



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes - Draft SWEATFREE PURCHASES, COMMITTEE ON

Tuesday, June 15, 2010

4:00 PM

210 Martin Luther King, Jr. Blvd.
Room 417 (City County Building)

CALL TO ORDER / ROLL CALL

Chair Bottari called the meeting to order at 4:15 p.m.

Guest: Kevin Bargnes, Isthmus.

APPROVAL OF MINUTES

A motion was made by Ald. Rhodes-Conway, seconded by Bracewell to approve the minutes from the May 18, 2010 CSP meeting. The motion passed by voice vote/other.

PUBLIC COMMENT

There were no registrants.

ITEMS CONSIDERED

1. Guest Speaker: Dawn Crimm, UW Madison, Special Assistant to the Chancellor for Community Relations

Dawn will speak about the University's leadership efforts to curb sweatshop abuses in the licensed-apparel manufacturing industries

She spoke about the University's leadership efforts to curb sweatshop abuses in the licensed-apparel manufacturing industries.
 - a. **Introduction.** Bottari introduced the committee's goal to better understand and implement the ordinance, look at current, new and emerging issues that will help educate the committee in its mission.
 - b. **Documents provided: (attached)**
 - Labor Licensing Committee (LLC) Charge – draft (4/12/01)
 - WISCAPE Brown Bag Forum, A Decade of Labor Licensing at UW-Madison (a timeline of events)
 - CLC Special Agreement Regarding labor Codes of Conduct (January 2003 Document)
 - c. **Early Adopters of Sweatfree Policies.** Issues on sustainability, environmental conditions, best practices are moving cities and universities to adopt sweatfree policies and/or ordinances. Austin King was an early adopter of such policy and he worked to get the sweatfree ordinance for the City passed.
 - d. **Labor Licensing Committee (LLC) Charge.** The campus charge for the LLC is to focus solely on apparel that has UW logo, where UW is affiliated as a

trademark – not footwear, uniforms, etc.

e. **Background.** Prompted by UW students' campaign to address deteriorating working conditions in apparel factories abroad, UW Madison established the Labor Licensing Committee (LLC) to ensure that infrastructure was in place to follow through with students' request. LLC's #1 overarching concern is to end violations of human rights violations in the world. It's focus is influencing conditions under which licensed apparel is made. The committee's role is to provide advice and recommendations, and to monitor UW's own compliance with its stated goals. The pervue of the committee is to educate itself about policies and make recommendations that will ensure that UW stays committed to its goals.

f. **Worker's Rights Consortium (WRC).** To support the LLC's mission , UW co-founded WRC in 2001. WRC is an independent labor rights monitoring organization focused on protecting the rights of workers. Dawn sits on the membership of WRC, hears what is being done industry wide as well as in universities and brings information back to the LLC as members are thinking about ways to continue their work.

g. **Code of Conduct.** In January 2003, the committee crafted the Code of Conduct, an agreement that lays out licensees' obligations, requirements, standards and the term of the license agreement. The handout includes lists of other institutions that have signed on. This agreement is 95% uniform across colleges and universities, with a few riders that some campuses support and others don't.

h. **External Partners.** With the lack of staff and resources, establishing relationships with external partners has been instrumental in enabling UW to carry out its goals, ensure that contracts are being carried and monitoring is taking place.

- The collegiate licensing company (CLC) is a third party organization that holds the contract with both the University and the licensees, holds the license that allows licensees to use university/college logos, educates the licensees on policies and follows up with any problems.

- WRC's responsibility is to monitor companies that have contracts with campuses to ensure that the code of conduct is being followed.

- UW's primary responsibility and goal is to educate students on issues surrounding the apparel, which is a byproduct of the educational environment.

i. **Addressing Difficulties.** To address inherent difficulties in managing contracts with licensees, (e.g., UW has contracts with 450 licensees who operate in 3300 factories around the world,) UW looks into areas that it has control over and where it can make the most impact to make improvements in the industry. UW also evaluates its product mix to determine whether there is a need to have 450 licensees creating products. Over time, the committee has been able to reduce product mix on contracts and is working with vendors to reduce the number of factories they use to manufacture apparel, and/or establish a clearer supply chain. Collegiate licensing is only 1% of all apparel licensing in the world.

j. **Monitoring Organizations.** Does WRC monitor for other institutions? (Rhodes-Conway)

Two organizations conduct monitoring activities, Fair Labor Association (FLA) and Worker's Rights Consortium (WRC). FLA consists of non-governmental organizations, licensees and universities while WRC has non- governmental organizations, students and universities on its board.

UW was once a member of both organizations. Where there are pros and cons and differing policy opinions for associating with both organizations, it is the Policy Committee's position to be a member only of WRC because they

maintain that it is difficult to regulate industry where industry is a member of the same organization. The University, however, believes that the committee is disadvantaged by not having information from both sides and that greater impact can be made if members are at the same table with those who are making business decisions.

When problems occur, UW will work with both FLA and WRC, both of whom will respond and work together even though they may not always agree about what the problems are and how to solve them.

k. UW Trademark Licensing Office. UW has a trademark licensing office staffed with one full time and one half-time person. The Director's responsibility is to permit a licensee to enter into an agreement. While CLC handles the agreement with the licensee, UW ultimately decides who gets to use the logo. This decision is based on standard percentages according to product categories. The cost for the use of the logo is not an upfront cost but a % of royalties received for the privilege of using the logo.

l. Problems. What problems have you encountered? (Bottari)

Early problems centered around issues of overtime, overall conditions of factory, discrimination (mostly against males - women were preferred because they were paid lower wages), pregnancy, child labor (which is practically non-existent today). Ongoing problems include mandated overtime, overtime as an opportunity (who gets OT), and fair wage. Because of the disagreement among different organizations and countries as to how fair wage should be defined, the country's minimum wage is often what is referred to. The biggest issue in the last 3 years is severance, which is legally part of the code of conduct and money is collected from workers monthly but is not being properly paid when factories close out.

LLC is looking into how to strengthen the language in the code so that the issue of severance is explicitly stated as its own item.

m. Successes. One of the most successful labor rights wins was when over 100 universities ended their contract with Russell because of the company's practices of union busting and violations of freedom of association policy. As a result, Russell remediated the problem, re-opened the factories, and rehired the workforce. UW continues to communicate with Russell and monitor the company's practices.

UW also ended the contract with Nike for failing to remediate the problem of severance pay due to factory closures of some subcontractors.

n. Reporting Problems and Remediation. When complaints are reported by workers to WRC and/or students, WRC creates a report which universities will investigate as one source, among others, to determine what course of action to pursue. UW will also interact and communicate with licensees before making any decision. The act of ending a contract with a licensee is not absolute. UW's preference is to encourage the licensee to improve, and will re-establish the contract when improvements are made. The intent is to use the university's influence to improve the industry worldwide.

o. Selection of Licensees. How are licensees vetted into an acceptable list? (Bracewell). Universities will conduct baseline investigations of the company and will contract with licensees if it makes sense to do so from a cost standpoint, based on royalties received under the pervue of the trademark licensee, or if the decision is in line with the goals and policies of the university. An example would be the University's decision to contract with Fair Indigo, (line of women clothing, not collegiate apparel) because of the university's commitment to fair trade, even though the contract may not be as lucrative for either party.

p. Licensing vs. Purchasing. What differences or parallels are there between

licensing and purchasing on monitoring and enforcement? (Rhodes-Conway)
First step is to look at the need for a certifying body and establish a standards for certification, e.g., fair trade label, so that there is agreement as to the meaning of the label. Secondly, look at overall purchasing agreements and talk with companies as well as other government agencies/sweatfree communities as to what those standards are.

q. Sweatfree Purchasing Consortium (SPC) vs. WRC vs. FLA – Is there overlap in activities and monitoring among these organizations?
(Rhodes-Conway)

WRC has done monitoring for a City (San Francisco or Los Angeles). Because the program is complaint driven, the committee is looking at establishing parameters for licensees to demonstrate their ability to support the code, even before licenses are given or each year that licenses are renewed.

r. Discussion. The ideal is to have a pre-certified pool of vendors that will be established as a market niche, e.g., green products, green cleaning, etc. Disagreements as to standards and labeling as well as discussions on the intersection with concepts of sustainability continue to abound. Fair trade labeling has been about the product where the Fair Trade Federation certifies the business. There are third party models in different industries that use standards to certify the business rather than the product.

Examples.

- Alta Gracia Brand, a subsidiary of Knights Apparel, the largest apparel producers for big box stores, is scheduled to launch this fall and will carry fleece, t-shirts, etc. Alta Gracia will open factories in the Dominican Republic where unionized workforce will be paid higher wages to grow cotton to be certified as fair trade. The brand will also focus on marketing, consumer education, testimonies and tags and will aim to demonstrate that an exemplary approach to sweatfree apparel is possible.

- Cotton of the Carolinas in North Carolina, a network company under the Business Alliance for Local Living Economies, boasts of a completely transparent supply chain and relationships with all his growers. Whereas the average equivalent miles incurred for manufacturing clothing is 17,000 miles, the company works with the motto “from dirt to shirt in 700 miles.”

s. Transparency. The issue becomes more complex because of the many layers in the supply chain that touch the product. Among the difficulties experienced in implementing the City ordinance are refusal of vendors to disclose factory locations or provide accurate information and absence of clear standards to verify accuracy of submitted information. If transparency in supply chain is considered ideal, then government sector purchasing needs to be willing to pay the fair cost for these products and reconcile the conflict between paying the cheapest price vs. the fair price.

Requiring brands to disclose a transparent supply chain is doable. Adidas granted UW an unprecedented level of access by allowing them exclusive viewing of their books. Brands initially refused to make public their list of factories until Nike decided to put their list on their website. Then, others followed suit.

t. LCC, meets every 3rd Friday at noon to 1:30, except during the summer months. LCC is comprised of faculty, staff, students and classified staff that are union representatives.

No formal action was taken on this item.

2. Standing update on Sweatfree Purchasing Consortium activities - Purchasing
- a. Database. SPC met on May 20th and presented the consortium's vision for the proposed database. Topic items included: workflow, responsibilities and requirements, access levels, cost.
 - b. Fees. Discussion focused primarily on proposed fees. How much of an issue will it be to vendors and brands to pay a fee? What are reasonable fees? In what circumstances should vendors and brands be charged a fee? If there is a registration fee, is it one-time or annual?
 - c. Discussion. Several members of the group thought that there would be more support from the vendor community if there was no registration fee and if buyers instructed only the apparent low bidder to obtain a certified affidavit from the Consortium. Thus only the low bidder would incur a charge by the Consortium for certification of the accuracy of factory locations listed in their affidavit, although all bidders would need to submit factory information with their bid. However, this would not provide the same level of income as if there were a registration fee and all bidders were required to obtain a certified affidavit with their bid. Another downside to having only the low bidder pay the fee would be that in the purchasing process, there would be a time lag before the vendor becomes certified and before the actual purchase is made. The fee should not be seen as a bidding fee but rather as a requirement to obtain certification, which is already common practice in other areas of procurement, e.g., green seal, e-steward. Using the Consortium will be a time-saver for procurement staff because the Consortium will handle the back-and-forth with vendors to make sure all the necessary disclosure is received and verified.
Structure of fees. Will they be annually or one time, term , pro-rated by the size of the company, not a tiered cost, etc.
Certification. Will companies be certified as a company or will their products (and some companies may carry thousands) be certified. The difficulty with the latter would be that there would be different supply chains for different items. There are competing models in the FLA about the concepts of cultural compliance and statistically valid sampling of factory settings as basis of creating certification standards.
 - d. Noticing for potential quorum. If three or more will be on call, the meeting will need to be noticed 24 hours in advance for potential quorum. The next meeting will be open to all government officials. Staff will forward announcements to the committee.

No formal action was taken on this item.

3. Policy for Implementation of Sweatfree Ordinance
Guidelines, Procedures, Evidentiary Standards
3. Referred Agenda item from last meeting: Policy for Implementation of Sweatfree Ordinance
- Whitehead discussed issues relating to living wage and sweatfree compliance of bidders under the current uniform rental contract process. The contract was bid out twice and was awarded with a waiver of proportional calculation as a condition of the bid. The contract resolution will be introduced at the Common Council meeting on June 15, 2010.
- Purchasing is looking for clarification or interpretation of ordinance with regards to the requirement of affidavits as it relates to the \$5,000 dollar threshold. For example – It is unclear whether on an \$8,000 contract that includes 20 different items/brands, affidavits would be required for a)each type

of item for all items, or b)only for those that add up to \$5,000 or more or c) for each brand, even though the total cost of that particular item or brand is under \$5,000?

Bottari discussed whether this function falls under the role of the committee. Rhodes Conway offered that while the City Attorney can provide official legal interpretations and formal opinions on these matters, the committee's role could also be to deal with issues that come up, recommend policies for adoption, provide interpretations or propose amendments to the ordinance as necessary.

The growing list of questions for the committee to address, which are intertwined with the same issues that the Sweatfree Purchasing Consortium is looking into include: how often to require certification, whether or not to charge vendors and/or brands and if so, how much, what evidentiary standards should be required, what to do when two different policies conflict, how to address fair trade, local preference, green purchasing , etc.

The committee agreed to work on a work plan, i.e., Guidelines, Procedures and Evidentiary Standards, to be developed from previous discussions as well as from current or potential Purchasing issues. Committee will prioritize items and focus on questions that can be productively addressed to fully implement the sweatfree policy, look at processes, what information is available, what is needed, etc.

No formal action was taken on this item.

4. Status of Sweatfree Consortium membership and resolution

The resolution passed and was approved by the Common Council. The Mayor's Office approved the expenditure of funds and membership is completed.

No formal action was taken on this item.

5. Agenda items for future meetings.

**Standing update by Purchasing
Workplan Discussion
Future meeting dates discussion. Next meeting date is July 20th**

No formal action was taken on this item.

6. Announcements

None

ADJOURNMENT

A motion was made by Rhodes-Conway, seconded by Rosenblum to adjourn at 5:15 p.m. The motion passed by voice vote/other.