



WORKER RIGHTS CONSORTIUM

To: Primary Contacts, WRC Affiliate Colleges and Universities
From: Scott Nova, Worker Rights Consortium
Date: May 30, 2007
Re: Severance Agreement at BJ&B (Dominican Republic)

I am pleased to report that BJ&B and its parent company Yupoong finally initiated a genuine collective severance negotiation with the BJ&B union this past weekend and an agreement was quickly concluded. As you know, the WRC was deeply concerned by the position maintained by BJ&B/Yupoong since the closure that it would not enter into collective severance negotiations with worker representatives. We presume that the change of posture on the part of Yupoong was due to pressure from Nike and adidas in response to WRC and FLA recommendations that good faith severance negotiations take place, and we thank those universities that have communicated with the licensees on this issue.

The settlement provides for three months' severance pay above what is legally mandated by Dominican law for each worker. The settlement also includes a donation of 200,000 pesos (roughly \$6,100 US dollars) from Yupoong to the union and its parent federation for organizing and educational programs. This donation was made in lieu of the union's original proposal that Yupoong donate funds and production machinery for a training center for ex-BJ&B workers to be operated by the union in the town of Villa Altagracia.

Worker representatives reported to the WRC that the process represented a legitimate collective negotiation and that the agreement was accepted by the union. This agreement resolves the violations of Dominican law and applicable codes of conduct in the area of severance that the WRC had previously identified.

I should note that the WRC is continuing to analyze the reasons for the closure of BJ&B. Although it is clear that the factory will not reopen, such an analysis has important implications for future code enforcement efforts.