

FOR INFORMATION

PUBLIC

OPEN SESSION

TO: University Affairs Board

SPONSOR: Scott Mabury, Vice President, University Operations
CONTACT INFO:

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DATE: May 11, 2016 for May 25, 2016

AGENDA ITEM: 7

ITEM IDENTIFICATION:

Annual Report on the *Code of Conduct for Trademark Licensees*

JURISDICTIONAL INFORMATION:

The University Affairs Board's areas of responsibility include use of the University of Toronto name. The Board is responsible for policy of a non-academic nature for matters within its areas of responsibility. The *University of Toronto Trademark Licensing Policy* charges the Board with receiving annual reports on the operation of and issues connected with the trademark licensing program.

GOVERNANCE PATH:

1. University Affairs Board [for information] (May 25, 2016)

PREVIOUS ACTION TAKEN:

The Annual Report on Trademark Licensing 2014-15 was received by the Board at its May 26, 2015 meeting.

HIGHLIGHTS:

The Trademark Licensing office successfully implemented the Bangladesh Accord requirement with University of Toronto licensees this year, and completed a draft strategic plan. The program continues to provide funds to the Student Initiative Fund from surplus revenues that it generates.

FINANCIAL IMPLICATIONS:

None

RECOMMENDATION:

The documentation is presented for information.

DOCUMENTATION PROVIDED:

2015-16 Annual Report on the Code of Conduct for Trademark Licensees



Annual Trademark Licensing Report



UNIVERSITY OF
TORONTO

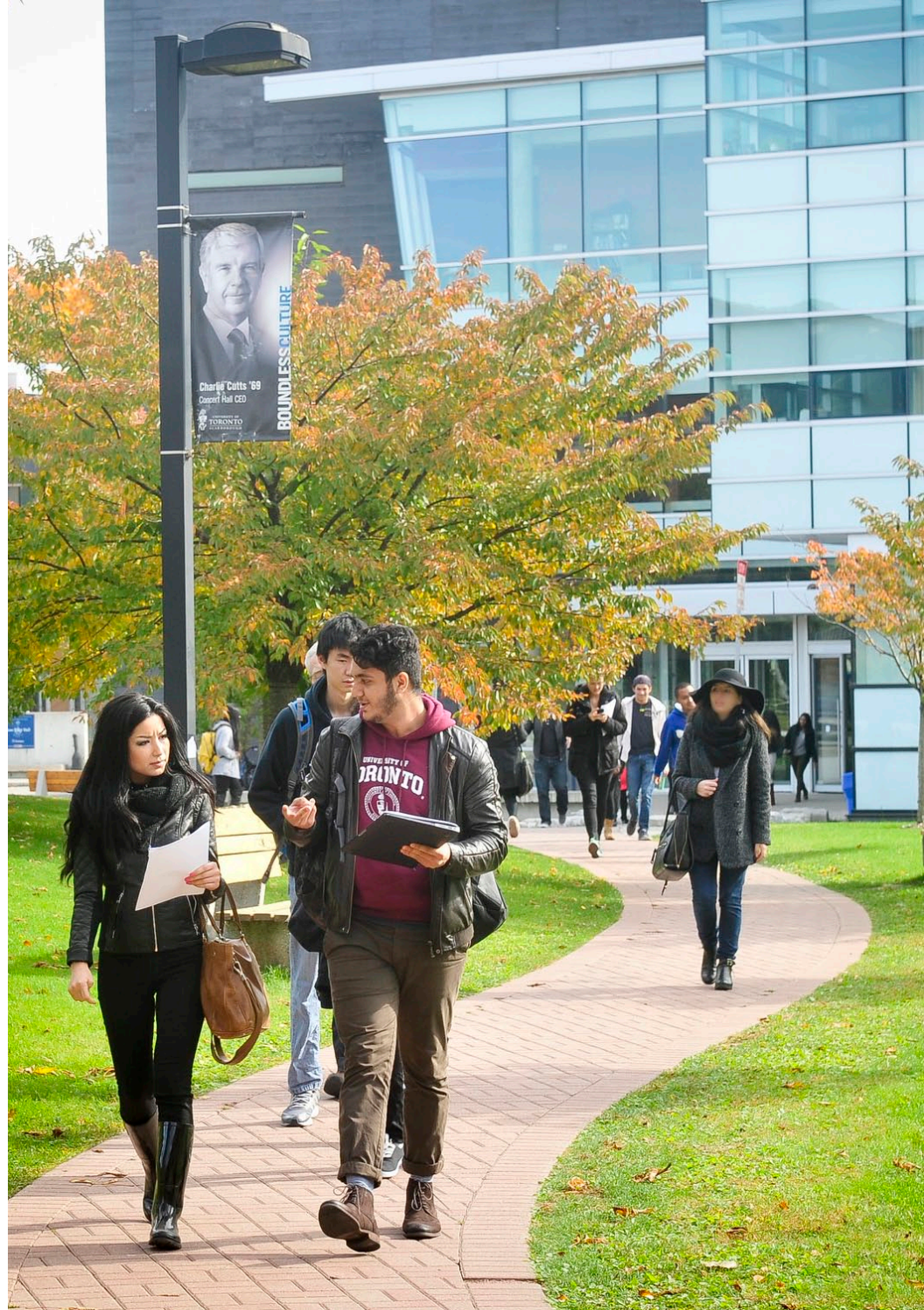
University Affairs Board
Governing Council - University of Toronto
Wednesday, May 25, 2016

Submitted by:
Scott Mabury,
Vice President, University Operations

Anne Macdonald,
Director, Ancillary Services

ANNUAL REPORT

2016



Introduction

Each year many products are produced that bear the name or official marks of the University of Toronto, or its divisions. These products include clothing sold at the University of Toronto Bookstore, promotional items ordered by campus student groups, recognition gifts and sport team uniforms as well as a small amount of merchandise sold at off campus retailers.

It is the responsibility of the University to ensure that these products are produced in conditions consistent with the University's mission and values. The University of Toronto has committed to this by passing the Trademark Licensing policy in May 2000, and by developing the Code of Conduct that supports this policy. This annual report reviews the operation of and issues associated with the University of Toronto's Trademark Licensing Program, which is administered within the guidelines of the Code of Conduct.

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The Trademark Licensing Office

The work of the office includes:

- *Ensuring that suppliers of University of Toronto merchandise are licensed and have signed the University's Code of Conduct*
- *Reviewing and approving artwork for merchandise*
- *Working with University departments and student groups to fulfill special requests for merchandise for events or programs*
- *Working to expand and enhance the selection of University of Toronto merchandise available for sale, both in our Bookstore and in off campus retailers*
- *Promoting school spirit through special events*
- *Registering and maintaining official marks for the University and following up on improper use of the marks*
- *Maintaining good relationships with labour monitoring organizations, who evaluate workplace compliance with University codes of conduct*
- *Engaging with licensees when workplace issues are identified*

The Trademark Licensing Office is a self-funded unit within the department of Ancillary Services, reporting to the Director of Ancillary Services. Day-to-day management of the program is through the department's Trademark Licensing Coordinator, with administrative support provided by an external licensing agent, Learfield Licensing Partners.

Over the years, the work of the Trademark Licensing office has established the University of Toronto as a leader in collegiate licensing in Canada, and this influence has helped other Canadian schools create and refine programs of their own. Our influence (along with that of other North American schools) and work with recognised labour rights NGOs has also helped encourage positive changes to workplaces in developing countries. Given that collegiate licensing production is responsible for a miniscule fraction of the production in the apparel industry as a whole, this is clearly impact that goes far beyond buying power.

The University contracts with a third party licensing agent, Learfield Licensing, to undertake all of the administrative work associated with all of our licensees, including contracting, verifying insurance requirements, and collecting manufacturing information and royalty payments. Our licensing agent also assists by providing advice on best practices in collegiate licensing and in monitoring the performance of individual licensees.

We will be submitting an RFP in the summer of 2016 to seek a new contract for a licensing agent. We hope that this will strengthen our existing relationship and create an opportunity for renewed interest in our program. With the help of our licensing agent, we hope to grow the reach of our merchandise and take the program into the next phase.

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Factory Monitoring



While the University collects information pertaining to factory locations and code compliance, it utilizes internationally recognised external monitoring organizations to conduct or direct factory inspections which evaluate workplace compliance with University codes of conduct. The University of Toronto is affiliated with both the **Worker Rights Consortium (WRC)** and the **Fair Labor Association (FLA)**; organizations which conduct numerous factory assessments around the world on behalf of North American universities and colleges. These organizations are also engaged in work to encourage systemic change in the global supply chain.

The University regularly attends meetings of these organizations, and engages with them to seek advice when issues arise.

Issues and regions of concern

The WRC has been investigating reports of labour rights abuses by government in Guangdong, China. The region has several factories that produce apparel for North American universities, and has called on licensees to engage with the Chinese government. The largest buyers in the region with a university association are VF, adidas, Nike and Hanesbrands.

The Bangladesh Accord, now entering its third year of a five year mandate, has completed a significant amount of inspection and remediation work in apparel factories in that country. Progress is summarized in the document shown in Appendix A. There are a large number of factories that are reported as having corrective action plans that are behind schedule. This is a concern for the Accord, although a large part of the delay is caused by significantly larger numbers of deficiencies identified than originally anticipated, requiring more extensive action plans. This is in some respects a positive development, but may require an extension of the term of the mandate.

Some good news: as a result of increased interest from advocates and consumers over the last decade, our monitoring partners report that they are noticing an improvement in responsiveness from licensees, and greater speed in remediating issues. A summary of the impact of the WRC, one of our monitoring partners, over its 16 years in operation, is shown in Appendix B.

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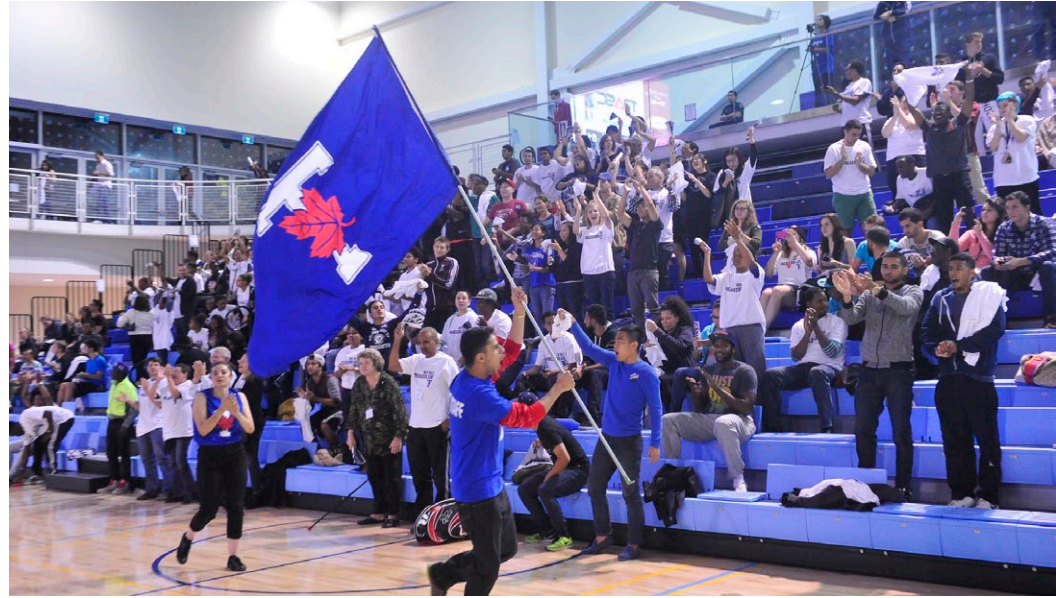


Retail Activities

In 2015-16 approximately \$3.95 million of retail product was sold by the U of T Bookstore, generating licensing revenue of approximately \$165,000. Retail licensees produce merchandise that is sold to the U of T Bookstores (licensing fees applicable) whereas promotional licensees produce products for non-retail activities which are sold to divisions of the University (licensing fees not applicable).

The U of T Bookstore has expanded their personnel in an effort to increase both the foot traffic in the store and their online presence. With newly filled roles in visual merchandising and social media/photography, they are solidifying their place in the modern marketplace. A full time visual merchandiser ensures that the University merchandise is always presented thoughtfully and refreshed regularly. The result creates a more dynamic and enjoyable shopping experience in the bookstore. Additionally, the social media team is very active on the Bookstore's newly created Instagram, posting relevant pictures of U of T merchandise and creating buzz around seasonal trends. The Bookstore also has plans to expand their direct to garment printing department in the 2016-2017 fiscal year. They have seen great success with on demand printing which allows them to offer a wider range of merchandise.

Our cobranded merchandise with P!NK by Victoria's Secret was expanded this year to provide more assortment to buyers. They also expanded their reach by offering the line at both Eaton Centre and Yorkdale during the fall season of 2015. This resulted in sales of approximately \$55,000, which generated an extra \$4,400 in royalties for the University.



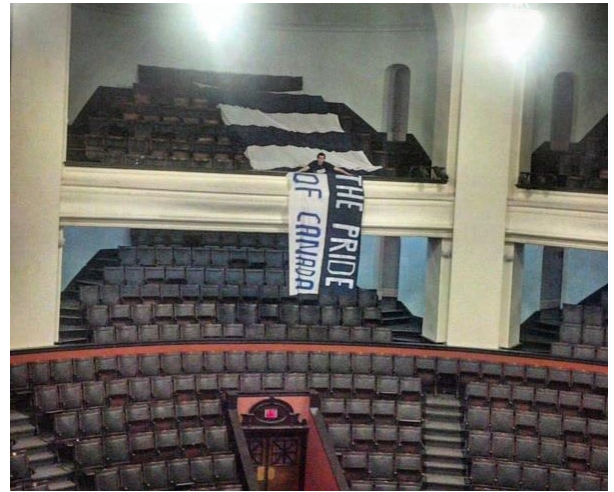
Highlights of 2015-2016

- Finished first draft of 5-year Strategic Plan (see Appendix C)
- Successful implementation of the Bangladesh Accord requirement for all licensees. All current U of T licensees have complied with this requirement and many of the suppliers sourcing from Bangladesh had proactively joined the Accord prior to the adoption of this policy. This is now a part of our standard licensing contract for all future licensees. See Appendix B for more information on the work completed to date in Bangladesh.
- The Trademark Licensing program will support the Student Initiative Fund for the second year with \$20,000 for the 2016-2017 academic year. The Student Initiative Fund (SIF) offers financial support to projects that enhance the student experience and foster a sense of community at the University of Toronto. The funds that we provide are held specifically for events that foster a sense of U of T pride across campus.

Goals for 2016-2017

- We will be undertaking an RFP in the summer of 2016 to seek a new contract for a licensing agent. Our first licensing contract was successful in exposing us to opportunities available when working with a third party, and providing us with useful administrative assistance. Through the RFP process we will be seeking to refine our contract to further benefit our operation.
- Implementation of the strategic plan. We plan to use the 2016-2017 year to consult with on-campus stakeholders to ensure that our plan is fully developed and covers all areas. We are working with ODLC to help us capture the correct information and refine our plan.

U of T's 189th Birthday Celebration Photo Contest Shortlist Pictures



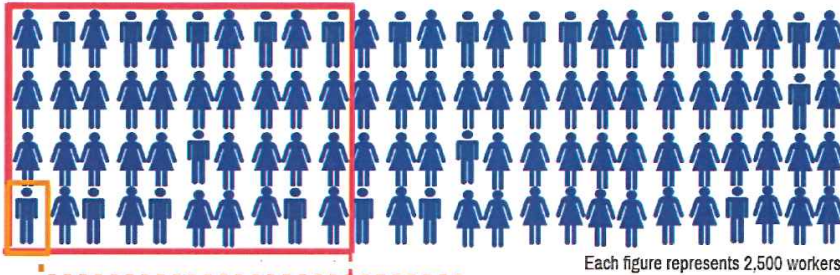
Appendix B

WRC: Our Impact

Highlights of the WRC's Labor Rights Achievements

The WRC is a 501(c)(3) organization dedicated to investigating violations of workers' rights around the world. We focus on investigating abuses in collegiate supply chains and pressing for correction of these abuses. Through our work upholding compliance with university codes of conduct, national law, and international standards, the WRC has won justice for workers around the globe.

Workers Helped



250,600

total workers the WRC has helped directly

That's a positive impact on
1,002,400
people when workers' families are included.

Violations Addressed

WAGE THEFT

The WRC has helped workers recover wages stolen from them when their employers failed to pay them the correct minimum wage, severance, or overtime pay.



BACK PAY

The WRC has won
\$34,158,500
in back pay for workers who had had pay stolen from them.

In terms of purchasing power, that money was worth

\$100,842,000
in workers' home countries.

Cases involving back pay represent only 17% of the WRC's workload.

HEALTH & SAFETY

The WRC has helped workers eliminate dangerous—and usually illegal—safety hazards from their workplaces, such as toxic chemicals, dangerously high temperatures, or a lack of fire exits.

103,325

workers who now work in safer factories due to the WRC's work



WRONGFUL TERMINATION

The WRC has helped win reinstatement for worker leaders who have been illegally or wrongfully fired in retaliation for exercising their associational rights, such as by forming a union or by asking for help from local women's or human rights NGOs.

1,460 worker leaders reinstated after they were wrongfully fired



Appendix C

5 Year Strategic Plan

I: Increase Desirability and Visibility of U of T Branded Merchandise

- *Increase Exposure of TML Program to Internal Stakeholders*
- *Strengthen University Brand Identity amongst Internal and External Community*
- *Increase Off-Campus Visibility*

II: Increase Resources

- *Generate Additional Revenues*
- *Increase Off-Campus Revenue*
- *Expand Trademark Licensing Team*

III: Increase Administrative Efficiency

- *Learfield Licensing*
- *Streamline Trademark Process*