

Subject: Phyllis Wise (PW)

Date: October 15, 2010

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Edited by: Kyle Dennison

Duration: 30:05

ML: So it's the 15th of October, 2010. My name is Milli Lake. I'm one of the researchers on this project.

AG: And I'm Anne Greenleaf, I'm another researcher.

PW: I'm Phyllis Wise, Interim President at the University of Washington.

AG: Welcome. OK, so we'll just start out by asking you to talk about the process and how it came to your attention. Start from the beginning. Specifically we're thinking of the matter of the terminated workers in Honduras of the Visiontex and Hugger factories.

PW: I'm trying to remember when it first came to my attention, but I know that when I was asked to serve on the Nike Board there were some faculty who protested and didn't think that it was good for me to do that. Among them were Jim Gregory and Angelina Godoy and I offered to meet with them to talk with them about my motivation and why I thought it would be good for the University of Washington and good for me. I did meet with both of them, and when Angelina met with me she asked me whether or not it would be alright with her if she kept me informed as to how things went, and I said sure. I started serving on the board and they talked a little bit about the challenges that they were facing because the workers that had been laid off were not in the factory that they had contracted with but in the subcontracting factory. They felt more limited in some responsibility because it wasn't in a factory that they had contracted with. So I took that information and it was pretty quiet after that. I wish I could remember the date, but at some point later - I should give you the background that when I accepted the position, I wrote a letter to the Senior Vice President saying that any issues between Nike and UW, I would recuse myself from. So there was basically a wall between me and any conversations that run relevant to contracts or licensing agreements. So I had tried very, very hard to maintain that wall. I sent that letter to Nike as well, so they understood that anything to do with University of Washington, they needed me not to be involved in that conversation. Angelina Godoy at some later point wrote me an email saying that she just wanted me to know, because she said, "You asked me to do this," she wanted me to know that she had just met with ACTL-like people at several different universities and that there might likely be action from multiple universities against Nike, urging each of their universities to no longer renew their contracts with them. So I felt that since this wasn't the University of Washington but all - not all, but several of the universities with which Nike had a relationship, that I could feel free to talk about that from my position in higher education. So you should know that the reason why I worry that the reason why Nike was interested in me being part of their board was because I have higher education experience and they had been very interested in having someone with that kind of experience on their board. They have someone right now whose name is Jill Kerr Conway who was previously the President at Smith College. And Jill, I believe has mentioned that she might want to retire from the board in the next few

years, and so, good succession planning, they went looking for a possible replacement. I actually don't know how they came up with my name, but they asked me whether or not – in short form asking me whether or not I would serve on the board and I went through a whole interview process with lots of people including their nominating committee, etc. So I went on the board and they asked me to serve on their Corporate Responsibility Committee, and Jill Ker Conway is currently the chairman of that committee, so it was clear that what they were trying – it was clear to me that what they were trying to do was to prepare me to possibly take over the chairman of that committee. So when Angelina Godoy wrote me that email and said that there were multiple universities, I thought that from just a higher education perspective, not from the UW perspective, and as a member of the Corporate Responsibility Committee, because that's the committee they put me on, that I should just alert them to the fact that they might be vulnerable at multiple universities. So I did and they, we actually, were having a board meeting very soon thereafter, and they said we should talk about this. So they talked about what they were thinking about doing, and I said that I thought those were all very good ideas, and I thought that it might be important for them to consider the fact that the reasons why so many universities were worried or starting to take actions was because of the specific workers that had been laid off; not for the workforce in Honduras, but for those particular workers, and that they should focus their attention on those. You know, they told us that they would think about it, so Hannah Jones and her colleagues told us that they would think about it, and I told her that I didn't want to get deeply involved in this, but as a member of the Corporate Responsibility Committee, I just felt it was important for me to talk with them. Later I found out that they had worked out this agreement with the workers to figure out ways to – and I am actually not sure whether there's actual compensation to the workers, or how it's being done.

AG: Great. That's really helpful. So a couple of follow up questions, can you just give us a background? So you were approached by search committee to serve on the board. Can you talk a little about your own motivations and how you see your role at UW fitting in with your role on the corporate board?

PW: Yeah, so I was contacted by a search firm. The search firm then knows a little about me and then they gave me to the nominating committee, and I can't even remember how many people there are, but four or five. Then I was interviewed by each member of the nominating committee and then after they felt that I was qualified they gave my name to Mark Parker who is the CEO, and also to Phil Knight, who is chairman of the board, and I also interviewed with them. It was then taken a full vote and I was accepted. Then the stockholders, actually, just voted this last time. So, your other question was did I think, why did I think it was important for me? You know, I'm always up for learning new things and I've never served on a corporate board before. When I first got the phone call, my first answer was, "You've got to be kidding. You know, I'm not, I don't think I'm qualified for this. I have never played in competitive university sports, the athletics department doesn't report to me, so I don't know a whole lot about athletics at the University of Washington, so why are you interested in me?" And they said that – there were probably a couple of reasons. They knew that I was deeply involved in founding the College of the Environment, so I was very very involved with sustainability, and Nike takes some pride in trying to manufacture in a sustainable way. They're always trying to use fewer petroleum-based products, or less of them; they're always trying to figure out how to recycle their shoes and their apparel; they're trying to use less cotton in their shirts because cotton takes so much water; they

are trying all sorts of different ways of you know using – not using air freight but using water and rail and stuff like that. So they knew that I had a great interest in the College of the Environment and environmental sustainability so I think they were interested in that. I think the second thing is, I bet that they were very interested in getting someone who was at a university where sports was an integral part of the education of students, right? So, I mean I have no idea how they came up with me, but you know, you go on to the major universities to see whether or not there is someone in the provost position or president position who might be qualified. And I do know that all corporate boards are looking for diversity. I'm sure you've heard that corporate boards are trying to elect more women and more people of color and Nike is no exception. They have two African Americans on their board and right now, before me, had one woman; they had had two, one of them resigned to take a position in Nike and so resigned from the board. So I am sure that the fact that I am a woman and a woman of color was part of their consideration. I would like to believe that wasn't what drove them. But that they noticed I had considerable experience in the academy and public education at the higher education level *and* that I was a woman of color, they said, "Well, we should look into this." From my part, I have to say I didn't know whether I would be interested in this, but I did get a chance to interview with all of the members from the nominating committee, and every single one of them is unbelievably impressive. Their backgrounds, their scope of activity, their experience in leadership, was so impressive and I found myself knowing that if I were able to do this, if they did elect me, if I were able to pass all the gates, that I would probably gain more than I would give, particularly the first year. And I also really did believe that if they weren't going to choose me, they were going to go to another university and find someone at that university, and I think that University of Washington should be at the table. I'm a great believer that you should be at the table, at the discussion, as opposed to yelling in, or writing letters, or emails or whatever, complaining about things. I just feel very strongly about trying to give in that way. Jim Gregory said to me, "Phyllis, it's almost like serving on the board of Enron or Exxon," you know right after the Exxon Valdez. I think that's the one he said, and he didn't ask me a question, you know he just told me that. It gave me some food for thought because I went home and I thought, "Okay, which boards would I not be willing to serve on?" And if I had been asked to serve on the Exxon board after the Valdez spill, I think I would have been willing to do that as well because I think that – I hope that I could get them to be convinced that they better do something so that this kind of thing doesn't happen again. So I started to think which ones I would not be willing to do. I think I would not be willing to serve on a tobacco board because I don't know of any benefit to smoking and I don't know of any tobacco company that is really looking for ways of using tobacco or modifying tobacco that doesn't cause health problems. I was at the University of Kentucky for a while and in Kentucky, tobacco is a huge part of the economy, and we had an Institute of Tobacco and Health. You know what? Wow, those two words don't come together for me. Fortunately I've never been asked to serve on the Phillip Morris board, or RJ Reynolds.

AG: Great that's really helpful. So one thing I'm really curious about: can you tell us a little about the sub-committee of the board that does the corporate social responsibility work? So who else is on it, how many people, and how is it structured?

PW: So I would have to look it up, but there are probably five people on it and the way the board meetings work is we go on one afternoon and there are committee meetings. So there's a corporate responsibility board, there's a finance board, there's an audit board, there's an

executive compensation board, I think those are the four major ones, I'm afraid I'm a little bit embarrassed that I don't know the organizational structure. I had been asked to serve on the corporate responsibility board. We get a big packet of material before we go to the board meeting and we're supposed to prepare, and I use the weekend to look over all of the material. Then when we get to that committee meeting, the agenda is set up by the chair of the board and also the internal director, so the vice-president of Corporate Responsibility in Nike and they talk with each other and form the agenda. So Nike has several presentations that they give to us, it's usually about a two-hour meeting, and we discuss all sorts of issues, including the progress that they've made in material that they use, the progress that they've made influencing other countries, and the progress that they've made in labor issues in their factories and their subcontracting factories. We talked about the Honduras situation and what they were trying to do and what they had done already. Then the following morning we have what's called the full board meeting and Mark Parker and the CFO make a presentation, and Phil Knight makes a presentation, and then the committees make a presentation of what we did the afternoon before.

AG: Great. So at one point when you were sort of summarizing that whole experience, you were talking about how, when Nike presented to you about what was going on, your response was: "oh, it does seem like a good idea." So can you just tease out a little bit about what some of the ideas they presented to you were?

PW: Yeah they were talking about going to Honduras and providing opportunities for employment for factory workers that made Nike products, but they weren't necessarily trying to find positions for those workers who had been displaced. And I felt it was very generous to be thinking about workers in general in apparel factories and shoe factories where Nike products were being made, but I did emphasize that what I thought was really hurting - the people that were really hurting the most, who had been displaced from the particular factories, was that the factories had laid off workers and hadn't given them severance pay. I think they were very thoughtful about that, and I think it was - I think they went back and thought about it some more and thought, "Oh my goodness, maybe we should be focusing on the particular people who were displaced, not just all workers who work in factories in Honduras."

AG: So one of the things we are trying to get from all of our interviewees is to understand where their various sources of information were coming from. For you it sounds like one of the sources was the Nike presentations to your board, and also Angelina was keeping you updated. Did you have interactions with say, president Emmert, or say, the ACTL committee, or the student group SLAP? All those players were also involved.

PW: Yes. So I have not talked with President Emmert about this - we had said that I would not do that - and I have not talked with members of the ACTL committee either. But when I was being considered for this, and when Angelina Godoy and Jim Gregory talked with me, they told me about the Workers' Right Consortium, and also the FLA, I can't remember.

ML: The Fair Labor Association.

PW: Right, the Fair Labor Association, and also about SLAP. So I just went on to their websites to learn more about how each of them felt. I also went onto the Nike website when I was being

considered for this to see what they said about all of this. So those were my main sources of information.

AG: Okay. I think I'm done with my initial questions.

ML: Okay. So could you just build on that. In your discussions with the corporate responsibility committee at Nike, what did you perceive Nike's primary concerns to be during the negotiation process? Did you have a sense of what their priorities were and how they were coming to a decision about this?

PW: You know I think, and here you should really talk with Hannah Jones, because I can't read her mind or read their minds. But I am very impressed with the corporate responsibility that Nike demonstrates and I think, you know, in the early 1990s they went through a really terrible period of time when they were accused of bad labor practices, and they spent a lot of time and a lot of money trying to correct those things. I think they're pretty proud of the fact that they are in that world of apparel and shoes probably the most – or one of the most – responsible. And I have heard actually from Sally Jewell, who's the CEO of REI that when an internal audit was done for REI that the auditor said, "You know, you ought to look to Nike to see what they're doing because they're a model to follow." So I really believe that they are pretty proud of the record they've had ever since the early – after the early 1990s and I think they didn't want their reputation to be damaged by this. I think people's reactions when you first get criticized is a little defensive: "we really didn't do that; it wasn't our factory, it was the subcontracting factory; that we really did make every effort to sell all the equipment in the factory and use that money, and there should have been enough money, but the Honduran government had just fallen and there wasn't a whole lot of good governance going on. That there wasn't really Nike apparel being made in there for the last few months before the severance occurred, that even if there was, which I don't think they were willing to admit that there was, and that it wasn't UW or university apparel, but it was for something else". So I think their first reaction might have been, "This is not our fault, and we are going to do everything we can, but we are not going to compensate the workers because this would start a whole chain of events where we would be responsible for every subcontracting factory". And of course, in good economic times when the demand is higher - and so I should make it clear that Nike doesn't own any factories, that they contract the factories. So when any of their factories are overloaded with requests and demands, Nike felt that, "My goodness, in real good times there might be subcontractors that have sunk, where does the supply chain responsibility end?". [They wanted to make sure that they were fair], but that they didn't set a precedent that every subcontractor, and every subcontractor of the subcontractor, would go back to Nike.

ML: So on that note, what kind of precedent do you think this negotiation might set for the future? In your own opinion, how important do you think this decision was, or is, for supply chain issues and corporate responsibility in general? I know Nike was careful in the words of the compensation package not to take on too much legal responsibility in order to avoid setting the kind of precedent you talked about - how do you place that in the broader field of corporate responsibility?

PW: You know, that's a hard question to answer. I really don't know the answer to that question. I think they were very careful to both talk with the unions and their legal counsel in terms of how not to make this precedent-setting. But I don't know the real answer to that question.

ML: So what do you perceive the alternative to licensing Nike products might have been for the university?

PW: I'm assuming that we would have just contracted with others. We do now, we have Under Armour. If you go into our bookstore there's not only Nike stuff with a W on it; there's Umbro, there's Adidas, there's all sorts of things. In fact when I first got on the board I went to the bookstore to see what there was, because other people had told me that Nike apparel is actually good quality, and I wanted to go see whether or not there were lots of things with the W and the swoosh, and I was surprised to see just how many things did not have it. That's when I had to go back and re-educate – or educate myself about the fact that “Oh! What this really means that Nike is one of the companies that can sell things with a W on it,” right? But not everything in our bookstore for example that has a W on it or has a swoosh on it.

ML: How do you perceive the importance of pressure from the FLA, the WRC, universities generally, and the UW specifically in the decision of Nike's board?

PW: You know I think that again has to be a question that you ask of Hannah Jones. I don't know, no one wants a black mark on their reputation, but I don't know how important. I do know for example, Wisconsin, which did break the contract, is not a Nike school, and so there's a difference I think between the impact of breaking that kind of contract with a non-Nike school.

ML: Absolutely. Did you have any conversations with University of Wisconsin – Madison or with Cornell, and of the other universities?

PW: No.

ML: Did you get the information about their decisions through Nike or through your own people that you talked to?

PW: No, through Angelina Godoy, but there was stuff going on the AAUP website. There were conversations going on, and I don't know how those people keep up with it. I actually don't have the time. People were passing me information about, “Did you know that Cornell had just broken their contract? Did you know that Wisconsin had just broken their contract?” but I hadn't gone looking for it. I don't want to look uninterested, but I do have to say, I really believe that it's important for the academy and the corporate world to talk with each other much more. I don't spend a whole lot of time Googling lots of different businesses and finding out what their practices and social responsibility are.

ML: So you've spoken a little about this as well, but just to ask the question directly. What was your level of awareness around labor issues in connection with the corporate responsibility issue before this?

PW: Before I went with Nike?

ML: Yes.

PW: Virtually none.

ML: So we have one other question that you've kind of responded to a little but there were a range of claims about how much money was owed to the terminated workers and there were varied components in that package or the final package. Were these different components discussed in the meetings that you attended?

PW: No.

ML: Okay.

PW: No, so that's another really interesting thing in terms of people's understanding of what corporate boards do. We do not get down into the weeds and say, "Please take this line out of what you are trying to communicate with the Honduran workers and put this line in this word." That's not the level of advice that we give.

ML: Is there anything you want to ask?

AG: No, I think this is good.

[TAPE ENDS]