

## LABOR CODES LICENSING COMPLIANCE COMMITTEE MEETING MINUTES

November 1, 2013 • Nancy Nicholas Hall 1199 • 11:30 a.m. – 1 p.m.

<http://www.news.wisc.edu/laborlicensing/>

**Committee members attending:** Lingran Kong – Chair; Lydia Zepeda – Vice-Chair; John Ahlquist; Ian Coxhead; Melanie Meyer; John Newton; Tammi Simpson; Christine Schlichenmaier; and Jason Weitzman. Absent: Diane Michalski Turner and Cornell Zbikowski.

**Others attending:** Everett Mitchell, Cindy Van Matre and Joe Bozich, CEO of Knights Apparel.

**Note:** One academic staff representative position remains open.

The meeting was called to order at 11:33 a.m.

Announcements. Lingran thanked the committee for starting the meeting 30 minutes early due to the lengthy agenda. She announced that two collegiate licensees – adidas and Knights Apparel – have recently agreed to join the Accord on Fire and Building Safety in Bangladesh. Duke University also announced that it would require its licensees that source in Bangladesh to sign the Accord. She also welcomed new student member, Melanie Myer, to the committee.

VF Imagewear. Five VF employees – Phil Marson, Tom Nelson, Douglas Parker, Tom Schupper, and Steve Sendbury – joined a conference call with the committee to discuss its company's decision to align with the Alliance for Bangladesh Worker Safety. They mentioned that VF decided to join the Alliance because a lot of its big customers are in the Alliance and they wanted to work with them to make a difference in Bangladesh. They also noted that a majority of Accord members are European companies and that European laws and U.S. laws are quite different. They felt the U.S.-based Alliance would make it easier to work through legal issues. They said they are currently addressing some anti-trust issues regarding compliant factories. VF does not feel there is much difference financially between the Alliance and the Accord and that there is a penalty if a company exits the Accord within the first two years.

Top of the World. Pete Wilson, owner of Top of the World, Steve Hare and Mike Ross addressed the committee next via conference call. Pete said that his headwear company is in support of the Accord, but that it is still waiting to learn more about the financial requirements and the implementation plan. Top of the World does between \$800,000 and \$1.2 million worth of orders annually in Bangladesh and is in the process of building a new factory in Bangladesh, which is shared with other brands. If the final cost for companies who produce more than \$1 million end up being between the anticipated \$7,500 - \$15,000 annual fee, they will sign on to the Accord. Top of the World has an employee who visits the Bangladesh factory once a month. When asked about whether they had concerns regarding the Accord because of differences between U.S. and European law, they indicated it was not a concern.

Knights Apparel. Joe Bozich, CEO of Knights Apparel attended the meeting to tell the committee that Knights Apparel decided to join the Accord because it was a personal decision,

not a business decision. He said he had never thought about structural audits before the Rana Plaza factory collapse that killed more than 1,100 people last year. He said after that happened, he immediately had third-party structural audits done on its two factories in Bangladesh. He went on to state the three reasons why Knights Apparel joined the Accord during the previous week:

1. All stakeholders are involved with the Accord – the brands, retailers, workers, and universities through the WRC.
2. Brand protection. With more than 100 brands involved with the Accord, they will hire the best inspectors, and
3. Financial commitment to join the Accord became more clear for a company of his size. Knights Apparel does approximately \$10 million of orders in Bangladesh annually.

When asked about legal concerns, he said he has not spent any time reviewing the legal issues. Joe said enough big U.S. companies have signed on to the Accord and he's not worried about it.

Worker Rights Consortium. Scott Nova, WRC executive director, joined the conference call. He said major U.S. companies like PVH (Calvin Klein, Tommy Hilfiger), Abercrombie & Fitch, American Eagle Outfitters, Scoop NYC and Sean Jean, have signed the Accord as well as many European companies with large presence in the U.S., such as adidas, Benetton, H&M and Puma. Scott says that these companies' legal people know what they are doing. There is no legal basis for liability under the Accord. He said the annual Accord fee will be based on a company's annual volume of production in Bangladesh and the financial structure should be finalized Nov. 18-19. At CLC's invitation, there will be a meeting with licensees at CLC's office on Nov. 21 in Atlanta. Scott will attend the meeting to provide the licensees with detailed information about the Accord and answer their questions. Scott says that collegiate licensees care what universities think, so universities can play a really important role.

At the WRC's Oct. 18 Board of Directors meeting, the board passed the following recommendation: "The WRC recommends that colleges and universities add, to their existing labor rights requirements for licensees, a requirement that licenses that sourced, produced or purchased collegiate apparel in Bangladesh as of January 1, 2013, or do so at any point thereafter, become signatories to the Accord on Fire and Building Safety in Bangladesh."

Discussion. At the Sept. 27 LCLCC meeting, Cornell Zbikowski proposed changes to the University's Code of Conduct and that vote was tabled to this meeting. The proposed changes were as follows:

- a. Licensees that produce or source licensed apparel from or in Bangladesh, within 14 days of being given notice of this requirement, shall sign and remain a party to the Accord on Fire and Building Safety in Bangladesh.
- b. Licensees shall require their supplier factories to respect the rights of workers to refuse to work under conditions that the worker has reasonable justification to believe are unsafe, without suffering discrimination or loss of pay, including the right to

refuse to enter or to remain inside a building that the worker has reasonable justification to believe is unsafe for occupation.

- c. Licensees shall meet directly with any duly constituted union whose members include one or more workers employed in a factory producing collegiate apparel for that licensee, upon that union's request to the licensee, to discuss any grave risks to worker health and safety that have been identified by workers, their representatives or third party inspectors.

Cindy Van Matre suggested that the vote be delayed again until after the financial structure of the Accord is finalized and the licensees have the opportunity to attend the Nov. 21 meeting in Atlanta. This meeting will be an opportunity for licensees to get more detailed information about the Accord and to get their questions answered directly by Scott Nova.

The committee decided to table the existing proposal to change the Code. The committee unanimously approved John Ahlquist's motion: After listening to the reasoning and concerns of several current and prospective University of Wisconsin licensees, both large and small, the LCLCC recognizes and supports the Workers' Rights Consortium's recommendation that all brands that produce in Bangladesh sign the Accord on Fire and Building Safety in Bangladesh. We would like to commend Adidas and Knights Apparel – two of the largest current UW Licensees – for their timely action in signing the Accord. The LCLCC has decided to wait on making further recommendations until after the Accord meets in November to finalize financial terms for affiliates and until after the informational discussion for UW licensees, to be held in Atlanta on November 20, 2013.

Minutes. The September 27 meeting minutes were approved.

Adjournment. The meeting adjourned at 12:58 p.m.