



UNIVERSITY OF NOTRE DAME

Worker Participation Committee

Committee Members

John Affleck-Graves, Executive Vice President; Matthew Blazejewski, Senior Advisor to the Executive Vice President; Dennis Brown, Assistant Vice President, News & Media Relations; Douglass Cassel, Notre Dame Presidential Fellow, Professor of Law; Christine Cervenak, Associate Director for Center for Civil and Human Rights and Program Director of Program on Law and Human Development; Alex Coccia, Student Body President (2013-14); Marianne Corr, Vice President and General Counsel; Brian Coughlin, Associate Vice President, Student Affairs; Georges Enderle, Professor of International Business Ethics, Fellow in Kellogg Institute; Tomi Gerhold, Associate Program Director, Licensing; Dave Harr, Associate Vice President, Auxiliary Operations; Lionel Jensen, Associate Professor, East Asian Languages and Cultures, Fellow in Kellogg Institute; Rev. William M. Lies, C.S.C., Vice President for Mission Engagement and Church Affairs; Michael Low, Program Director, Licensing; Jonathan Noble, Associate Professional Specialist, Notre Dame International; Lauren Vidal, Student Body President (2014-15)

History

Notre Dame has been at the forefront of efforts to improve wages and working conditions at foreign factories that manufacture licensed Notre Dame products, and in 1997 was the first university to adopt a labor code of conduct for licensees. It was a founding member of the Fair Labor Association and is a member of the Worker Rights Consortium.

In 1999, President Rev. Edward A. Malloy, C.S.C appointed a Task Force on Anti-Sweatshop Initiatives. This task force made three recommendations:

1. Products bearing the name or other trademarks of the University of Notre Dame du Lac shall only be manufactured by workers who enjoy the legal rights to freely associate, form labor unions and collectively bargain with their employers concerning wages, hours, working conditions and other terms and conditions of employment.
2. A system of limited public disclosure, which would only require disclosure of factory locations to the University and its designated monitors.
3. The creation of a regional pilot monitoring program.

Based on that task force's work and recommendations, in 2001, Notre Dame established a Freedom of Association policy, which states that University licensed products cannot be manufactured in countries lacking a legal right for workers to organize and form independent labor unions of their own choosing. Since then, China and 10 other countries (Afghanistan, Equatorial Guinea, Iran, Laos, Oman, Qatar, Saudi Arabia, Somalia, Turkmenistan, and United Arab Emirates) have been on a list of countries where licensees were prohibited from producing Notre Dame-licensed products. Notre Dame is the only university with such a policy.

While it was hoped that other universities would follow suit, none did. Broadly, the policy does not capture whether in reality worker participation is respected (as countries often fail to enforce their legal obligations). In sum, there was a growing concern that Notre Dame's Freedom of Association Policy is purely symbolic, while having no tangible difference in workers' situations. Since 2001, companies have made strides in understanding how codes of conduct and direct engagement with factories can advance workers' participation and corporate social responsibility values overall and auditing firms have honed their ability to assess it.

Current Committee

Despite the policy that prohibits the manufacture of Notre Dame-licensed products in China, the University has expanded relationships in China, including the number of Notre Dame undergraduate and graduate students who visit China, the number of Chinese students who come to study at Notre Dame, investments in the endowment, and the many non-licensed products that the University purchases from China annually. Based on these relationships and purchases, in 2013, Executive Vice President John Affleck-Graves appointed a committee to review the current policy and make recommendations on whether any changes should be made to it.

One of the key recommendations to Father Malloy included in the report from 1999 was ongoing assessments, initiated by Notre Dame, of the factories, where Notre Dame licensees manufacture their products. However, these assessments never occurred (Notre Dame is a member of the Fair Labor Association which does administer assessments independently). The current committee therefore determined that this is an appropriate time to look at the real-world situation of workers in these factories generally, and update the Licensing Codes of Conduct to reflect current understandings of worker participation, other labor rights, as well as Corporate Social Responsibility (CSR) values and human rights. The committee also determined that in order to better understand the status of freedom of association in China, it was necessary to perform an assessment of those factories that were

conversant with that concept. Experience in China suggests that workers' participation can be influenced by the leverage of foreign licensors over the local factories to insist on improved working conditions. The committee therefore also explored whether Notre Dame might use its leverage to improve, sustainably, worker participation in specific factories. Auditing and consulting services by expert outside firms would assist in assessing this potential.

The committee invited four organizations, Fair Labor Association, Elevate, Sumerra, and Verité, to participate in a Request for Proposal (RFP) in the fall of 2013 and selected the labor rights firm Verité (www.verite.org) as a partner. Verité is a global, independent, non-profit organization that provides consulting, training, research, and assessment services with a vision to ensure that people worldwide work under safe, fair and legal working conditions. Since its inception in 1995, Verité has partnered with hundreds of multinational brands, suppliers and international institutions across multiple industry sectors to improve working conditions and overall social and environmental performance with global supply chains. The firm's track record, along with its demonstrated capacity to tailor its China working conditions survey mechanism to the specific demands of Notre Dame's freedom of association policy, governed the committee's decision to partner with Verité.

The committee then requested current licensees to nominate a Chinese factory for participation in a possible pilot program. Six factories were nominated, including apparel and non-apparel, with sizes ranging from 80 workers to more than 3,000. Verité and the committee collaborated in refining an assessment tool to gauge the level of worker participation in the nominated factories and used that tool to conduct two-day assessments at each factory including interviews of both employees and management. Next, Verité completed an on-the-ground evaluation of the work environment with special attention to the following four criteria: 1) The factory respects and honors workers' rights to freedom of association and collective bargaining; 2) The factory refrains from any acts of interference with the formation or operation of union or worker representation bodies; 3) The union or worker representation body is capable of upholding workers' rights and interests effectively; 4) The factory management bargains with the union or worker representatives in good faith. Verité then provided a detailed report to the Notre Dame committee. Two factories were rated as meeting a standard set by the University; two were identified as needing some additional capacity building in order to meet the standard; the other two would need substantially more capacity building to reach an acceptable level. In keeping with our agreement with Verité that the Worker Participation Committee would conduct its own on-site review of the factories, seven of its members visited four of the six factories in September 2014. Over a course of six days the committee conducted reviews of physical plants, the working

environment, safety, dormitories, and dining halls, and gained additional insight through personal observation and independent meetings and/or interviews in Chinese with workers and management. These meetings confirmed that only two of the four factories met Notre Dame standards for worker participation in the Chinese context. If a pilot program were to be launched, factories not meeting Notre Dame standards would be offered an opportunity to engage in capacity building. Those factories could then request a reassessment to determine if the University's Standards had been achieved before being authorized to produce Notre Dame-licensed products.

Therefore, based on the Verité analysis and the on-site visits, the committee is considering whether to recommend that the University *conduct a one-year pilot program in China* to determine whether worker rights have improved in some Chinese factories to the extent that this pilot project can help determine whether these factories meet—and can, over time and under review show continuous improvement—a standard of performance acceptable to the University of Notre Dame. All companies participating in the pilot and manufacturing Notre Dame-licensed product would be required to engage in a re-assessment after 12 months of production to measure improvement in establishing levels of worker participation in excess of the University's standards.

During the one-year pilot program, the committee would gather opinions on a possible change in policy from faculty, students, staff and others. The Committee will also consider amendments to the Licensing Codes of Conduct to address other human rights concerns involved in the manufacture of Notre Dame-licensed products in China and elsewhere. If the factories in China admitted to the pilot perform well after one year, as attested by periodic review by Verité and the Worker Participation Committee, then the University will draft a set of requirements which all factories worldwide must meet in order to produce Notre Dame-licensed goods. Harkening back to the 1999 report recommendation, ongoing, on-site assessments will be conducted going forward.