

SOCIAL CONCERNS COMMITTEE
MINUTES OF MEETING
APRIL 15, 2002

[In these minutes: Proxy Voting, WRC Code of Conduct]

[These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Assembly; none of the comments, conclusions or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration or the Board of Regents.]

PRESENT: Robert Brown, Chair, Laura Hamilton, Karen Holtmeier, Greg Schooler, George French, Mark Pedelty, Kari Lindeman, Aimee Martin, Brian Wiedenmeier

REGRETS: Yvonne Redmond-Brown, Catherine Forseide-Hussain Jean Niemiec, Julie Sweitzer, Margaret Kuchenreuther, Judi Linder, Cameron Brauer, Patrick Buckle, Anne Decker

ABSENT: John Jensen, John Beatty, Luis Ramos-Garcia, Andrew Pomroy

GUEST(S): Nancy Hoyt, Bob Hicks, MPRIG representatives

I). Meeting called to order.

II). Unanimous approval of the April 15, 2002 minutes.

III). Proxy Voting:

1. AOL Time Warner – “Implement China Principles” – A majority of the Committee approved the proxy with one member opposing.
2. AT&T “Drop Sexual Orientation from EEO Policy” – the Committee unanimously approved this proxy.
3. AT&T “Employee Pension Plan” – the Committee unanimously voted to abstain.
4. Microsoft “Adopt Code of Conduct for China Operations” – A majority of the Committee approved the proxy with one member opposing.

IV). Welcome and Introductions

V). Joe Larson, MPRIG representative, disseminated a handout expressing his concern over highlighted language in section III.C.2. and bracketed language in section III.C.3. See below:

III.C.2. **“Except in extraordinary business circumstances**, hourly and/or quota-based wage employees shall (i) not be required to work more than the lesser of (a) 48 hours per week **and 12 hours overtime** or (b) the limits on regular hours allowed by the law of the country of manufacture or, where the laws of such country do not limit the hours of work,

the regular work week in such country plus **12 hours overtime**, and (ii) be entitled to at least one day off in every seven day period.”

III.C.3. “Overtime Compensation: [All overtime hours must be worked voluntarily by employees]. In addition to their compensation for regular hours of work, hourly and/or quota-based wage employees shall be compensated for overtime hours at such a premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist at a rate [at least one and one-half their regularly hourly compensation rate].

According to Mr. Larsen the language in both sections needs to be revised. His concerns with respect to section III.C.2. are listed below:

- The highlighted language, “except in extraordinary circumstances” is too vague and allows manufacturers to rescind any language that follows in that section.
- The language “12 hours overtime” was not of the original code but has since been added. The language allows employers to mandate a 60-hour work week.

Next, section III.C.3.:

- The bracketed language “all overtime hours must be worked voluntarily by employees” and “at least one and one-half their regularly hourly compensation rate” represents language that was initially in the drafted code but has since been eliminated. This language is essential for a code consistent with the WRC code.

Nancy Hoyt, Associate General Counsel, indicated due to a misunderstanding section III.C.3. has been approved, including the bracketed portions, by the Social Concerns Committee.

Next, Ms. Hoyt commented on the bolded language in section III.C.2. When the code was initially drafted there was an attempt to look at what other schools were crafting when designing their codes. Since that time the guidelines in the most recent version of the WRC code are more flexible and only requires that all categories be addressed when drafting a code. While using the WRC code as an example, the University is free to make its own decisions as to how it wants its code written.

The provision that states employees will not be required to work more than 12 hours overtime is inconsistent with the bracketed language that stipulates that “all overtime hours must be worked voluntarily by employees... at least one and one-half their regularly hourly compensation rate”. This needs, therefore, to be clarified. The University’s model with respect to overtime pay requires premium rates or if there are no rates outlined then one and one-half times the regular hourly compensation. While this clause does not take into account the number of hours an employee works, it does address the hourly rate.

Ms. Hoyt stated that the code must be realistic and at the same time be cautious about imposing an economic disincentive. This code is asking manufacturers to do more than what is required under U.S. law. A member commented that mandatory overtime in the U.S. does not turn into the kind of abuse that it does in third world countries where apparel is manufactured. Another member who was on the committee that drafted the University's code stated that standards of living vary greatly around the world and, therefore, it was the Committee's intent to clearly state that the University will not condone sweatshop conditions. In response, Joe Larsen believes that while it is important to have a code that is culturally sensitive it must require minimum labor and human rights standards be met.

The Committee engaged in a lengthy discussion concerning the language in the code. A motion was made to eliminate the language that states "**except in extraordinary business circumstances**" and keep the language that stipulates "[All overtime hours must be worked voluntarily by employees]". Ms. Hoyt stated in her opinion a code with that language is not realistic primarily due the clause that says "[All overtime hours must be worked voluntarily by employees]".

Bob Hicks, Assistant Department Director, Trademark and Licensing, in the Office of Athletic Administration frankly told members that the University of Minnesota is not a key player in the licensing industry. If the University is too strict with its code it will not be signed by manufacturers. There are several other institutions that are less radical in their code than the University of Minnesota.

A member stated that the University wants to implement a realistic code as well as one that is quantitative and measurable. The more the Committee tries to develop a code that is optimal it is sacrificing "better for best" and, as a result, the University will give up the opportunity to implement "better". This member went on to say that the language "**except in extraordinary business circumstances**" and "[All overtime hours must be worked voluntarily by employees]" be struck but retain the clause "[at least one and one-half their regularly hourly compensation rate]". Then, after a year of auditing the code, the Committee can come back and determine where problems to exist and can revise its code. The Committee unanimously voted to accept this compromising language to the code.

Based on the Committee's recommendations the text will be amended and delivered to President Yudof tomorrow morning. MPRIG representatives asked Ms. Hoyt the timeframe for getting the code signed. Ms. Hoyt, however, was unable to speak on behalf of the President and say when it would be signed.

Ms. Hoyt updated the Committee on two WRC investigations:

- New Era Cap Company – the WRC will make its recommendations regarding this company tomorrow, April 16, 2002.
- PT Dada (an Indonesian company)

Additional information can be found about these investigations on the WRC web page at the following URL: <http://www.workersrights.org/freports.asp>

Additionally, on May 10, 2002 the university caucus of the WRC will meet in Washington, D.C. and will elect their new delegates for WRC governing boards. Additionally they will talk about the investigations that are underway as well as the future of the organization.

Nancy Hoyt will update the Committee at its May 13th meeting regarding the code and its status.

III). With no further business, Professor Brown adjourned the meeting.

Renee Dempsey
University Senate