

Labor Codes and Licensing Advisory Committee
2015 Year-End Report to the University Committee
Approved by the Committee on May 12, 2015

The governance document for the Labor Codes and Licensing Advisory Committee (LCLAC) requires that “The Committee shall report to the University Committee on its activities at least once a year, or more often if requested.” This document represents the LCLAC’s AY2014–15 report.

The LCLAC’s activities in AY2014–15 have focused on three areas:

1. Navigating the committee reform process implemented in Summer 2014;
2. Continued monitoring of the labor and safety situation in Bangladesh, in particular the implementation of the Accord on Fire and Building Safety (Accord) and the Alliance for Bangladesh Worker Safety (Alliance);
3. Continued investigation into the appropriateness of the University’s licensing arrangement with JanSport, given University policy that all licensees sourcing or producing in Bangladesh must be a party to the Accord.

Committee Reform

In Summer 2014 the Chancellor, in consultation with the University Committee, implemented several reforms to the LCLAC. Reforms included, among others, changing the committee’s name, altering the process by which members of the committee are selected and having the Chancellor name the committee chair.

Representatives from different governance groups and members of the committee expressed dismay with the way in which this reform was undertaken and communicated to the committee. Several also requested modifications to the reforms. The LCLAC formed an ad hoc committee to look into these issues and propose possible ways in which to proceed.

The ad hoc committee recommended that “the Chair forward to the ASEC, CSEC, UC, and ASMCC the LCLAC’s recommendation that the committee be implemented as a joint shared governance committee under Faculty Policies and Procedures.” The committee vote on this recommendation was 6 votes opposed to the resolution, 5 in favor and 1 abstaining. That recommendation needed 7 votes to pass, and therefore failed. The other changes to the governance document submitted by the ad hoc committee were accepted by the full committee unanimously, and Chair Ahlquist sent those recommendations to the Chancellor for consideration.

After the ad hoc committee’s report, the LCLAC worked with the Chancellor’s office to revise several aspects of the committee’s governance.

The Chancellor accepted some of these changes and the revised document was presented to the committee on 18 February 2015. Multiple members of the committee remain unsatisfied with the current structure of the committee.

Monitoring Bangladesh

North American and European clothing brands and retailers that source from Bangladesh reacted to the 2013 Rana Plaza industrial disaster by forming the Accord and the Alliance, two large-scale remediation plans designed to improve working conditions, especially building safety, in the Bangladeshi Readymade Garment (RMG) sector. In March 2014, the Chancellor agreed with this committee's recommendation that all UW licensees that source in Bangladesh must become party to the Accord. Licensees are free to affiliate with the Alliance *in addition to* the Accord.

The Committee has sought to monitor the situation in Bangladesh, especially the implementation of the Accord and the Alliance and the measurement of any downstream effectiveness. The committee held a conference call with the executive director of the Workers' Rights Consortium (WRC), who reported that the WRC is still recommending that member schools require the Accord and that the implementation of the two agreements has reinforced the theoretical concerns they had with the Alliance before the initiatives began.

The Accord website and the WRC are more forthcoming with inspection reports and information on remediation progress than the Alliance website at this time. In mid-2014 there were reports that the Alliance and Accord were "working together." Subsequent conversations show that the Accord and Alliance are cooperating in the sharing inspection reports for factories that produce for both Accord- and Alliance-signatory brands. But this cooperation is limited, untimely, and inadequate according to Scott Nova, reflecting a negative shift in his evaluation of the situation compared to six months ago. There appears to be scant additional cooperation between the two initiatives at this time. The committee will continue to seek out information as conditions change or questions arise.

JanSport

The final major issue facing the committee this year deals with the University's licensing relationship with JanSport. JanSport is a long - time UW licensee with no past problems with the UW's labor code of conduct. JanSport is also a subsidiary of VF Corporation, a publicly traded company controlling many recognizable clothing brands. VF reported FY2014 revenues in excess of \$12 billion. Many of the brands owned by VF Corporation use suppliers in Bangladesh. VF has elected to sign the Alliance and not the Accord, a decision that is binding across all VF subsidiaries.

Last year the UW terminated its license with a different VF subsidiary, VF ImageWear, because VF ImageWear sourced in Bangladesh and was not party to the Accord. JanSport branded goods, however, have never been produced in Bangladesh according to both JanSport/VF and the WRC.

In May 2014, this committee recommended (by a vote of 6 in favor, 2 opposed and 2 abstentions) that the UW terminate its licensing arrangement with JanSport because it is a subsidiary of VF Corp. The Chancellor rejected that recommendation and asked the committee to gather further information on the VF/JanSport production facility in Appleton, WI and the extent to which VF subsidiary brands control their own labor, Corporate Social Responsibility (CSR) policies, and supply chain decisions.

The committee chair asked for additional information from JanSport and VF. On the request of the Chancellor, the LCLAC chair and a representative of the Chancellor's Office visited VF headquarters in an effort to find out more. The findings to date are:

- CSR, labor standards, and other such initiatives are set centrally by VF corporate for all VF brands. A decision on whether to join the Accord is made at the VF Corp level. VF/JanSport and the WRC agree on this point.
- To date, JanSport has never used Bangladeshi suppliers although other VF brands do. VF/JanSport and the WRC agree on this point.
- The VF Factory in Appleton regularly uses temporary workers to meet increases in demand.
- The Appleton facility is not unionized. The LCLAC has thus far been unsuccessful in establishing meetings with JanSport workers independent of management.
- The LCLAC is not in a position to verify JanSport's claims.

According to VF:

- VF has a centrally managed supply chain whereby VF Corp finds and vets potential suppliers. VF subsidiary brands do not have autonomy to unilaterally procure outside the VF supplier network but brands may ask VF to find additional suppliers if the existing network does not provide what brand – level product managers need.
- Within the VF supplier network subsidiary brands can “nominate” suppliers to meet the brand's needs.

JanSport also claims that:

- It has no plans to begin using Bangladeshi suppliers.
- The Appleton facility employs more than 700 people.

- About 350 people in the Appleton facility “touch” JanSport collegiate–licensed products.
- JanSport lost about \$1 million due to student protests around the United States and other universities’ decisions.
- Loss of UW business would likely lead to employment cuts in Appleton.

According to Scott Nova, director of the Worker’s Rights Consortium:

- The VF factory produces for eight brands, one of which is JanSport.
- Mr. Nova is doubtful that one licensing cut would lead to loss of employment in Appleton.
- From a labor rights standpoint, VF and JanSport are the same.

While members of the LCLAC continue to disagree about whether maintaining the Jan Sport license is appropriate, all agree to continue close monitoring of the Bangladesh situation and JanSport production decisions.

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