

FOR INFORMATION

PUBLIC

OPEN SESSION

TO: University Affairs Board

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

PRESENTER: Anne Macdonald, Director, Ancillary Services
CONTACT INFO: 416-978-7830 anne.macdonald@utoronto.ca

DATE: May 11, 2017 for June 1, 2017

AGENDA ITEM: 4

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] (June 1, 2017)

PREVIOUS ACTION TAKEN:

The Annual Report on Trademark Licensing 2015-16 was received by the Board at its May 25, 2016 meeting.

HIGHLIGHTS:

The Trademark Licensing office successfully completed the RFP process for a licensing agent. Learfield Licensing will continue representing the University in this capacity. 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:

2016-17 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
Thursday June 1, 2017

Submitted by:
Scott Mabury,
Vice President, University Operations

Anne Macdonald,
Director, Ancillary Services

ANNUAL REPORT

2017



UNIVERSITY OF
TORONTO



TORONTO
VARSITY BLUES



U^{OF}T



UNIVERSITY OF
TORONTO



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 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

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.

The RFP process for our licensing agent was completed in early 2017. We are happy to announce that Learfield Licensing will continue as our representative. The next phase of our relationship with focus strongly on the reach of our merchandise and growing our off-campus retail program. We will also be looking to strengthen our brand by reviewing its application on merchandise to ensure consistency and visibility.

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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

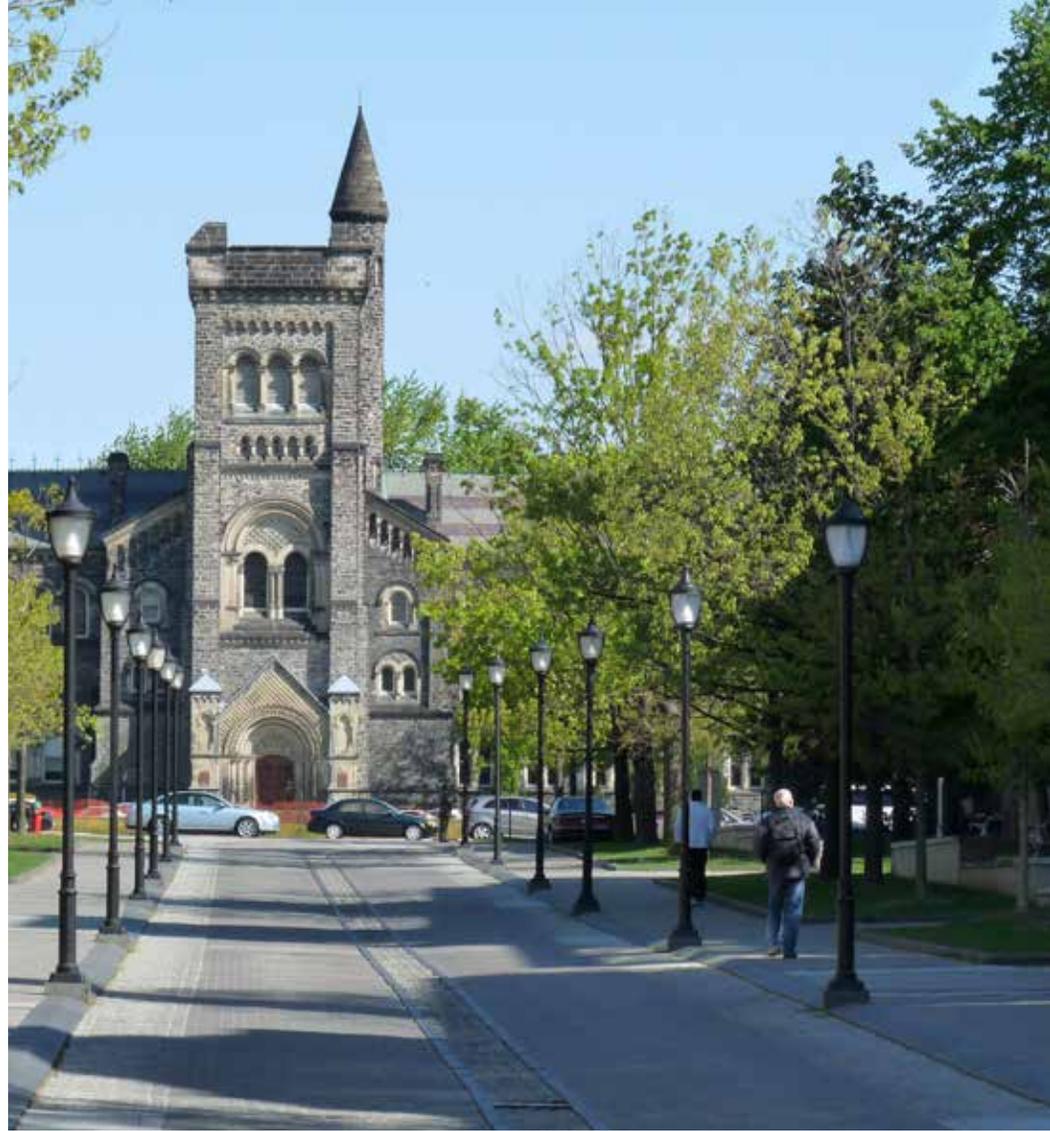
The WRC, together with the FLA, has been engaged in a challenging case in Vietnam, primarily involving Nike. Issues at the factory in question (Hansae) have been partially remediated. Equally as concerning as the slow progress in remediating the remaining issues is Nike's shift in position about granting factory access to third party monitoring organizations. In addition, Nike has signalled that it is seeking to change its commitment to university codes of conduct, and this may hamper our ability to continue to grant them a license. We are continuing to monitor this issue.

The Bangladesh Accord, now entering its fourth year of a five year mandate, has completed a significant amount of inspection and remediation work in apparel factories in that country. Over 70% of all safety issues identified in the inspections have been corrected, and as a result of the Accord, the likelihood of a fatal factory fire or building collapse in Bangladesh has been substantially diminished. The Accord is working hard to press for correction of the remaining issues during the last year of the mandate, and is in discussions currently to assess what an ongoing role for the Accord might look like, once the initial mandate is expired.

As a result of increased interest from advocates and consumers over the last decade, but most specifically the impact of university codes of conduct, our monitoring partners continue to report that they are noticing an improvement in responsiveness from licensees, greater willingness to remediate, as well as speed in remediating issues. A summary of the impact of the WRC over the last year is shown in Appendix A. Of particular interest to U of T should be the work done in Haiti to end minimum wage violations, as this is a region in which a large t-shirt manufacturer that supplies some of the university's licensees operates.

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Retail Activities

In 2015-16 approximately \$3.64 million of retail product was sold by the U of T Bookstore, generating licensing revenue of approximately \$212,000. 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 continues to broaden their offering to better cater to the growing demands of students/staff/faculty as well as the Toronto community. This year saw an addition of more local presence as they added the Toronto favourite, Peace Collective, to the store and also some merchandise in celebration of Canada's 150th birthday. They have significantly expanded their social media presence and continue to update their online catalogue for web purchases. With the success of the small line of Heritage merchandise, we are now collaborating to add a vintage athletic mark to broaden the range of offerings. Also, the Bookstore has expanded their direct to garment printing department which now includes on demand custom printing, embroidery and appliqués. This allows the bookstore to offer competitive, custom merchandise for both retail and university departmental use.

Our cobranded merchandise with P!NK by Victoria's Secret was expanded this year to provide more assortment to customers. The merchandise was available at Eaton Centre, Yorkdale, and Fairview Mall during the fall season of 2016. This resulted in sales of approximately \$98,000, which generated an extra \$7,800 in royalties for the University.



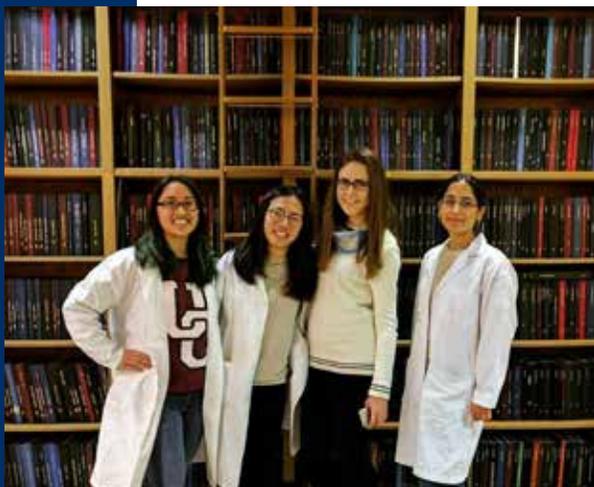
Highlights of 2016-2017

- The RFP process for a licensing agent is now complete and Learfield Licensing will continue representing the University. We hope this renewed relationship will help us through the next phase of the program and expand our reach in the Toronto community.
- The Trademark Licensing program supported the Student Initiative Fund for the 2016-2017 academic year with \$10,000. The Student Initiative Fund 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 2017-2018

- The implementation of the strategic plan (Appendix B) was deferred due to some personnel changes, however this remains a top priority for the 2017-2018 year. We hope to engage multiple stakeholders within the University community and undertake a full review of the program and its efforts. Our goal is to ensure that our efforts are maximized on those efforts that provide the greatest impact to the University community.
- A main goal remains the expansion of our merchandise program to off-campus retailers. While this is not an existing marketplace in Canada, we hope to partner with specific local retailers to target alumni and tourists with more tailored merchandise.

U of T's 190th Birthday Celebration Photo Contest Shortlist Pictures



Appendix A

WRC 2016-17

A look back at some highlights from our past year of work

Impact by the Numbers



72,000

workers directly
affected



16

countries in which we
worked



\$6,200,000

purchasing power of back
pay secured for workers
harmed by wage theft



Highlights from the Field

Ending Wage Theft in Haiti

- This year, we continued to achieve progress in our efforts to end minimum wage violations for workers in Haiti. At three factories producing for Gildan, a major T-shirt vendor to collegiate licensees, we succeeded in securing **\$202,154 in back pay** for 3,806 workers for minimum wage violations dating back to early 2015.
- Before the WRC's intervention in 2013, most garment workers in Haiti were paid less than the minimum wage, and 75% of these workers were unable to afford three meals a day for themselves and their families. After the WRC pressed brands to pay the proper wage, **thousands of workers saw a 50% pay increase.**



Reversing Severance Violations at Rio Garment

- Workers are often cheated of their severance pay when factories close, robbing workers of months of pay at the time they and their families need it the most.
- In August 2016, the owner of Rio Garment, a facility in Honduras, shuttered the factory without notice and absconded without paying workers severance and back wages—he even pocketed their social security contributions. The WRC documented the violations and **secured remedial contributions of \$1,000,000** from licensee Tailgate and other buyers, and in April 2017, distributed the funds to the Rio workforce.



Protecting Workers' Lives Under the Accord



- The WRC has continued to help oversee crucial progress on health and safety issues under the **Accord on Fire and Building Safety in Bangladesh**, with major advances in safety renovations completed over the last 12 months.
- Across all Accord factories, 79% of identified fire, structural, and electrical hazards have been corrected. At the collegiate factories, 85% of violations have been corrected.

Combating Retaliation Against Labor Rights Defenders in Bangladesh

- When workers speak out for better conditions, they often face threats, intimidation, illegal dismissals, and even outright violence.
- In Dec. 2016, the Bangladesh government and factory owners launched an unprecedented crackdown against workers who were peacefully protesting the country's 32-cents-per-hour minimum wage. **At least 1,500 workers were fired and 38 leaders jailed** on false charges. The WRC helped catalyze and coordinate international efforts to press factory owners and the government to end the campaign of repression. As a result, all jailed leaders have been freed, and we continue to work to get the baseless criminal charges dropped and all workers reinstated.



Appendix B

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*