



WORKER RIGHTS CONSORTIUM

To: Primary Contacts at WRC Affiliate Colleges and Universities
From: Scott Nova, Worker Rights Consortium
Date: January 30, 2008
Re: Update on Remediation at Russell Athletic Facilities in Honduras

I write to provide an update regarding the implementation of steps to correct code of conduct violations at two Russell Athletic facilities in Honduras: Jerzees Choloma and Jerzees de Honduras. As described below, very substantial progress has been achieved.

In a meeting at the WRC office on October 24, representatives of Russell Athletic agreed to take a series of remedial steps that went further, in terms of scope and detail, than the corrective action plan previously proposed by the company. As outlined in a WRC update to universities on [October 26](#), Russell Athletic agreed to take the following actions:

- Russell agreed to offer reinstatement to all workers who had been terminated from the two facilities unlawfully, in retaliation for exercising associational rights, during the period March through September 2007. This was to include 120 workers at the Jerzees Choloma facility and 25 workers at the Jerzees de Honduras facility. The workers were to be offered the opportunity to return to work immediately. In order to convey the reinstatement offers, Russell agreed to undertake an aggressive outreach program, including use of the print media and local radio and the delivery of personalized letters to each worker. Russell agreed to collaborate closely with the union in the outreach process.
- Russell agreed to provide back pay to each of the dismissed workers in question. For workers who accepted reinstatement, the company was to provide back pay from the date of dismissal up to the date the worker returned to work (or was first provided the opportunity to return to work). For workers who declined reinstatement, back pay was to be paid from the date of dismissal up to the date that the worker was successfully conveyed the reinstatement offer, or, in the case that the worker could not be located, until a date by which a good faith outreach effort was underway (as agreed upon with worker representatives). Back pay was to be calculated based on the worker's average earnings prior to his or her dismissal.
- Russell agreed to issue a communication to the workforce at all Russell and Fruit of the Loom factories in Honduras (later revised to include all of its facilities globally), pledging to respect workers' rights in the areas of freedom of association and collective bargaining. It agreed to consult the WRC and FLA in the development of language for the statement.
- Russell agreed to issue an announcement to the workforce in all of its facilities in Honduras to the effect that workers who believe that their rights have been violated have a right to complain to the WRC, the FLA, and any other labor rights group, and that no worker will suffer any retaliation as a result of his or her decision to lodge a complaint. (This commitment reflected the WRC's concern that workers may have been terminated in retaliation for lodging a complaint and participating in the WRC's investigative process.)
- Russell reported that it was revising its corporate Code of Conduct to include respect for the rights of freedom of association and collective bargaining.

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- Russell agreed to provide training to its supervisory and managerial staff on the company's policy and expectations regarding respect for employees' rights in the areas of freedom of association and collective bargaining.
- Russell agreed to reprimand several individual managers responsible for the violation of workers' associational rights and other inappropriate behavior, and to inform workers of its doing so.
- Russell agreed to pay a legally mandated fine relating to the unlawful dismissal of union leadership committee members.
- Russell agreed to negotiate in good faith with the unions formed by workers at the two facilities in question, if those unions should seek to bargain over terms and conditions of work.
- Finally, Russell committed to grant the WRC access to factory grounds, factory records, and factory managers for the purpose of carrying out labor rights inspections at both of the Honduran facilities in question, as well as other facilities within the WRC's jurisdiction as a monitor for colleges and universities.

The WRC has been monitoring developments at the Honduran facilities on an ongoing basis. On the basis of this monitoring and communications with Russell, we have verified that, with respect to each of the corrective action steps outlined above, Russell has either followed through or has specific plans to do so shortly.

Of most significance, the unlawful mass firings which were the primary subject of our investigation have been successfully remediated. According to the data we have reviewed, 142 out of the 145 workers from both factories whose cases were covered by the remediation plan have been successfully contacted and provided offers of reinstatement.¹ Of those workers contacted, 62 accepted reinstatement, while 80 declined or were unable to accept for various reasons. All of the 142 workers were provided back pay, from the date of their dismissal until the date they returned to work, or up until November 30, a date agreed upon with the union. Representing the WRC, labor monitors from the Independent Monitoring Team of Honduras (EMIH) were present in the workplace on November 5, 19, and 24 to observe the process of reinstatement and the calculation of back pay. We confirmed that the reinstatements were carried out without incident and back pay was calculated properly. The total provided by Russell in back pay, to all 142 workers in question, was roughly \$150,000.

It bears noting that the successful conveyance of reinstatement offers and the payment of back pay to all but three the 145 workers in question is an unusually successful outcome in cases involving the unlawful mass dismissal of workers in the global apparel sector. This was accomplished as a result of effective cooperation between management and the union in executing an aggressive outreach program, which included personalized letters to employees which were delivered to workers' homes, and the use of advertisements on radio and in the print media. Also important, the outreach program was undertaken quickly following Russell's acknowledgement that the dismissals had been unlawful.

Russell has also followed through on the other elements of the remediation program. The WRC has confirmed that Russell has taken the following actions: i) statements pledging to respect workers' rights to freedom of association and collective bargaining have been drafted with language acceptable to the WRC and have been distributed to workers at the two Honduran facilities; ii) one of these statements also conveyed the message that workers who believe their rights have been violated may lodge complaints with labor rights organizations without fear of reprisal; iii) Russell revised its Code of Conduct to include provisions on freedom of association and collective bargaining; iv) regarding disciplinary action toward managers and supervisors: with respect to two managers whom the WRC had found were responsible for serious violations of associational rights, Russell terminated one of the managers and issued a warning to the other to the effect that further violations of the freedom of association policy will result in termination

¹ One hundred forty-six workers were initially covered by the remediation program, but one worker opted to pursue her case through the Honduran Labor Court rather than proceed with the process. We understand that this case is still pending.

(with respect to the latter manager, we have recently raised new concerns in light of renewed complaints – that case is pending); with respect to two additional supervisors identified as having engaged in verbal abuse of workers, final warnings have been issued to both individuals; v) finally, Russell paid the legally mandated fine stemming from the unlawful dismissal of union leaders. The company has also announced that training will be provided to supervisors regarding the company's freedom of association policy during the first quarter of 2008, with details to be developed.

With respect to Russell's engagement and negotiation with worker representatives, there was, as noted above, very good cooperation in the outreach process. The union has not sought to initiate collective bargaining, and thus this commitment has not been tested, though some worker grievances have been successfully addressed – albeit with some tension – through dialogue between worker representatives and management. Going forward, a foundation has been laid for cooperative labor relations which we hope will contribute to successful code of conduct compliance at Russell's Honduran facilities.

A significant issue to be addressed this year is the planned closure of the Jerzees Choloma facility. We understand that the facility is now scheduled to close in July. By arrangement between the company and the union, a strong majority of the dismissed workers were assigned temporary posts at Jerzees Choloma, with the understanding that they would be transferred over time to Jerzees de Honduras. Thus far, only a handful of workers have been transferred. Additionally, Russell has committed to providing workers from the Jerzees Choloma facility with priority in filling open positions at Jerzees de Honduras, which Russell plans to expand. It will be important to ensure going forward that these commitments are executed successfully.

Finally, the WRC has also sought to work with Russell to address code of conduct violations at a third factory in Honduras. The facility, known as Petrallex, is a contract factory and does not produce collegiate apparel. However, since the code violations are the same as those at the Jerzees facilities, and since Russell has pledged to address these issues systemically, and specifically agreed to work to resolve the issues at Petrallex, we have sought to work with Russell to achieve remediation at the plant. To date, the issues remain unresolved.

We will continue to monitor developments at the Honduran facilities and issue further updates as circumstances warrant. Please feel free to contact me if you have any questions or thoughts regarding the information above.

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