

Constituent Universities

Appalachian
State University

East Carolina
University

Elizabeth City
State University

Fayetteville State
University

North Carolina
Agricultural and
Technical State
University

North Carolina
Central University

North Carolina
State University
at Raleigh

University of
North Carolina
at Asheville

University of
North Carolina
at Chapel Hill

University of
North Carolina
at Charlotte

University of
North Carolina
at Greensboro

University of
North Carolina
at Pembroke

University of
North Carolina
at Wilmington

University of
North Carolina
School of the Arts

Western Carolina
University

Winston-Salem
State University

Constituent High School

North Carolina
School of Science
and Mathematics

An Equal Opportunity/
Affirmative Action Employer

Thomas W. Ross
President

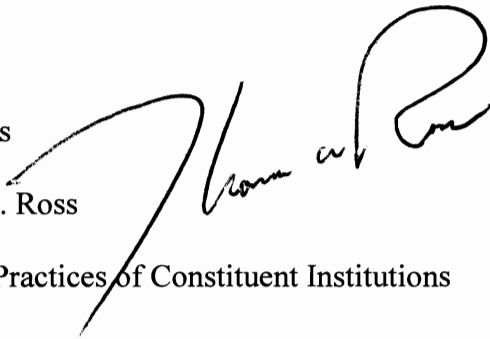
Office: 919-962-1000

Email: tomross@northcarolina.edu

January 7, 2015

MEMORANDUM

TO: Chancellors
FROM: Thomas W. Ross
SUBJECT: Licensing Practices of Constituent Institutions



On April 24, 2013, a commercial building used for garment production in Dhaka, Bangladesh collapsed, killing more than 1,100 garment workers and injuring more than 2,500, exposing the very real safety concerns in the Bangladesh garment industry. Because some licensees of the constituent institutions of the University of North Carolina system source licensed products in Bangladesh, I asked my staff at General Administration last spring to review licensing practices of the constituent institutions and consider how our institutions, and the system as a whole, could further worker safety in Bangladesh, through licensing and sourcing activities.¹

In response to documented worker safety deficiencies in Bangladesh, two initiatives were formed to promote safer working conditions: the Accord on Fire and Building Safety in Bangladesh (Accord), and the Alliance for Bangladesh Worker Safety (Alliance). On April 23, 2014, I directed the constituent institutions to require licensees who were sourcing products in Bangladesh to participate in either the Accord or the Alliance in order to promote UNC licensee corporate responsibility to the workers in Bangladesh, as well as to fulfill our long-standing commitment to the safety and economic success of those whose labors produce UNC-licensed apparel. Since then, the Accord and the Alliance have put aside some of their differences and have cooperated on factory inspection standards and each has developed innovative programs to finance factory remediation and repair. Many agents and suppliers of licensed goods to UNC system institutions that source those products in Bangladesh have become members of the Accord and/or the Alliance.

¹In Policy Manual § 500.2, the Board of Governors delegated the ownership and authority to license service marks and trademarks directly to the constituent institutions, and directed that revenues from licensing be used to support the research and educational programs of the university – which each does, funding scholarships and providing support for the mission of the university.

My staff assembled data from the constituent institutions and their agents relevant to producing licensed products in Bangladesh, reviewed the organizational and implementation documentation of both the Accord and Alliance, reviewed select scholarly articles and corporate documents on worker safety in Bangladesh, and solicited input from the UNC community by holding an open community discussion on November 5, 2014. Key documents compiled during these reviews have been posted on the University of North Carolina website at <http://www.northcarolina.edu/licensingpractices>.

These diverse resources disclose a fluid and uncertain landscape of worker safety issues in Bangladesh, with good-faith disagreements among well-intentioned individuals and organizations as to how best to ensure safer conditions. Although some may disagree, there does not yet seem to be one best solution to promoting worker safety in the Bangladesh garment industry. Both the Accord and the Alliance are still in the early stages of their development, and they have yet to establish sufficient track records to support a conclusion that one is superior to the other. Moreover, other initiatives, apart from either the Accord or Alliance, may prove more effective than either in the future. At this time, however, required participation in the Accord or the Alliance, or both, provides the most concrete assurance that worker safety issues are being addressed by licensees of garments, with UNC marks, that are sourced in Bangladesh.

Although the Bangladesh garment industry presents specific and demanding needs for worker safety standards, every licensed good from any country is at issue, as is the safety of workers producing UNC-licensed products in any country. UNC institutions currently engage in multi-faceted strategies to ensure worker safety, such as requiring licensee participation in the Fair Labor Association (FLA) and the Workers' Rights Consortium (WRC), requiring licensing agents to have labor and safety codes and transparency about production sources, adopting their own constituent institution labor codes, and requiring suppliers to have corporate responsibility commitments. With regards to Bangladesh, these strategies should also include consideration of the Accord and Alliance, as well as a continuing awareness of other promising initiatives that might emerge. It is the combination of these strategies, rather than the exclusion of any, that offers the most promise for improving worker safety, while also ensuring the economic and social benefits to those same workers. A comprehensive and deliberate consideration of all alternatives is also the best way to live up to the ethical expectations of the UNC community and the community at-large.

Going forward, all UNC constituent institutions are directed to review and assess their licensing and sourcing arrangements, and to consider what requirements will best advance and ensure worker safety in accordance with their respective licensing practices. Such requirements may include, by way of example, the adoption of constituent institution labor codes, requiring the adoption of organizational standards by agents and suppliers, and requiring participation in initiatives for worker safety, such as the Accord and the Alliance, as well as any other arrangement that best advances worker safety priorities. To help address serious worker safety concerns in Bangladesh now, however, the chancellor of each constituent institution shall require participation in the Accord or the Alliance, or both, when negotiating to establish or renew

January 7, 2015
Page Three

licensing agreements concerning UNC logo-ed products sourced in Bangladesh. The decision as to whether to require participation in one initiative (Alliance or Accord) rather than the other, or to require participation in both initiatives is in the discretion of each chancellor. The department or division within each constituent institution responsible for licensing products with UNC marks shall submit an annual report by December 31 of each year to General Administration's Divisions of Finance and Legal Affairs specifying the strategies chosen to promote worker safety through its licensing and purchasing activities. I will consult with the chancellors in January 2016 and January 2017 to evaluate developments in initiatives to improve Bangladesh worker safety, and will extend or modify this directive as appropriate.