

President's Advisory Committee on Labor Standards and Human Rights

MINUTES

February 21, 2014, 11:30-1:00pm

Ross School of Business, R5020

***Attendees:** Kristen Ablauf, Ravi Anupindi (chair), Kelsea Ballantyne, Khaled Eid (by webex), Allen Hicken, Maya Menlo, Nicholas Rine, Susan Waltz*

***Absences:** Jim Gannon, Arjun Bhalla*

Committee Business

Committee approved the February 7 minutes. The confirmed remaining meetings for 2014 from 11:30-1:00 are:
March 21, Room 1070 South Hall Law School
April 11, 2609 School of Social Work

Operational Leadership

Chair presented the committee with the current code draft based on February 7's meeting. The changes add preamble and remediation clauses to the code. The living wage topic, which arose during the last meeting, was set aside for a future agenda. It is not part of our current code nor do other university codes specifically mention the phrase. Wording would be an issue as it would need to meet the legal minimum standards and industry standards. Determining the many definitions of the living wage concept would require time that the committee does not have at this point in the year. SWaltz motioned to send the current code draft as a recommendation to the President's office. AHicken seconded the motion.

Update on licensing and quarterly renewals: KAblauf reported that of the 75 companies, five were not renewed, two based on poor royalties. Three had issues not providing code information and submitting the corporate responsibility questionnaire. For the schools that have participated in the CLC's Corporate Responsibility pilot program, there appears to be a plateau reached by a certain group of licensees. They have been advised but require further training to advance their CR programs. CLC's LKennedy has reached out to Sumerra, a company that provides these training resources. In future, U-M could consider requiring licensees at this plateau to train under Sumerra to identify strategies to better incorporate U-M's standards into their business standards. Committee asked questions about FLA's training offerings. The FLA does not appear to be actively offering training to this level of licensee. AHicken questioned the value of making FLA membership mandatory if the FLA only provides licensees with a self-assessment tool without any training. Chair commented that during a recent conversation with the FLA's new CEO he was told that one of their goals is to push more on implementation to address this training gap. KAblauf reminded the committee that in November 2011, U-M hosted a CLC led event for licensees on Corporate Responsibility training. This session has taken place on UCLA, North Carolina and Wisconsin campuses. Sumerra assisted in the coordination and programming of the day's events. NRine asked if U-M gets a listing of licensee contractors and subcontractors. KAblauf explained that it is one of the conditions for renewal to ensure that the information that licenses provide in the FLA's LPSA assessment tool matches CLC's files. This is one condition for renewal. KBallantyne and RAnupindi will attend the University Advisory Council meeting on March 6 in Dallas, TX. They will inquire into FLA's current status of providing training resources to this category of licensee. U-M had deferred training on these matters to the FLA which had been developing a program based on the LPSA questionnaires that licensees fill out annually. Reporting on the results of those questionnaires was to have been reported to universities. Committee questions whether this is an ongoing process, if so, who has responsibility for the communications.

Research and Educational Leadership

Fall Conference:

Khaled, Kelsea and Ravi met to discuss the fall conference. KBallantyne laid out the potential dates as Oct 10 or Nov 21, 9am-3pm. Chair will inquire with the president's office availability on these dates. SWaltz and/or chair will reach out to Michael Posner as a possible main speaker. The day's event would consist of 1 to 2 main speakers with two to three topic panels. In keeping with the president's charge to the committee on research and education, the conference committee has decided to focus on educating and promoting these issues on campus rather than a conference that would bring in other universities. The conference theme will center on ***Human Rights and Labor Standards in the Age of Globalization***.

Possible panel topics are:

- The Accord and the Alliance—Building and Fire Safety Issues
- Knights Apparel—Living Wage
- Patagonia CSR—Responsible Sourcing (Integrate with CSR)
- Human Trafficking (law school has a clinic that may provide resources on this)
- Conflict Minerals
- Global insurance schemes for severance pay to workers in the event of a sudden factory close
- Immigrant status, migration patterns
- Status of women

This is a work in process that will be refined once a date is determined. The change in leadership at the president's office and main speaker availability will determine that final date. With a date set, more effort will go into finding the appropriate space and building attendance. KBallantyne has a spreadsheet she will share with committee members. Once the panels are agreed on, committee can broaden its reach and invite other groups/center/schools to participate. Co-sponsor will help generate a larger audience. NRine will mention something to the director of the international program at the law school.

Cambodia internships:

NRine has interviewed both awardees and begun the search for compatible internship possibilities, ten weeks in length. Their start and end dates are flexible but contingent on an airline market of sporadic fluctuating costs.

Case Study: Chair announced that JBozich of Knights Apparel has agreed to cooperate to a case study highlighting the Alta Gracia factory in the Dominican Republic. Jane Dutton, faculty member at the Ross school who works with the Center for Positive Organizations is excited about the project and will analyze the organizational side of the factory as part of the study. She, Cynthia Cross and KBallantyne will participate in the project with a factory site visit. They will do the DR factory visit during spring break. WRC's Scott Nova has been informed and is enthused about the project.

Monitoring and Compliance

Fire and Building Safety Issues: discussion

Chair thanked MMenlo for organizing the Bangladesh worker event last week. The committee is at an action point now that all the stakeholders have been heard and licensees have been contacted. KAblauf reported on a clarification conversation she had with her licensing contact at VF Corp. He brought up an issue regarding a sub licensee contracting out of a factory in Bangladesh that appeared on a factory list purportedly producing U-M apparel. They clarified that the goods out of that factory are not collegiate goods. Rather it produces products termed as blanks, items without any logos that are intended for other uses, not collegiate. VF Corp, which has signed onto the Alliance, is open to a conversation with the committee if needed. Outdoor Cap, which produced headwear for mass changes (largest retailer being Meijer) has not signed onto either initiative and has indicated that based on what they are doing they don't feel that signing either of these

initiatives would go above and beyond what they are already doing. Most of the other licensees have signed onto the Accord. The remaining large licensees not signing the Accord are Gap, VF and Levi's. Chair has yet to get a transcription from his phone call with the Alliance yesterday on the remaining questions from the Feb 7 conference call. One of the call's topic areas was on the workers right to refuse work in dangerous condition. The response of the Alliance team was while they do not have the explicit language on this issue in their member agreement, nobody wants the workers working in unsafe factories. The worker hotline is intended to address this in part. When asked directly, they expressed an open attitude to amending their document.

After careful thought and attention to the many viewpoints, committee members expressed the majority view that the Accord is the stronger of the two initiatives because of the diversity of its signatories, companies' commitment to stay in Bangladesh, transparency of the supply chain, that disputes will be arbitrated, transparency of the reports and workers' right to refuse work in dangerous conditions not just the right to complain. The most powerful point is the direct involvement in the review process by worker representatives. If that does not exist then serious resolutions will not be developed.

The competition between the Alliance and the Accord appears to be a healthy arrangement. In that sense the existence of more than one arrangement may positively address the situation in a broader way. Others involved include the National Action Plan supported by the ILO and the Better Works Bangladesh Initiatives. Committee needs to keep in mind that these two proposals are in their early stages. Between the Alliance and the Accord more than 2500 factories are covered. Committee should consider the idea of maximizing coverage. There is no evidence yet if either agreement can influence big change. On paper the Accord appears to be the stronger, but there is no evidence yet that the Alliance will not be able to deliver on their claims. This is not business as usual. These companies have never worked together before nor set up an agreement of this kind. MMenlo argued that searching for the ideal proposal will waste time and that U-M should choose the Accord and stand behind it. SWaltz agreed that if the goal is choose which will best improve Bangladesh factories, U-M should be recommended to stand behind the document that represents its code. AHicken suggested that it would be ok to require the code but to let the companies choose, that there may not be one clear route at this point in time. Any decision now could and should be revisited down the road.

KAblauf redirected the group to consider U-M's goals. U-M's charge to the committee mandates that the group promote university leadership in corporate citizenship with respect to fair labor practice, human rights and sustainability in licensing operations. Both the Accord and the Alliance move in that direction but one appears to exceed the other. Members questioned those large licensees that will not sign the Accord. It is early, there may be additional signees down the road. AHicken added that if a company's standards are higher than the Accord, why wouldn't they sign onto the accord? Or perhaps, if one or two U-M licensees want to do extra work and hire independent fire inspectors that should be viewed as acceptable as long as the university's goals are met.

Members tossed around the idea of how to establish positive incentives for those who sign the Accord. Chair brought up other university motions that licensees sign on to either or both but if none, that they bring to the committee the "other option". SWaltz cautioned that we don't want to reward companies that pull out. As the committee established a motion, members expressed that the U-M should expect that licensees sign on as members of the Accord. The Chair will draft a motion along the lines of "all U-M licensees who source from Bangladesh will be required to sign the Accord or demonstrate to the PACLSHR to their satisfaction that the licensee has a plan and the capacity and will to implement that plan." AHicken motioned to move this to a vote, seconded by MMenlo. Committee voted. Draft will be circulated to the committee for comment before sent to the President's Office as a formal recommendation.

Meeting adjourned at 1:01. No new business.