renewal process UM performs with licensees. In the current review period, 68 licensees were up for renewal/review. 23 were required to participate or to continue to participate in the Ethical Supplier Engagement Program (ESEP). She also reported that there are a total of 146 accounts that appear on the list of licensees for (all) universities of which 102 are current or joint licensees for UM participating in ESEP.

Upon review, some of the licensees are asked to enter the ESEP through Sumerra in order to retain its status as a supplier; however, each university makes its own decision with regard to the renewal of licensees and whether to ask the licensee to participate in ESEP. There is a
$2500 annual fee to participate in ESEP, which some licensees have balked at and thus refused to participate in the ESEP. Discussions centered on where there is a way to assess progress that licensees are making with regards to their ESEP participation. KAblauf reported that the Collegiate Licensing Company (CLC) issues comments on licensees that are delivered to all the schools in the consortium from which one can get an impression of whether licensees are making progress. RAnupindi asked if we have instances of factories that have stayed in the ESEP for more than a year because they haven’t improved enough and Kristen said it’s sometimes the case. RAnupindi suggested that it might be useful for members to see some examples of what CLC sends out so we have a better idea of how decisions are made with regard to renewals and reviews. RAnupindi suggested that perhaps we can get Liz on the phone at a future meeting to get an idea of how things work and are interpreted. Professor Harlow agreed that a phone call with Liz would give the committee a better understanding. For the committee’s reference, Sumerra’s URL is: www.sumerra.com and the link to the CLC is: www.clc.com.

RAnupindi asked if licensees ever declined to participate in the ESEP. Per KAblauf, “...sometimes they register but they don’t follow through.” And then KAblauf has to tell them that their licenses won’t be renewed. KAblauf suggested that Jason Roberts who runs Sumerra could also be on the phone with us at a future meeting to discuss how this works.

**Monitoring and Compliance**

RAnupindi shared that Scott Nova, Executive Director, WRC had indicated that the report on the Nike’s Hansae Vietnam factory should be released December 6 or 7. The report will then be discussed at the next committee meeting. There was no update on FLA’s investigation of this factory.

**Summer Internship Presentation**

Mary-Catherine Goddard, also member of PACLSHR, presented her summer internship work on “An Investigation of Labor Practices Among Temporary Electronics Workers in Guadalajara, Mexico”.

Mary-Catherine’s internship was in Guadalajara, Mexico located on the western side of the country near Jalisco. She collaborated with CEREAL (Centro de Reflexion y Accion Laboral) from May 30-July 29, 2016. CEREAL offers free legal advice since 1997 to workers in the electronics industry; responding to countless complaints filed by workers, CEREAL began to address chronic issues relating to poor labor standards and working conditions.

During her internship, Mary-Catherine learned communications and language skills and became more informed about health and safety tools and in identifying occupational hazards. She also participated in occupational health and safety trainings with a team from UC Berkeley. Specifically, she learned about the acute and chronic health effects of working with substances like tin and acetone, etc. She traveled to Ciudad Juarez where workers face low
pay, long shifts, transportation barriers, little vacation time and temporary contracts. They receive just six days of vacation a year. Often times in this industry factory shut down are counted as vacation time. NRine asked if there is a minimum wage law to which Mary-Catherine responded that she didn’t know for sure if one existed. Many workers have to resign contracts often.

Mary-Catherine toured manufacturing facilities like Samsung Electronics and Sanmina-SCI. The factories are enclosed and the creation of circuit boards is fairly automated. She met with and had conversations with Environmental Health Sciences and OSHA professionals. She studied occupational hygiene that included monitoring the concentration of chemicals (soldering chemicals/conformal coating on the circuit boards) in the air as well as noise levels and ergonomic issues like lifting items out of machines and the absence of steel-toed boots. OSHA representatives make recommendations but cannot enforce them; implementation of recommendations is left to the companies. From her understanding of working at the federal level, she believed that factory monitoring was happening often enough. Further, most compliance issues in monitoring tended to focus on employer/employee relations, with very little focus on health and safety concerns.

Mary-Catherine got to know workers through CEREAL when it held its training sessions, which included language, safety, etc. Safety training takes place at the NGO and not the factory – and is conducted on the workers’ own time. Some of the workers she met with cited health concerns about lead in lungs, stomach issues, hearing problems, visual contamination and eyestrain.

She reported of differences between the two factories (Samsung and Sanmina) she visited. Neither factory was unionized but they both had committees that helped with monitoring. She believes that Samsung factory appeared to be a much better place to work. She learned that its President and VP met with workers weekly to discuss concerns. In contrast, workers at Sanmina usually did not bring up complaints because they believe it will not be addressed by health and safety teams. Samsung’s leadership was much more transparent than Sanmina.

Overall, it was a learning experience and Mary-Catherine was able to share some of her knowledge of OSHA with workers. She believes that a longer term and deeper engagement is necessary to make progress on the social responsibility issues. For example, CEREAL would benefit from the development of a database of chemical exposure with each position/process and how workers could protect themselves on the job. She is interested in researching sustainability in the supply chain and the project reinforced her interest in using her Spanish language skills and her background in public health. She thanked the committee for funding her and did a Q&A with the committee.

OAdunbi asked how many workers were permanent. Mary-Catherine indicated that mostly the only full time permanent employees were the management. The majority of workers were female and temporary employees with 30-day contracts. Neither place (Samsung or
Sanmina was unionized and provided no insurance for workers. Their salaries were around 6-7 US dollars (equivalent) per week.

CEREAL mostly has men on staff but works with another NGO made up mostly of women who disseminate information via flyers.

There was discussion on the distinction between how Samsung and Sanmina operate. Samsung is an Industry/brand while Sanmina is a contractor. Sanmina, Flextronics, and Foxconn are three of the largest electronics contract manufacturers. Flextronics has two facilities in Guadalajara. Flextronics is a big supplier for Cisco (the networking company). SHarlow indicated that in these locations, minimum wage actually acts as a maximum wage. She also shared that SPH does not have this industrial hygiene component. Mexico is no different now than it was in the 90s.

RAnupindi asked if CEREAL is an organization that we can have a long-term relationship with. Mary-Catherine responded in the affirmative. She would like to build off of her internship and sees future potential in continuing the relationship with UM/CEREAL and other students. Mary Catherine said it might even be helpful to have an interdisciplinary group of students – not just public health but law, etc. For example, law students could help with legal questions, etc.

The first step would be to bring up with CEREAL how to continue the partnership and possibly expand it. SHarlow said it would depend on the advisor and ability to support this kind of relationship. Does the advisor have any students he can place with CEREAL this year? Mary-Catherine said it’s important to have a student with Spanish language skills as she wouldn’t have been able function effectively and add value without those skills.

RAnupindi asked how critical the communication with the advisor was and Mary-Catherine said that she and Dr. Zellers communicated three times during the internship. That kind of communication is helpful in developing a plan. SHarlow said she could develop something that could be available through the School of Public Health (SPH) and maybe the Law School to address legal aspects. RAnupindi will follow up separately with Mary-Catherine on this.

**CSR trip to the Dominican Republic**

Knight’s Apparel, a UM licensee, and now part of Hanes Brands had issued invitations for universities to visit factories in the Dominican Republic (DR). KEid and MGoddard represented UM on this trip and gave a brief trip report to the committee.

On this trip, Hanes Brands was represented by Chris Fox, VP of corporate responsibility. Other universities represented included Wisconsin and MSU. The trip involved two factory visits; the first client was unionized and second was non-unionized, which provided an interesting contrast. The first factory had an office for employees to discuss concerns. There was a water treatment process that pulled water in through the river and passed it back into the system;
apparently the discharged water was a lot cleaner than what was brought in. A pond of fish in recycled water was in place to illustrate the cleanliness of the outgoing water.

MGoddard enjoyed visiting the facilities and compare them with the electronics factories she had visited in Mexico. These were different facilities and the workers used textile machines. Visitors were allowed to take videos/pictures of the machines. MGoddard asked about air monitoring in the textile factory and was told they comply with OSHA. She noticed that it was very loud in the second factory and did not see hearing protection being used. The noise grew as the production increased.

The industrial complex of the first factory had a credit union with higher than an 80% participation rate. She contrasted this high level of participation with what she had seen in Mexico; she concluded that the ability to save means that salaries to workers in the DR factories are covering more than the basic needs. The factory mostly manufactured t-shirts. MGoddard and KEid were able to see the packaging lines as well as the knitting lines. Raw materials were processed at the Dos Rios facility. Cloth went out in the rolls to the other plant. However, other than observing their work they did not get to interact with the workers. In addition to other physical barriers, there was also a language barrier.

At the Dos Rios site, KEid was able to chat with union leaders on the floor. He asked about interactions with the factory leaders. Apparently workers wanted a baseball field and it came about after 4 years. There was no talk of wages in a dollar amount. Pay was translated into terms of what workers owned or what they bought with their money. Overall, workers can earn more at the textile factory. The Las Americas rep said wages were $69 per week.

As for ergonomics at the Las Americas facility, MGoddard recalled that she heard an announcement to tell sewing machine workers to stand up for a break. There were posters with first aid announcements and PSA posters on hand injuries. She also saw posters showing statistics on number of hours passed between injuries. Injuries were broken down into reportable vs. non-reportable injuries based on severity. Health insurance is subsidized by the government and offered to workers. There is also a back-to-school program for workers and a public GED program.

The trip of MGoddard and KEid was covered fully by Hanes Brands. Discussion came up about the ethical implications of UM sending representatives to a potential licensee/supplier at the supplier’s expense. Apparently, a member from another university paid her own way to attend (i.e., her university covered it). Was there a conflict of interest and should there be a policy?

RAnupindi asked if University Procurement had any policy regarding such expense-paid trips. MCounts said that in the University Procurement Services (UPS) office one has to create a business case and run it through senior management and find internal funding. UPS does not allow for site visits paid for by a supplier. If there is a business case to go to visit the site – then they find the money. Procurement staff is wary of potential conflict of interest/conflict
of commitment\(^1\) and therefore does not accept payment for trips from suppliers. MCounts said it’s been this way for the last 16 years.

SHarlow did not recall there being trips like this before (e.g., during her leadership of PACLSHR) nor does she remember this coming up but it seems like there should be a protocol. The perception of conflict may also be a function of who represents the UM on such a trip, making the distinction between a committee member and a representative from the licensing office (e.g., KAblauf). It was also suggested that we need be clear about the purpose of such a trip. Was the visit more for observation than anything else? KAblauf said that no decision-making can come from the trip about future partnerships.

RAnupindi stated that currently we have nothing in our rules about how to process offers of supplier/licensee paid trips. Perhaps this is a matter for the committee to review in the future and develop guidance on.

**Other Business**

RAnupindi reported that the call for research assistantship positions for the non-licensed goods project generated a strong response and the applications needed to be reviewed. Due to time limitations, it was determined that such an assessment will be conducted offline. All applications would be stored on MBox and divided by those applying for the research assistant position and those interested in the internship travel fund. The research assistant files would also be sub-divided by undergraduate and graduate student status. SHarlow requested paper copies of applications and it was agreed that these would be delivered to her.

RAnupindi also reported that he will draft an announcement for the third summer internship (at Sumerra) and send to committee for review.

Meeting dates for winter 2017, January through April, were discussed. It was decided Mondays and Wednesdays would work best for the majority of the committee and a Google poll would be sent out to find when most folks could meet.

Meeting adjourned at 11:00 a.m.

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\(^1\) Conflict of commitment is when it has the potential to influence a decision.