

Labor Licensing Policy Committee
Meeting Minutes, February 23, 2007

Attendance: Patrick Barrett, John Bruning, Jane Collins, Dennis Dresang, Joel Feingold, Molly Glasgow, Rolf Rodefied, Phoebe Tauner, with LaMarr Billups, Cindy Van Matre, and Dawn Crim. Guest: Ned Penzenstadle (Badger Herald)

The meeting was convened at 12:05 pm by Joel Feingold.

1. Our first item of discussion was the SLAC memo to Chancellor Wiley regarding Adidas' actions in the Hermosa and PT Tong Yang factories. LaMarr and Joel provided updates on the situation. The gist of the updates was that Adidas has not been responsive to the allegations of black-listing, failure to pay compensation to terminated workers, and failure to make good on social security and pension contributions to terminated workers. Joel expressed concern that Adidas has also pulled orders from factories with bargaining agreements (BJ&B in the Dominican Republic and PT Tong Yang in Indonesia). Adidas has either responded that the failures are the responsibility of its contract factories or that they are taking action, but no remedies have been put in place. LaMarr indicated that the Chancellor would appreciate advice on response options.

2. Collins asked which Adidas contract(s) SLAC was asking the Chancellor to terminate. Joel said both the sponsorship agreement and the licensing agreement. The committee discussed the issues of which contracts should be terminated and agreed that it made sense to terminate both.

3. Cindy Van Matre raised the question of who could fill our orders if the contracts were terminated. Dennis Dresang said that we could buy from a range of vendors—an exclusive sponsorship agreement is a fairly new practice.

4. LaMarr asked if Adidas might not be able to claim that they were addressing these problems, as that is what the code requires. Collins noted that saying you are addressing something is not the same as addressing it.

5. LaMarr raised the issue of providing notice to the vendor and read the relevant sections of the code. He noted that termination required 90 days notice; it could only be undertaken if one party felt there had been a material breach (substantial failure to meet a term of the contract), and that breach was not cured within 30 days of written notice. If there is a dispute over whether a breach exists, the parties go to mediation. Several committee members expressed a desire to start the 90 day process.

6. The committee asked LaMarr to report on how the review of Adidas' books was going and he provided an update.

7. After discussion, the committee decided that Adidas' black-listing and failure to make social security and pension payments were the most glaring examples of a material breach of the contract and should be highlighted in communications with the Chancellor.

8. The committee voted unanimously (7-0-0) to strongly urge Chancellor Wiley to initiate termination of Adidas' sponsorship agreement and their licensing agreement due to these breaches of their contract and to make a public announcement of this action. Joel, John, Patrick and Dennis volunteered to write the letter to the Chancellor.

9. LaMarr provided an update on the designated suppliers plan, indicating that the business review letter solicited from the Department of Justice should be ready by summer. We discussed the need to bring more schools on board.

The meeting adjourned at 1:25 pm.