

**University of Michigan
President's Advisory Committee on Labor Standards and Human Rights**

MINUTES

July 31, 2pm 2014 Ross School R6325

August 26, 2014, 10am, Ross School R4020

July 31, 2014

Attendees: Kristen Ablauf, Ravi Anupindi (chair), Khaled Eid, Maya Menlo, Susan Waltz,

Absent: Kelsea Ballantyne, Arjun Bhalla, Jim Gannon, Allen Hicken, Nick Rine

Committee met to further the conversation on the proposed motions, which were circulated over email earlier. They are:

- 1) VF Imagewear is a signatory to the Alliance and a aboard member. VF Imagewear presented their plan (see meeting minutes). While the committee were satisfied with points 2, 4, and 5 above, members had concerns about 1 and 3, specifically regarding presence of labor in inspections and remediation, commitment to remediation and plans for arbitration. A motion to require VF to sign the Accord did not pass (please see minutes). The following revised motion is proposed.

Proposed Motion: The PACLSHR committee recommends an extension of 45 days to VF Imagewear to sign the Bangladesh Accord on Building and Fire Safety or amend their presented plan to include:

1. *Ensure voice of labor in inspections & remediation*
2. *Create a mechanism to bring disputes with workers for a third-party arbitration*
3. *Agree that legal commitment of failure to remediate is direct violation of the licensing contract*

- 2) Outdoor cap is neither a signatory to the Accord nor the Alliance. The committee did not find the Outdoor Cap presentation adequately demonstrated that there was a plan to maintain the above five items the committee was looking for or the capacity and will to implement that plan.

Proposed Motion: The PACLSHR committee recommends an extension of 45 days to Outdoor Cap to sign the Bangladesh Accord on Building and Fire Safety, failing which their licensing contract with the University of Michigan will be terminated.

The committee deliberated the VF motion in detail. There was consensus that VF had not demonstrated a plan that addressed all of the five factors identified by the committee. The proposed revised motion was to explore what could be expected of VF in a revised plan. However, members were also concerned about whether the University of Michigan will have the capacity to verify information VF provides us. The committee also discussed the possibility of institutionalizing the role of an organization like WRC for verification of information provided by VF. After much discussion, it was determined that we needed a more detailed document on what an acceptable alternate plan would look like that might be acceptable to the University of Michigan. KEid and MMenlo were asked to draft such a document and provide to the committee for the next meeting. Meeting adjourned at 4pm

August 26, 2014

Attendees: Kristen Ablauf, Ravi Anupindi (chair, by phone from India), Arjun Bhalla (by phone from India for 45 minutes), Khaled Eid, Jim Gannon, Maya Menlo, Nick Rine, Susan Waltz

Absent: Kelsea Ballantyne, Allen Hicken

The committee met to discuss closure of the VF Corp issue, finalize the annual report, and discuss the Oct 10 symposium updates.

Prior to the meeting, KEid and MMenlo sent a draft rider for the committee's review that would address the five points concerning:

1. involvement of multiple stakeholders
2. public reporting of factory inspections
3. guarantee of worker's rights to refuse dangerous work
4. commitment to remediation
5. commitment to continue to maintain order volumes

Discussions centered around the university's ability to verify whether a licensee met the conditions specified in the rider as well as applicability of the rider to licensees depending on the size of the overall business. The committee concluded that while it was possible for a licensee, who was a non-signatory to the Accord, to present an alternate plan that met the conditions outlined in the rider, the University at this point in time did not have the capacity to verify such a plan. Therefore, the committee agreed to recommend to the President that neither VF nor Outdoor Cap be granted an exception to not join the Accord.

Considering that the chair is out of the country due to a family emergency, MMenlo offered to draft a letter for the chair's review. It was agreed that the draft recommendation to the President should contain the following:

1. U-M licensees that have done business in Bangladesh since 2013, those that have joined the Accord, the Alliance, both or neither.
2. Since last March's recommendation, accepted by the President's Office on April 1, two licensees have made presentations to the committee.
3. Neither of those presentations convinced the committee that an exception should be granted.
4. In the next letter of recommendation, the committee will convey to the President what the argument should look like. If a licensee is granted an exception, the President will need to consider the University's capacity to monitor the licensee. Without such a capability, the University's brand is potentially at risk should an unfortunate incident at a factory occur.

The committee will finalize the rider documents that KEid and MMenlo drafted to incorporate as an addendum within the recommendation to the President. What may also be added is inclusion of a \$25million dividing line between large and small company production levels in Bangladesh. \$25 million figure is a figure indicated in the Accord that was incorporated in the draft rider referenced earlier. This figure divides the companies into various tiers, 0-7. 0, 1 & 2 companies have production in Bangladesh below \$25million.

Meeting adjourned at 11:30am