



THE UNIVERSITY
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at CHAPEL HILL

JAMES MOESER
Chancellor

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May 15, 2006

Derek Lochbaum and James Peacock, Co-Chairs
Licensing Labor Code Advisory Committee
Auxiliary Services
15 Lenoir Hall, CB#1500

Dear Derek and James:

Thanks for sharing your committee's excellent report in response to my referral last fall of the proposed United Students Against Sweatshops Designated Supplier Program (DSP) for consideration. I was grateful to receive the report and the face-to-face briefing with you both on May 12. I sincerely appreciate the committee's hard work and the collegial approach taken to develop the statement and to provide me with constructive advice. The committee has clearly taken its charge very seriously and deliberated respectfully while considering a diversity of viewpoints.

On behalf of the University, I accept the report and endorse the statement's recommendations as our official position. Since the DSP proposal emerged last fall, I have monitored developments and can fully appreciate the complexities that are involved. I agree with the committee that the issues raised by the DSP – specifically, the effectiveness of the University's labor code and those of other responsible colleges and universities that have strongly supported the anti-sweatshop movement led by our students – merit more investigation, analysis and consideration. It is premature, with so many unanswered questions, to adopt the DSP.

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Meantime, I direct Derek to continue the University's membership in both the Fair Labor Association and the Worker Rights Consortium. We need to benefit from the continued dialogue and efforts underway in both organizations, as well as among licensees and other interested parties, to improve the current system and working conditions for employees in factories producing goods for the collegiate market.

I also request that Derek follow through, on a timely basis, with the three action items in the committee's statement:

- Contact our licensees in writing to solicit their capability and willingness, in the immediate or near-term, to begin sourcing UNC logo apparel from factories that go beyond our current code.
- Ask the FLA to show cause with respect to broadly achieved and sustainable measurements of its ability to monitor and verify implementation of our labor code in the current market.
- Ask the WRC to show cause of its administrative ability to implement the DSP as well as to continue simultaneously its work of complaint investigation at non-designated factories.

Taking those steps should yield additional helpful information that can better inform our own analysis of the current situation as we consider next steps. I am pleased that the committee included proactive suggestions that we can take now.

Let me affirm the University's commitment to continue improving our own labor code and to remaining true to the values that helped make Carolina a national leader on this issue several years ago. I appreciate the committee's interests in protecting and enhancing that legacy and being responsive to students on our campus and others who have championed the rights of factory workers around the globe.

Derek Lochbaum and James Peacock, Co-Chairs

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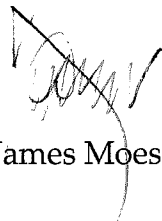
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However, I think any potential full-scale changes of the magnitude envisioned by the DSP must come in the context of candid discussions about common interests and concerns with other institutions like Carolina that have leading licensing programs. Our move in this arena will help influence other institutions. It is important that we get it right. And we need a clearer understanding about the views of others directly affected by the issues raised by the DSP proposal, including licensees.

Finally, I concur with the committee's recommendation to include the University's name in the list of colleges and universities agreeing to the Women's Rights Rider and adding it to our current Labor Code of Conduct. I am glad the committee has identified this weakness in our current policy.

The University is indebted to each committee member for so carefully following this important issue. Thanks for your service to the campus community.

Sincerely,

A handwritten signature in black ink, appearing to read 'James Moeser', is written over a faint, larger version of the same signature.

James Moeser

JM:bl

cc: Members of the Licensing Labor Code Advisory Committee

Moeser/LLCAC2