

FOR INFORMATION

PUBLIC

OPEN SESSION

TO: University Affairs Board

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DATE: May 18, 2021 for May 25, 2021

AGENDA ITEM: 3

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, 2021)

PREVIOUS ACTION TAKEN:

The Annual Report on Trademark Licensing 2019-20 was received by the Board at its May 21, 2020 meeting.

HIGHLIGHTS:

The Trademark Licensing office worked on its first merchandise collaboration that was fully integrated with a major University initiative, Insulin 100. A full merchandise catalogue for departmental orders along with in store merchandise at the Bookstore offered a seamless brand extension to the celebration. Other major activities this year included starting a new partnership

with the Temerty Faculty of Medicine to help roll out their new branding on merchandise, creating new communication channels for other Trademark Licensing colleagues across Canada, and focusing on the future through strategic planning to ensure our branded merchandise is upholding University values and ensuring that the university community can feel fully confident in the merchandise that it enjoys and takes pride in.

FINANCIAL IMPLICATIONS:

None

RECOMMENDATION:

The documentation is presented for information.

DOCUMENTATION PROVIDED:

2020-21 Annual Report on the Code of Conduct for Trademark Licensees

Trademark Licensing

Annual Report 2020-21

May 25, 2021



UNIVERSITY OF
TORONTO

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1 What is Trademark Licensing?



What is Trademark Licensing?

Trademark licensing is the process by which a trademark owner allows a third party, the licensee, to use registered trademarks on merchandise under a license agreement. Each year, many products are manufactured that bear the University of Toronto name and official marks. These include items sold at the University of Toronto Bookstore, team uniforms and promotional items ordered internally by students, faculty and staff. In 2000, the University made a commitment to ensure that these products were produced in a manner consistent with its mission and values by passing the Trademark Licensing Policy and developing the Code of Conduct. The Trademark Licensing Office (TMO) is a self-funded unit within Ancillary Services that oversees the production of UofT branded merchandise and ensures its compliance to all University policies.

The University contracts with a third-party licensing agent, the Collegiate Licensing Company (CLC), to carry out the administrative work associated with

licensing suppliers, including contracts and collecting manufacturing information. CLC also provides advice on best practices in the collegiate licensing industry.

Over the years, the work of the Trademark Licensing Office has established the University of Toronto as a leader in collegiate licensing in Canada. The office continually revisits all elements of the program to ensure it is meeting industry standards and establishing the University as a strong brand throughout the city and the world. The program's main goal is to ensure the University and its departments are engaging in ethical procurement of merchandise and that branded merchandise is accurately representative of the University's image. TMO also enriches campus life and the student experience by fostering a sense of affinity and pride for UofT and the city. TMO strives to support a merchandise program which is a symbol of the University's great and lasting impact on its community.

The daily work of the department includes:

Ensuring that suppliers of University of Toronto merchandise are licensed and have signed and abide by 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

Working to expand and enhance the selection of University of Toronto merchandise available for sale, both in our Bookstore and within off-campus retailers

Promoting school spirit through branded merchandise available at special events

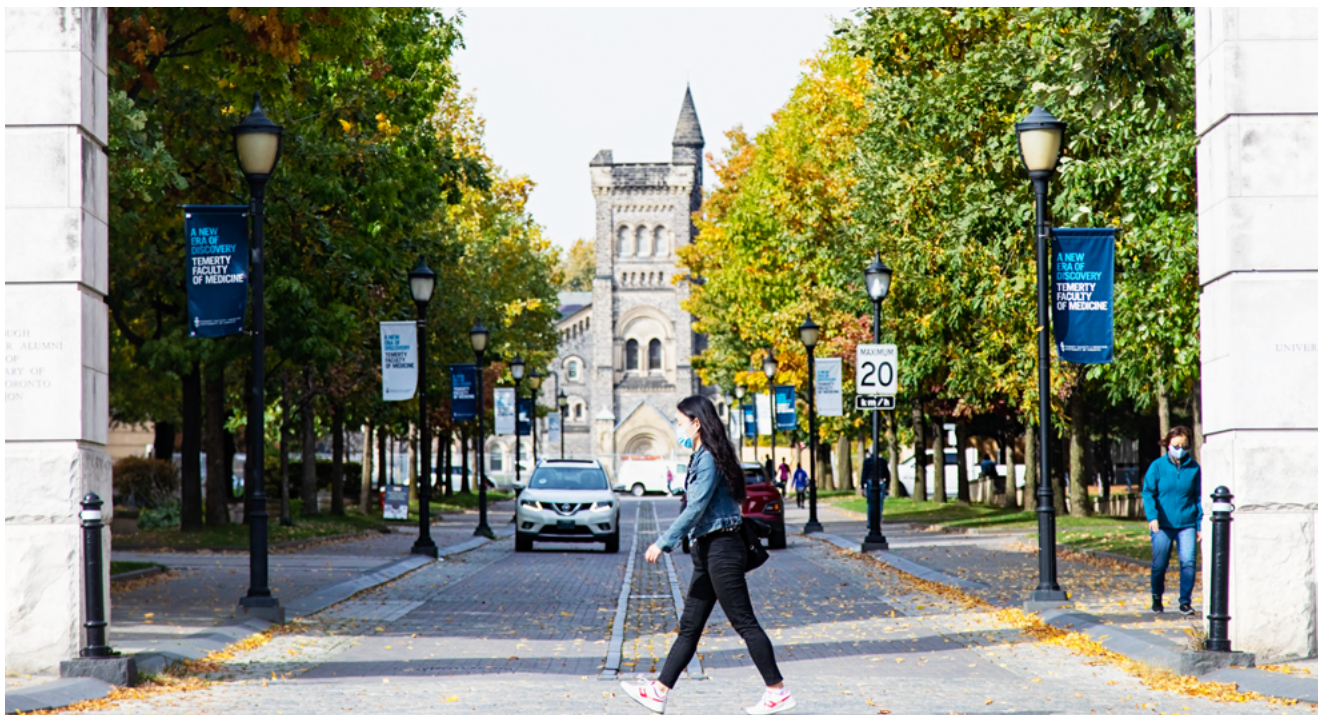
Registering and maintaining official marks for the University and following up on improper use of the marks

Maintaining good relationships with labour monitoring organizations, who evaluate workplace compliance with university codes of conduct

Engaging with licensees when issues are identified

STRATEGIC GOALS

- 1 Increase desirability and visibility of UofT branded merchandise
- 2 Increase financial and human resources to better support the University community
- 3 Increase administrative efficiency to ensure consistent, convenient and valuable service to the campus



2 Bookstore Partnership

Bookstore Partnership

The University of Toronto Bookstore is a division of the University of Toronto Press (UTP). Founded in 1901, UTP is Canada's leading academic publisher and one of the largest university presses in North America. The Bookstore, originally named the Students' Book Department, was established by Miss McMicking, a staff member of the University library. Today, the Bookstore is the primary retailer for University of Toronto merchandise and serves tens of thousands of customers each year. The Canadian Booksellers Association has named them Campus Bookseller of the Year five times.

The University of Toronto Bookstore continues to be the University's largest retail partner for branded merchandise. TML works closely to ensure a variety of merchandise is available that both upholds the University brand and meets student demand for merchandise that is on trend and reflects school pride. The Bookstore also operates an in-house garment

printing and embroidery shop, which offers on-demand custom merchandise that caters to frequent requests from a large number of staff, faculty and student groups. This has allowed TML to respond to the campus community's need for customized garments at lower prices and smaller minimum quantities. It has cemented the UofT Bookstore as one of the main suppliers of UofT merchandise to the internal campus community.

In 2019, TML undertook a thorough review of the way in which the office works with the Bookstore, and finalized a renewed agreement with UTP. The main objective of the renewed agreement was to more closely align business goals and ensure the program offered mutual benefit. Since taking effect on January 1, 2020, the changes which were implemented, specifically with respect to reporting and paying royalties, have streamlined processes and made it much easier to collect and reconcile royalties.

Pivoting to Meet New Challenges

The challenges of this past year have been especially felt by the Bookstore and TML as they rely on in-person events and foot traffic on campus for sales. The cancellation of in-person convocation and orientation activities in combination with the partial closure of the physical stores has made creating engagement and visibility of branded merchandise difficult over the last year. However, the UofT community has remained engaged and there has been growth in personalized items and orders by student groups. Though physically separated, students have worked hard to build a sense of community, coordinating merchandise sales and drop-shipping to students' homes over the last year, with the Bookstore helping to coordinate majority of these orders.

The Bookstore has worked to remain engaged with the U of T community by:

- Becoming a designated mask pick-up location for UofT branded masks handed out to all staff, faculty and students
- Increasing their online merchandise offering and adding new support services like live chat and contactless pick-up; they have also added new in-demand items like fitness equipment, PPE and cleaning supplies
- And partnering with many on campus groups on giveaways to expand reach and engage the community

3 A Different Year

Effects of the Pandemic on Garment Workers

This year has brought with it a new set of opportunities and challenges. While the effects of the pandemic have been felt in all industries, there has been a notable effect on garment manufacturers and their workers. Ethical manufacturing and transparent supply chains have been a topic of concern for universities over the last 20 years. While there has been significant progress with collegiate licensees, it remained clear that more work needed to be done to address systemic issues in supply chains. The pandemic has acutely highlighted how precarious the lives of garment workers really are and how shifts in the industry cause significant and often dangerous circumstances for them.

Due to the nature of the apparel industry, orders for merchandise are placed months in advance of events or busy seasons. Additionally, orders are usually fully produced and delivered before they are paid for,

meaning factories have already incurred all associated costs without receiving payment. When much of the world went into lockdown in March 2020, merchandise orders for following seasons had already been placed. With the cancellation of in-person lectures and events, many stores stopped previously placed orders, which in some cases were wholly fulfilled.

PAYMENT TERMS IN GLOBAL GARMENT SUPPLY CHAINS: SIMPLIFIED DIAGRAM



DRIVERS OF THE CRISIS



Radical decline in apparel demand



Brands respond by canceling orders, pushing pain down the supply chain



Fired and furloughed workers have no savings to fall back on



Governments lack the means for a rescue and are weakening worker protections



Long lead times, international manufacturing, poverty of workers and lack of government or social protections create the perfect storm for disaster when industry shifts occur, for example the current decline in the retail market.



While many office workers across the world were able to shift work from their offices to their homes, garment workers all over the world faced mass layoffs, withholding of severance payments, factory closures, and cancellations of orders that had already been produced.

A report released by the Center for Global Workers' Rights (CGWR) and the Worker Rights Consortium (WRC) found that in the initial weeks of the crisis, buyers reneged on roughly \$40 billion USD in orders and many refused to pay for orders they had already placed. In Bangladesh alone, more than one million workers were sent home without severance or furlough pay. With labour rights advocates intervening, it is estimated that at least \$15 billion USD has now been paid for these orders that were already placed.

As closures continue, the retail sector is seeing a slow down of purchasing, creating financial strain at the

retailer level. This, in turn, pressures suppliers to create attractive options for buyers to place new orders.

These disastrous impacts have made the university's commitment to supply chain transparency, and support for suppliers that have strong corporate social responsibility (CSR) programs all the more important. It is essential to understand that universities and other buyers hold the power to influence how merchandise is made, and that they should continue to push for changes in this industry. University codes of conduct have been a strong tool for remediation on a number of issues, despite the relatively small proportion of buying power that universities have as customers. UofT remains committed to being an engaged and informed buyer, and to educating its community through reports like this one, on the global impacts of the TML program.

Additional Reading on this Topic:

[Covid-19 and Garment Workers](#)

[Apparel Brands' Purchasing Practices during Covid-19](#)

[Unpaid Billions](#)

[How global apparel brands are using the COVID-19 pandemic to stiff suppliers and abandon workers](#)

[Abandoned? The Impact of Covid-19 on Workers](#)

[Which Brands are Acting Responsibly?](#)



Uyghur Forced Labour

A 2019 report from the WRC exposed forced labour production of collegiate branded merchandise at a garment factory in the Xinjiang Uyghur Autonomous Region (XUAR). It was reported that the Chinese government was carrying out massive and brutal repression of the Uyghur population, including the detention of more than one million people in internment camps.

This region is the source for nearly 20 percent of the world's cotton, meaning one in five cotton garments produced in the world today is created, at least partly, with forced labour. This crisis – named the worst in recent history – poses massive challenges for the apparel industry. While we engage on these issues to uphold our university labour codes, which deems that forced labour at any level of a licensee's supply chain is a violation, it is also the right thing to do to protect the most vulnerable.

Since workers in the XUAR cannot speak candidly without risking reprisals from the government, licensee and labour rights monitors cannot use their regular methods to verify compliance. With forced labour so widespread in the region, there's a risk of its presence

at any factory or farm, and with already convoluted supply chains and subcontracting so common, it's hard for brands to even determine where components of their garments are made.

While there is no simple way to remove all XUAR content from products, this issue demands attention and action. The NGOs that UofT partners with have actively engaged with licensees to examine their supply chains and understand, down to the raw materials, the sources of their merchandise. The US has placed extensive sanctions and restrictions on the import of items from this region as well as specific companies implicated in this forced labour scheme. Though slower to respond, the Canadian government released a statement on March 22, 2021 that it would be calling on the Chinese government to address these concerns.

Though no UofT licensee has been directly implicated in any reports to date, we continue to work with our licensing agent to ensure our factory disclosures are updated and our licensees understand that our code of conduct prohibits the use of any forced labour in their supply chains.

For more information on this developing issue, visit www.workersrights.org/our-work/forced-labour/

4 Year at a Glance



Year at a Glance

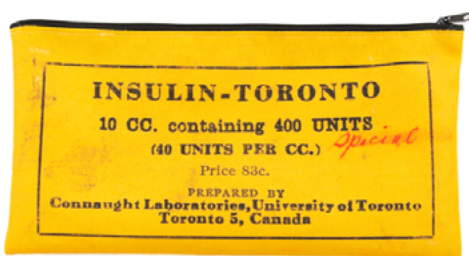
Trademark Licensing seeks to connect students, staff and faculty with the University brand and foster pride and a sense of community on campus. Collegiate merchandise is an important aspect of the campus experience, one that becomes a mainstay throughout students' time on campus and beyond. It helps foster a sense of belonging which lasts long after they leave school and is even shared amongst generations.

With this year's absence of on campus learning and events, the concern was that people would feel disengaged and distanced from the University. Thus,

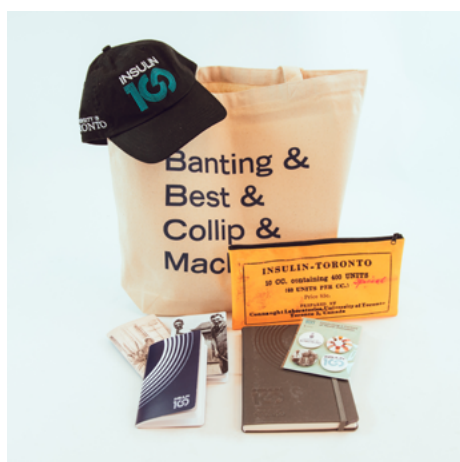
TML turned its attention to the unique ways of building these connections with UofT students around the world, from working closely with students on special merchandise requests to supporting contests and giveaways.

Understanding the importance of collegiate merchandise, TML worked on new collections and departmental collaborations. Although the community couldn't be together physically, branded merchandise offers an opportunity to feel connected to the campus in a different way.

Examples of Merchandise



Contests + Social Posts



Temerty Medicine Merchandise

Since its beginnings in the 19th century, the Faculty of Medicine at the University of Toronto has had a deep history of global leadership in all aspects of its work. In recognition of a ground-breaking donation from James and Louise Temerty and the Temerty Foundation in 2020, the Faculty was renamed the Temerty Faculty of Medicine.

To support the roll out of the new wordmark and style guide, TML is closely collaborating with UTC and Temerty Medicine to create a catalogue of merchandise. Temerty Faculty of Medicine merchandise will be an important aspect of the overall branding of the faculty, with demand from students,

faculty and staff looking to promote their affinity.

This year has seen exponential growth in the ordering of custom merchandise by graduate and post-graduate students within the Temerty Faculty of Medicine. Those working in-person in labs or clinical positions look for branded apparel that displays their affiliation with the University and they feel pride wearing these items while working.

TML is excited about developing this catalogue further and working closely with Temerty Medicine on its implementation.

Canadian Trademark Licensing ListServ

Trademark Licensing has been connected with our colleagues in America for many years, but there has been a lack of engagement and knowledge sharing amongst Canadian institutions. One of the greatest advantages of an open community is being able to work together to push for change and results in a more meaningful way. This makes working with suppliers and on-campus partners easier as there is a more standardized process expected across the board. In an effort to open the channels of communication, TML has spent the last few months reaching out to peer Canadian universities and has created a ListServ to open the lines of communication.

The majority of schools contacted are excited to begin to work together to standardize some processes, and share information for a more coordinated approach to Trademark Licensing nationally. While this collaboration is in its infancy, TML is already planning for regular meetings to tackle areas of common interest and foster learning.



Celebration Box

With Convocation once again virtual this June, TML partnered with the Bookstore to create a special convocation item for purchase – a premade box featuring branded merchandise and party supplies to help celebrate the momentous occasion. The box will feature some standard graduation merchandise, along with new items specially created for this occasion – including buttons and a tote bag featuring Convocation Hall.

5 Forward Thinking



Strategic Planning

It has been almost 5 years since Trademark Licensing formalized its last strategic plan. That plan was focused on increasing exposure of the program on campus, creating events and merchandise to foster pride and increase merchandise visibility, increasing resources, streamlining processes and creating administrative efficiencies. TML has achieved most of these goals, and has also had the opportunity to communicate the benefits of the program to several new audiences, resulting in a large increase in the use of its services and new collaborative opportunities.

As it looks to the future, TML will continue building on its previous strategic plan. It will continue to strengthen its commitment to ethical sourcing, and will explore adding expanded standards related to environmental sustainability. As discussed previously in this report, this year has shone a light on the stark inequities in the countries that produce most of UofT's branded items. Workers in these countries have been more acutely affected by global buying decisions. While the University has always had a commitment to ethical purchasing and increasing the transparency in its supply chain, it

is particularly important now that this commitment be strengthened, to ensure that the university community can feel fully confident in the merchandise that it enjoys and takes pride in.

While TML is still exploring specific actions it might take in this regard, it may include measures such as additional accreditations, requiring information that digs deeper into sourcing, reducing the total number of university licensees in order to form deeper supplier relationships, revising contract language to strengthen commitment to ethical sourcing, finding new vendors with strict CSR programs, educating the campus on supply chain issues, and finally, making more strategic buying decisions.

Additionally, TML wants to ensure that it is doing its part to support the University's commitments to environmental sustainability. This may mean supporting packaging and shipping standards, and providing education to consumers about the environmental impacts of the garment industry.

Department Collaborations + Expanding Merchandise Offering

With the success of TML's collaborations with Insulin 100 and the rebranding of the Temerty Faculty of Medicine, it is actively seeking additional opportunities on campus to create specialized merchandise for faculties and departments. The trend seen recently across the university community is a desire for merchandise that speaks to an individual's experience with the campus. While TML's past focus has been on standard university merchandise, there are new opportunities to create collections that showcase and celebrate the varied experiences of students, staff, faculty, alumni and visitors.



Exploring Brand Collaborations

TML will also continue to explore opportunities for brand collaborations. This allows the university the flexibility to partner with local brands or brands that share similar values. With the right partners, this merchandise can create excitement and build brand equity and pride for the University.

While off-campus collegiate merchandise is a relatively new endeavour, TML has seen great success with the few collaborations it has explored in the past with Peace Collective and PINK. TML is excited to continue working on small capsule collections with existing brands and is actively seeking out such collaborations.



Trademark Licensing

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