

# Ethical Labor in Collegiate Licensee Supply Chains



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# UC Trademark Licensee Code of Conduct

<http://policy.ucop.edu/doc/3000130/TrademarkLicensing>

## UC Code Standards Address:

- Wage and Benefits
- Hours of Work
- Overtime Compensation
- Child Labor
- Forced Labor
- Health & Safety
- Nondiscrimination and Women's Rights
- Harassment and Abuse
- Freedom of Association and Collective Bargaining

## Requires:

- Licensee Supply Chain Disclosure
- Encompasses Entire Supply Chain
- Sustainable Corrective Action of Non-compliances

### I. POLICY SUMMARY

It is the policy of the University of California (UC or University) that goods bearing the names of the University or its campuses, abbreviations of these names, logos, mascots, seals, or other trademarks owned by UC must be produced under fair, safe, and humane working conditions. Thus, all goods bearing UC Trademarks, regardless of end use – including retail and promotional items, gifts, uniforms, or other uses – must be produced or otherwise sourced only through companies authorized, by virtue of a licensing or other agreement, to place UC trademarks onto products (e.g., apparel, school supplies, toys, and promotional goods). It is the responsibility of all UC employees and students ordering goods bearing UC's name, logos or other UC-owned trademarks (including names of University departments) to use only authorized Licensees that have expressly agreed to adhere to this policy. Licensees must agree to the standards set forth in this policy throughout their supply chain and must responsibly manage a transparent supply chain.

# Implementing Code Standards

**Crisis Management = Rearview**

**Risk Management = Proactive**

# What Does “Good” Look Like?

- ✓ Licensee senior leadership support
- ✓ Licensee labor code aligns with university labor code
- ✓ Transparent supply chain
- ✓ Beyond commitment toward true implementation
- ✓ Credible assessments of factories
- ✓ Corrective action taken
- ✓ Assumes full responsibility

# Measuring Licensee Readiness

“...universities need to assume greater responsibility for labor rights in their licensing programs. Universities should screen potential suppliers for their capacity to manage labor rights challenges in their supply chains before licensing proposals are accepted and at the point of renewal. Schools like Michigan and UCLA are doing this, but more need to follow. Groups like the FLA and WRC can’t succeed if universities don’t assume greater responsibility and ownership for these issues.”

Michael Posner

NYU Stern Center for Business

and Human Rights

October 2014

# CR Survey Score - Risk

The degree to which a licensee is managing the risk its supply chain poses for the sorts of workplace rights conditions problems that university codes of conduct were designed to address. Supply chain identification, familiarity, knowledge, and selection process are all factors that contribute to this score.



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# CR Survey Score-Mitigation

The degree to which a licensee is employing action steps designed to educate, identify, and mitigate supply chain non-compliances with the university code. Examples include whether licensee:

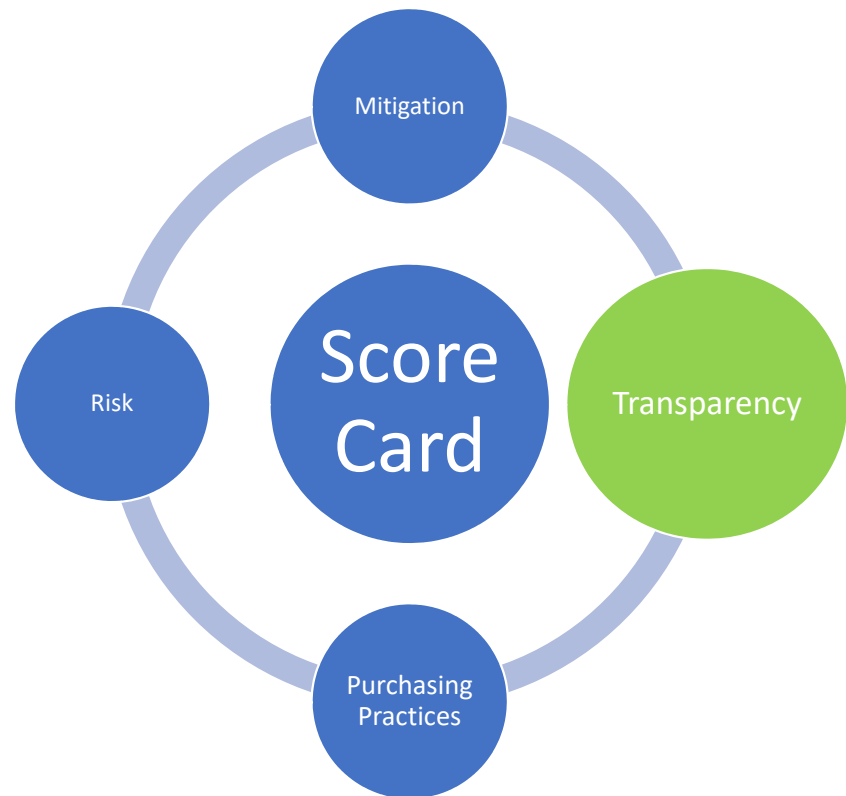
- has a code of its own that meets or exceeds the university's code standards
- has developed business systems and processes through which these standards are implemented within its supply chain and which include relevant, credible training
- positions its code as required or voluntary
- has grievance mechanisms and their scope, monitoring and remediation activities





# CR Survey Score - Transparency

The degree to which a licensee is being open about its business practices and supply chain partners. This is measured through the accuracy of its responses to the survey, verified through outside sources where possible, and with the public, via websites and consumer information that the licensee and in some cases, its suppliers provide.



# CR Survey Score – Purchasing Practices

The degree to which a licensee's procurement processes support and reinforce the attainment of university code standards throughout its own manufacturing facilities and those of its suppliers. Planning, forecasting, training, length of supplier relationships, and reward systems for internal and contracted supply chain partners all contribute to this measurement.



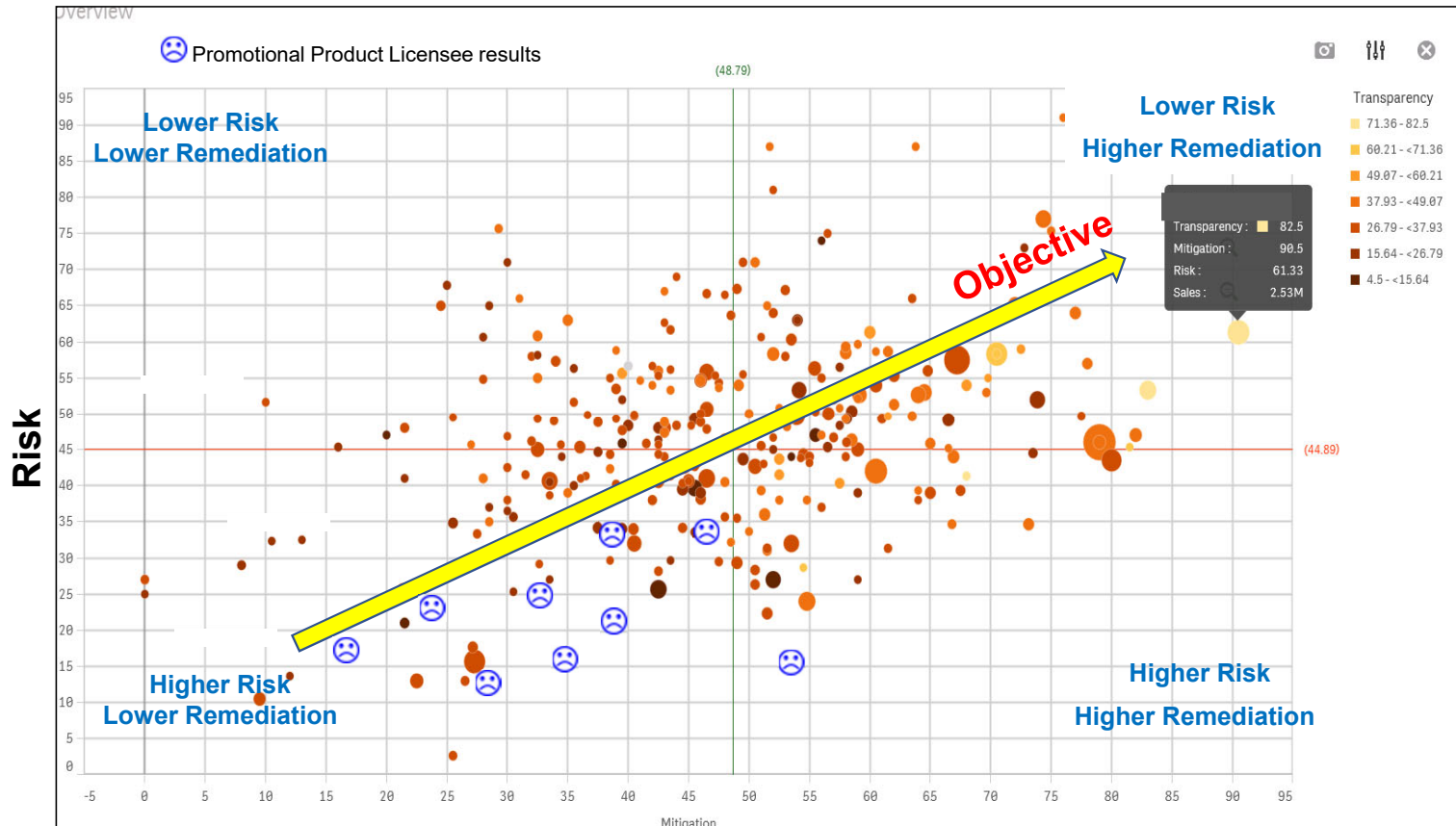
# Score Card Accuracy?

- Review raw data
- Verification checks using external data
- Example: FLA the SCI assessments and licensee training participation record

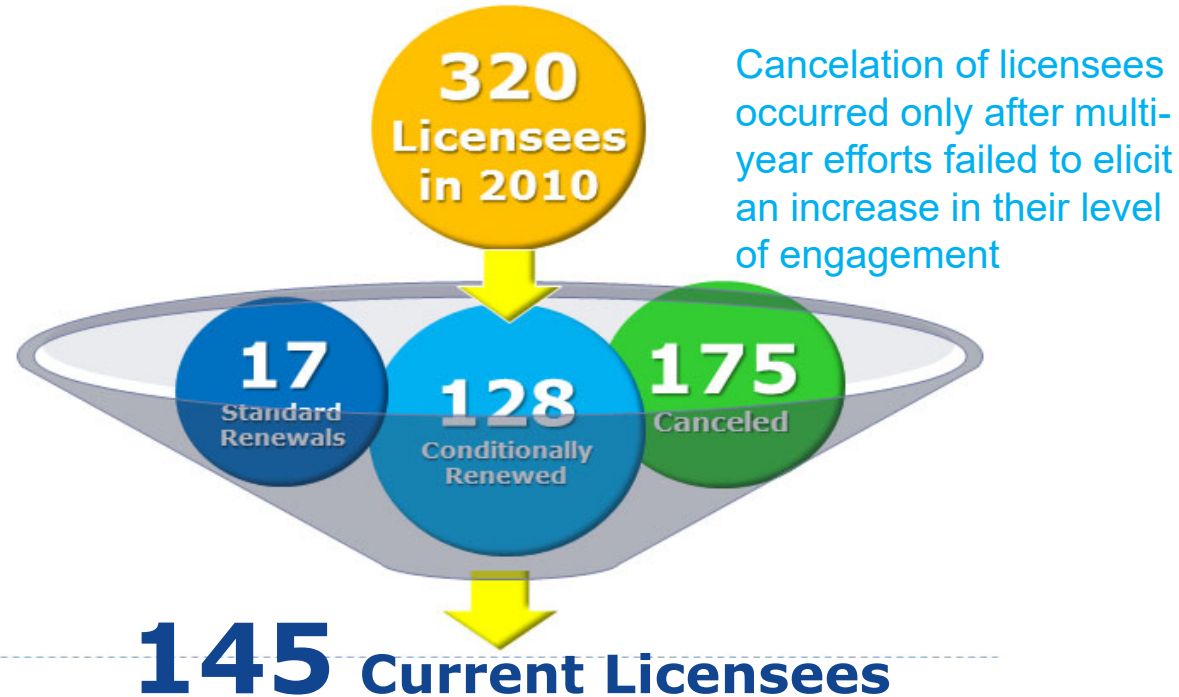
The screenshot shows the FLA Transparency page. At the top left is the FLA logo, a stylized 'F' and 'L' in a square. To the right is a language dropdown set to 'English' and a search bar. Below the logo is the text 'FAIR LABOR ASSOCIATION'. A navigation bar contains links: HOME, OUR WORK, IMPACT, AFFILIATES, TRANSPARENCY, and GLOBAL ISSUES. The main heading is 'Home TRANSPARENCY' with a world map background. The primary article is 'Catalyzing Positive Change for Workers', with a sub-heading and a paragraph of text. Below this are three columns: 'Assessments', 'Tracking Charts', and 'Safeguards', each with a brief description and a 'More »' link. At the bottom is a dark red navigation bar with the following tabs: The Latest, Case Studies, News, Tracking Charts, and Safeguards.

# Early Results of CR Survey

320 licensees in 2013



# Licensee Selection Based on CR Survey Results Over Multiple Years



# Renewal Conditions

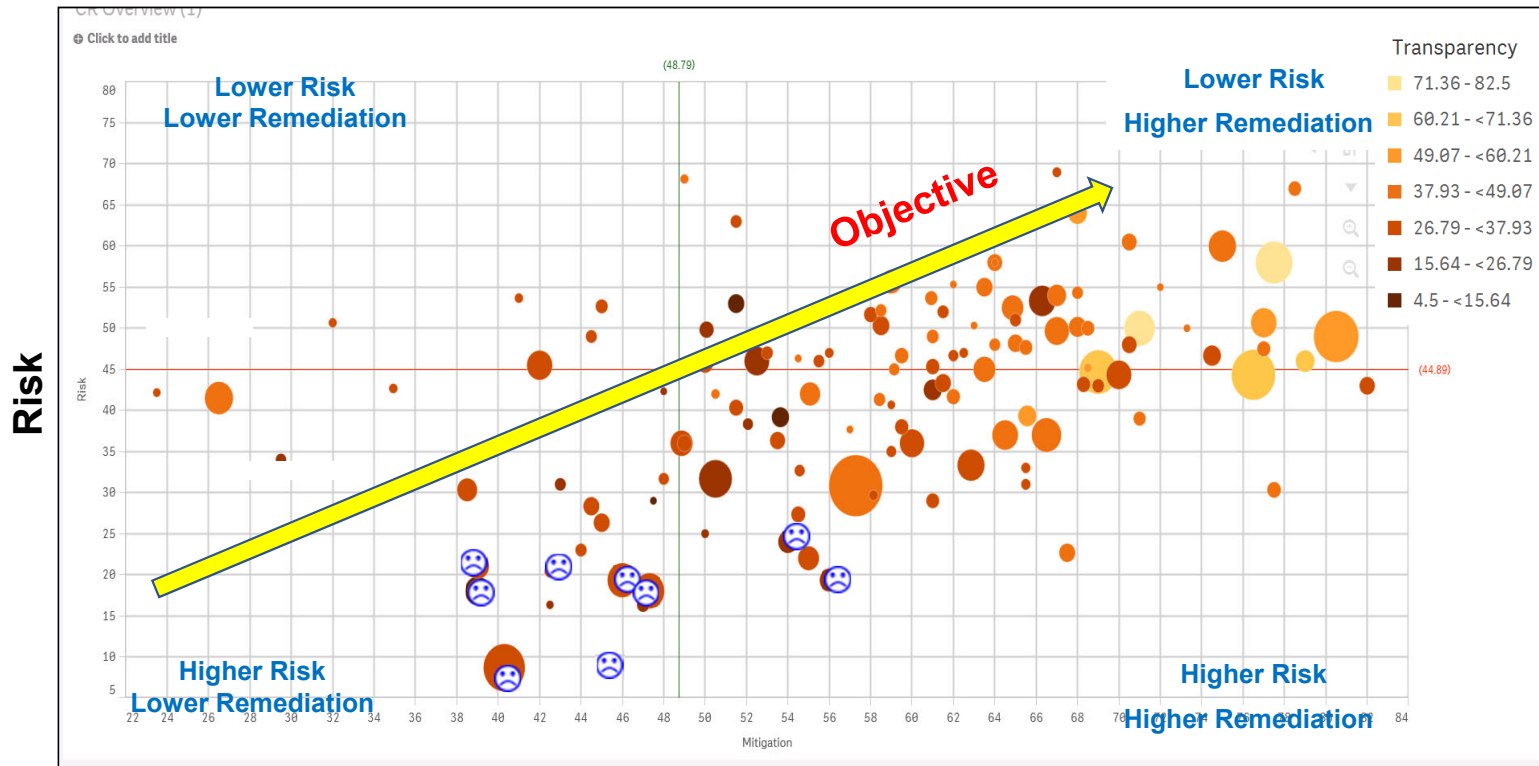
- ✓ Update factory disclosure
- ✓ Code alignment
- ✓ Training
- ✓ Supply chain mapping
- ✓ Compulsory monitoring program
  - Some licensees had never been to or monitored their factories
  - Coached corrective action
  - Significant non-compliances identified in many instances



# 2017 CR Survey Results

135 current licensees

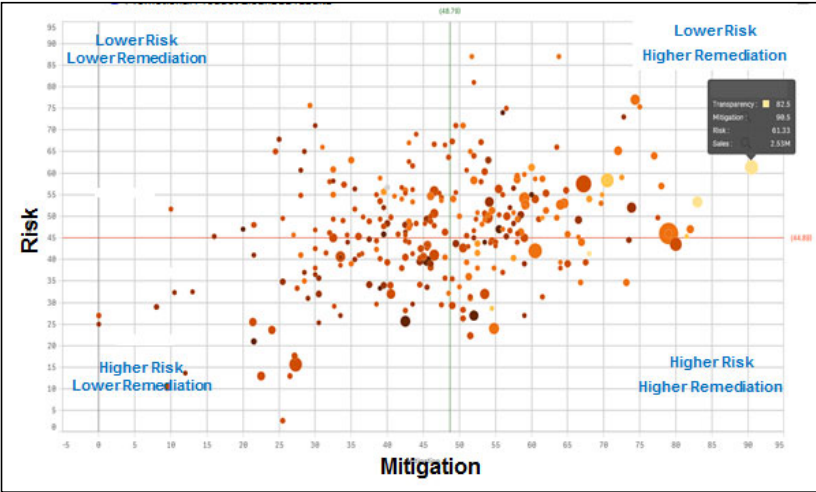
☹ Promotional product licensee score lowest among all licensee groups





# Project Impact

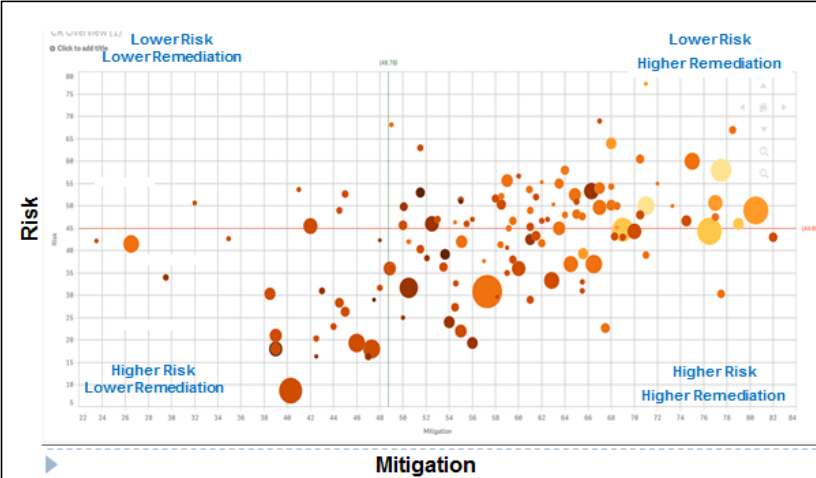
2013



Transparency

- 71.36 - 82.5
- 60.21 - <71.36
- 49.07 - <60.21
- 37.93 - <49.07
- 26.79 - <37.93
- 15.64 - <26.79
- 4.5 - <15.64

2017



# Learnings

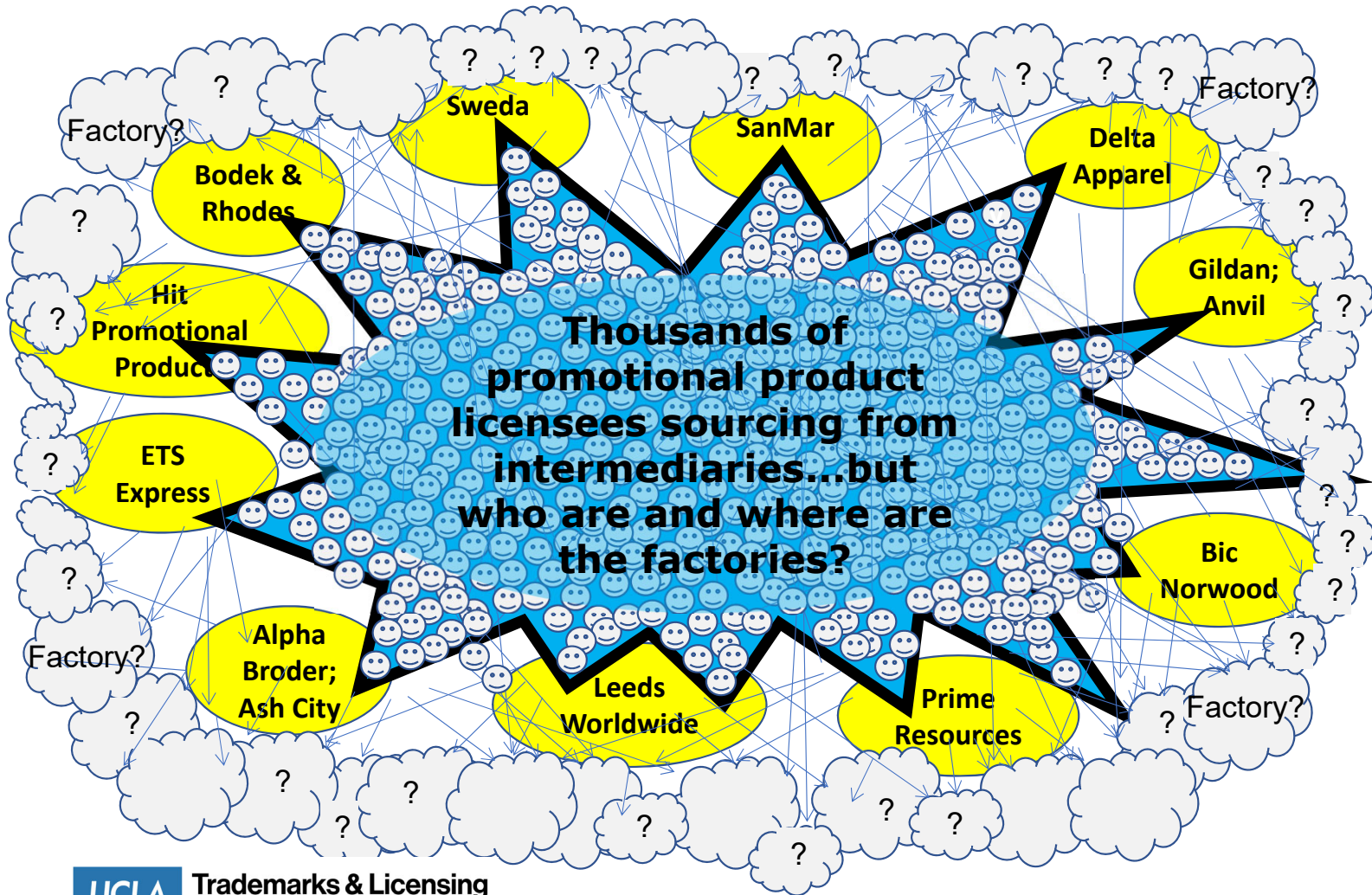
- ▶ Identifying specific conditions/deliverables for licensees, such as mentored monitoring program participation, e-learnings, supply chain mapping, etc. is important
- ▶ Engaging buyers (retail and internal campus purchasers) to stand united with licensing renewal decisions gets better results
- ▶ Full engagement by licensees in mentored monitoring program and the ability to communicate this across the business and via the CR survey effects positive change

# UCLA Promotional Products

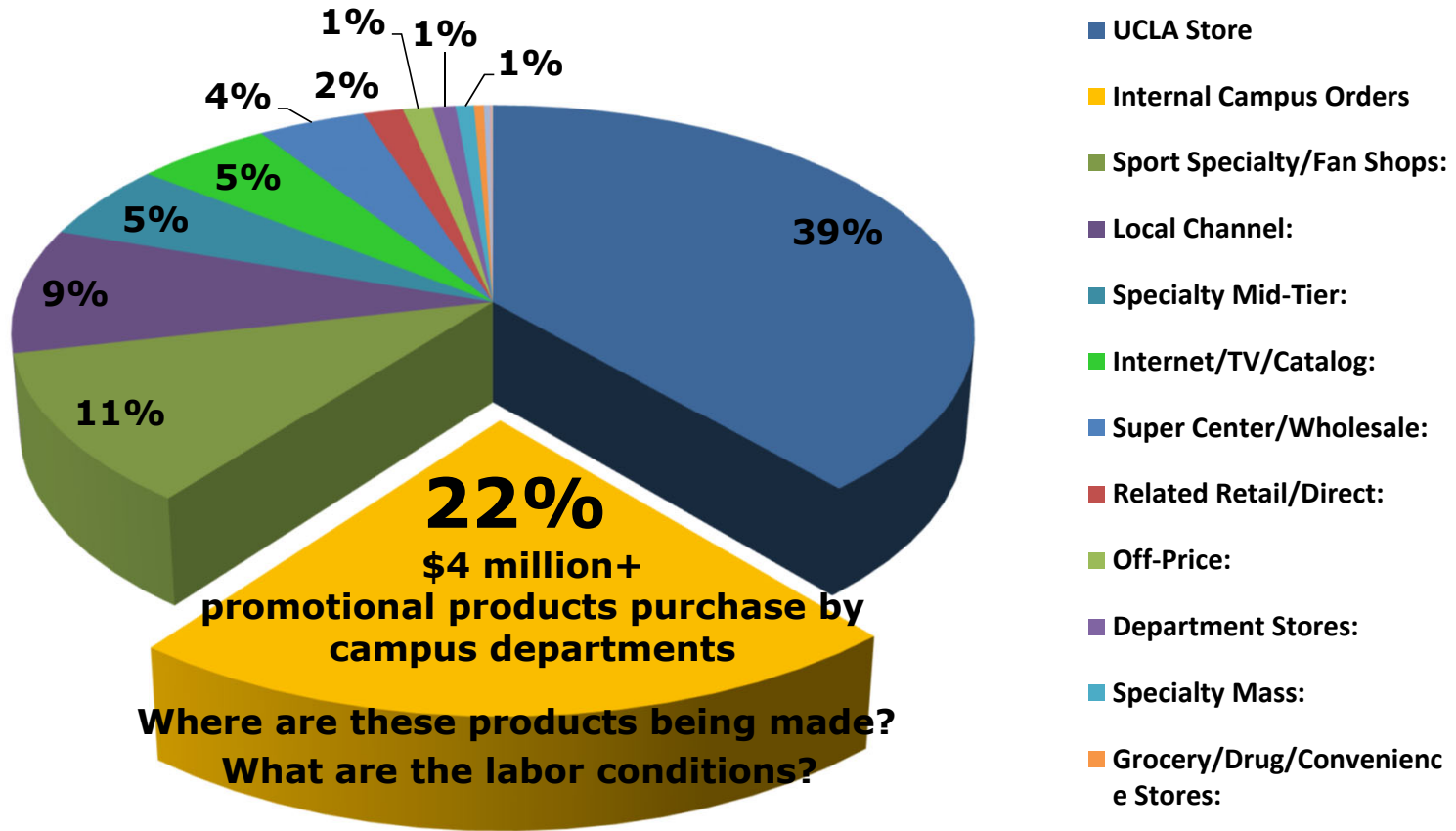
Opaque Supply Chains = Risk



# Promotional Product Supply Chain



# UCLA Products by Channel





# PPAI Summit Washington, D.C. Oct `15

- “Buyers” are obstacle to advancing ethical labor – not a priority in buying decision
- In university context “buyers” = “campus departments and groups” = university community contributes to the problem
- Campus community engagement and education needed
- Not just a “licensing” issue – it’s the entire campus community’s responsibility



# How do we solve this problem?


ADVANTAGES June 09, 2017

## Promo Market to Target: Colleges

The smart way to gain admission to this lucrative field? Trendy products and strategic prospecting.

By Jean Erickson

Be true to your school. It's a mantra that informs the efforts of colleges and universities to fill their freshman class with (what they hope will be) lifelong ambassadors for their alma mater. With so much at stake, colleges are more than just academic havens. They are also finely tuned marketing machines that invest a lot of time and money to make their schools a sought-after destination. Campus marketing efforts begin long before a student is enrolled, and continue throughout their adult lives as they become alumni and potential university donors.




Promotional products are an ideal way to generate awareness, foster unity, promote initiatives, ignite school spirit and (of course) entice potential students to apply. In a report by education consultancy Ruffalo Noel Levitz, direct marketing aimed at eliciting specific, measurable actions by prospective students (such as a campus visit or submission of an application) were rated by 79% of colleges as being effective – higher than content marketing (64%), online ads (50%) and billboard advertising (47%).

>>Case Study: Custom Rubber Ducks Make A Splash

The appeal of branded merchandise for colleges is simple: once they're at school, students become walking billboards for the rest

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- How to Grow Your Business With Giveaways That Do Good

“Creative ideas may win a prospect over, but there’s often another obstacle to cracking the college code: prices. Colleges and the education market in total are notoriously price driven; in an ASI exclusive survey of end-buyers in the 12 most popular markets, school and universities were the most likely to shop on price.

<https://www.asicentral.com/news/web-exclusive/june-2017/promo-market-to-target-colleges/>



# Accept Responsibility

	Reactive	Defensive	Compliance	Managerial	Strategic	Civil
<b>Licensing Program Viewpoint</b>	"... has not been an issue on our campus."	"University protected by the code of conduct; licensees must handle."	"CLC, the FLA and the WRC will manage this for us with the licensees."	"This is important to us; we need to measure licensees' understanding and implementation."	"We're making an impact by retaining the most responsible licensees."	"Success depends on the commitment of many, so we need more involved; schools, licensees, retailers..."
<b>Licensee Viewpoint</b>	"This does not apply to us;"  "We don't have any problems."	"Not our job"  "We're too small"	"We need the licensor to just tell us what to do and we'll do it."	"Our business needs to change if we are going to meet Code expectations."	"Having a responsible business gives us a competitive edge"	"Everyone needs to do this in order for us to fully deliver on the promises we made."
<b>Campus Viewpoint ?</b>	"I don't know anything about this."  "I just want my promo-products now and at the best price!!!"	<b>"This is another campus department's job, not mine"</b>	"Just tell the licensee what they need to do" ("Just tell the un-licensed vendor what they need to do to become licensed") – the <b>"Rubber stamp" plan</b>	"This is a great way to define great licensees; we must source only from companies who share our values and are willing to act on it; <b>this aligns with UCLA brand DNA</b>	"Licensees that have developed CR capacities are more successful in other key indicators than those which have not." – product quality/safety, customer services, etc. – <b>Better business partners</b>	"All licensees should build CR capacity and execution; it is a foundation for success."  <b>UCLA must lead by example - - demonstrate to other universities and industry sectors its commitment to best practices on this issue</b>
<b>Responsibility Level</b>	<b>Denying</b>	<b>Rejecting</b>	<b>Transferring</b>	<b>Accepting</b>	<b>Valuing</b>	<b>Advancing</b>
<b>Universities</b>	No-cause termination option in license agreement exists	Include Code of Conduct in license agreement; enforce code if/when issues bubbles to the surface	Require licensees to be members of FLA, and react when pressured by WRC, activists and other stakeholders	Measure licensees' understanding and performance; execute university decisions	Prioritize responsible manufacturing practices into criteria for awarding RFPs; licenses and other university business	Link academic research, teaching mission of university to inform the global business community;
<b>Results</b>	Status quo among licensees; action if required	Licensee must sign Code, which is quickly forgotten	Licensees pay FLA dues. Some seek additional training if they perceive benefit	Licensees take additional steps as directed by several universities/CLC	Licensees see this as a competitive advantage; make strategic investments	Licensees take initiative to engage others, collaborate in new solutions and approaches; be transparent and self report

# Campus Outreach



## Campus Community Update: Licensed Product Sourcing

March 2017

### UCLA Departments and Groups: Promotional Product Sourcing

All consumer products bearing the UCLA name and related marks ("UCLA Marks") whether for retail sale or for promotional use— i.e. departmental giveaways, club and departmental t-shirts, event tote bags and pens, gifts, etc. whether purchased with campus funds, personal funds, or underwritten by sponsors— are to be sourced exclusively from vendors licensed by the university ("UCLA Licensees") under the authority of its designee, Associated Students UCLA ("ASUCLA").

Please be sure that your department or group exclusively orders its promotional products bearing any UCLA Marks (including departmental and group names) from UCLA Licensees. It is in conflict with university policy to purchase such promotional products from unauthorized vendors and doing so creates risks for the university in addition to undermining its ethical sourcing objectives.

### UC Code of Conduct for Trademark Licensees

In 1998, the University of California became among the first universities to adopt a code of conduct requiring its licensees to enforce the use of international standards for humane labor practices in the manufacture of products bearing its name.  
<http://asl.ucop.edu/ucoc/2000110/CodeofTrademarkLicensees>

While most universities have since adopted similar codes of conduct, verification that international labor standards are truly implemented in supply chains used to manufacture collegiate licensed goods, including promotional products purchased by virtually every college campus across the country, remains a challenge.

### Aspiration to Implementation: Prioritizing Ethical Labor Practices

ASUCLA established UCLA's trademark licensing program in 1973 making UCLA the first university in the country (and possibly the world) to have a program focused solely on the trademark protection and controlled promotional use of its name.

Student-focused and student-led, ASUCLA's unique structure played a critical role in establishing and now in expanding UCLA's

leadership position on this important and high profile issue within the collegiate licensing industry. By implementing a rigorous vetting process and continuously challenging all UCLA Licensees to disclose, monitor, credibly verify, and improve upon their efforts to meet international labor standards in supply chains used to make UCLA licensed goods we are making a difference. Demonstrated implementation, not just

aspirational goal-setting, is the first criteria evaluated in all UCLA license applications, including new and renewal proposals.

**AssociatedStudents UCLA**

*It all comes back to you!*

*Upwards of \$4 million is spent each year by UCLA campus departments and groups on promotional products of various descriptions bearing the UCLA Marks. This is a conservative figure as a significant level of unlicensed vendor-usage continues to persist.*

**Non-Transparent Supply Chains:**  
A fundamental requirement of the UC Code of Conduct for Trademark Licensees is full public disclosure of all factory names and locations used to produce any portion of a product that will bear the UC or a UC campus name/logo including the UCLA Marks.

For promotional product licensees, comprehensive disclosure of factory information remains a challenge due to structural issues within the promotional products industry. That is, these licensees are **distributors**— awesome customer service representatives and frequently the decorators of products— but are typically not themselves the manufacturers of blank goods (i.e. the undecorated T-shirts, hats, bags, mugs, etc.). Instead, distributor-type licensees typically source blanks goods and certain finished goods through various **intermediary suppliers**. It is presently the promotional products industry-norm that **most intermediary suppliers are unwilling to publicly disclose their supply chain factory information**.

UCLA Trademarks & Licensing, together with a few highly engaged licensees, continues to channel substantial resources toward addressing this untenable reality currently preventing compliance with a fundamental obligation under the UC Code of Conduct for Trademark Licensees. Engagement with intermediary suppliers, governmental and non-governmental organizations, and industry groups is on-going.



## \*SPECIAL NOTICE\* APPAREL ORDERS

Review of typical apparel mill brand and retail brand blanks used in the promotional products industry and generally sourced through various intermediary suppliers reveals that most do not disclose their supply chain information publicly where UCLA licensees and consumers may access it. There are two exceptions identified so far who do publicly disclose their factories:

*Fruit of the Loom (including Russell Athletic Jerseys, and Fruit of the Loom labels)*  
<http://www.fruitoftheloom.com/bsport/supplychain.html#W1295qYucc>

*Hanes (including Gear for Sports, Champion, and Hanes labels)*  
[http://hanesforgood.com/content/uploads/2016/06/HBL\\_Collegiate.pdf](http://hanesforgood.com/content/uploads/2016/06/HBL_Collegiate.pdf)

Effective immediately, no further use of non-transparent apparel brands will be permitted. Please expect quotes from your preferred UCLA Licensee for promotional apparel products based on the referenced brands only.

We will continue to engage with other apparel mills and brands in an effort to expand the list of transparent apparel options that may be used in the future.

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**Special thanks to UC Office of the President for modifying this recent order accordingly!**



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# Campus Outreach

## Sustainability Update: Ethical Labor

We'd like to thank you for supporting UCLA's goal that goods bearing the UCLA name and related logos be produced under fair and ethical labor conditions. By sourcing UCLA-logoed promotional products solely from UCLA-licensed resources, UCLA departments and programs are helping UCLA leverage its buying power toward more ethically and sustainably sourced goods, for the betterment of workers and the communities they live in. Please continue to source from authorized resources and help spread the word to your colleagues.



Watch these 3-minute videos to learn more



ETHICAL LABOR | 16 of 21

