

Labor Licensing Policy Committee
Meeting Minutes September 29, 2006

LaMarr Billups and Joel Feingold gave the committee an update and progress report on the Designated Suppliers Program Working Group activity over the summer. LaMarr presented a Summary of Modifications to the DSP made by the Working Group.

Key Summary Discussion Points:

1. Freedom of Association/Union Requirement: There was quite a bit of discussion around this point between USAS and the Working Group. In the new approach USAS were able to get the 5-8 victory factories where unions have secured their rights on the Designated Suppliers list.
2. Enforcement of the Fair Price Standard: In the new approach in the event of a dispute over price, resolution would be sought through arbitration. The WRC will have the ability to observe and provide input to the arbitrator. The WRC has a list of local arbitrators to select from. The Brand would bear the cost.
3. Disputes Concerning Compliance Assessments: Licensees and factories may appeal a WRC compliance decision to a panel of experts.
4. Obligations of Small Licensees: The DSP will only apply to licensees whose annual wholesales of university logo goods are in excess of a specific dollar amount that will be determined by Collegiate Licensing Company (CLC) and the Licensing Resource Group (LRG). Small licenses will thereby be exempted from the program.
5. Factory Selection Process: Licensees, non-governmental organization, WRC, and others will be able to select/nominate factories. The requirement for prequalification is eliminated. The first year of the DSP, any licensee that used BJ& B, Lian Thai, Mexmode, PT Dada, or PT Kolon Langgeng for collegiate production at any time between June 30, 2001 and July 1, 2006 will be required to contract with that factory as one of its DSP facilities provided the factory wishes to participate in the DSP and are able to meet the labor standards. These factories inspired the DSP plan. None of the factories in the industry are perfect but we want to help workers improve things for themselves and for the factories.
6. Two-Thirds Requirement: In order to qualify for the DSP, a majority of a factory's production (i.e. 50% plus one)
7. Length of Licensee-Supplier Relationships: Lengthy discussions ensued here due to the varying goals different universities have when it comes to their licensing programs and the goals of the USAS organization. Here at UW Madison we operate from a social conscience framework rather than a business framework. Brands have told us they have long standing relationships with factories, we want the brands to live up to their long term relationships by having long term contracts with these factories. Universities have varied contract lengths. The working group reached a compromise that requires brands to develop 3 year contracts with suppliers.
8. Living Wage: If a licensee, a factory, or a union believes that a wage level determined by the WRC is inaccurate, an appeal may be made to a panel of

experts. The Working Group has great faith in the work that the WRC does and their expertise in this area. This process would take about 60 days.

A Summary of Modifications to the DSP was sent to all WRC affiliation schools.

Reality of Implementation

- A critical mass is still needed, especially at institutions with high levels of royalties resulting from sales of their logo products.
- Moving the DSP to critical mass is part of USAS's campaign this year.
- Chancellor John Wiley will continue to make calls in an effort to move the DSP to critical mass.
- Per Joel, USAS feels like Michigan State and Ohio State are two tough schools to bring on board but they are making progress at Penn State.

Discussions:

- Possibility of tagging DSP made products so people can buy more consciously (i.e. the union label). The Working Group briefly discussed this, some concerns were issues of price markups, but LaMarr will raise it again.
- Fair Indigo, fair-trade clothing company opens here in Middleton. LaMarr has made contact with the CEO and is setting up a meeting.
- Next DSP Working Group meeting is Tuesday, October 24th in Washington DC

Next Steps:

- LaMarr will distribute talking points to the committee regarding universities not being "Normal Business Partners"
- Jane has some suggested language for points of comparisons between wage issues and divestment from South Africa issues
- Add Gary Mitchell's email to the group
- Continue to work to fill open committee positions
- LLPC should think about DSP education strategies beneficial to other university labor committees.

Next Meeting Friday October 27th 11:30-1:00pm 69 Bascom: Dennis: Chair; Gary Notes

Future Agenda items:

Fair Indigo discussion

DSP Working Group Update

LLPC education strategies discussion