



WORKER RIGHTS CONSORTIUM

To: Chris Champion, Russell Athletic
From: Scott Nova, Worker Rights Consortium
Date: October 24, 2007
Re: Remediation at Honduran Factories

Thank you for taking the time to meet with us today. We appreciated your candor and willingness to take important corrective measures regarding the Honduran plants.

Per our discussion, this memo summarizes our understanding of the commitments that Fruit of the Loom/Russell Athletic made during today's meeting. We believe the list is complete and accurate. We would appreciate your confirmation of this. If you feel that any point is not captured accurately, please let us know immediately.

Assuming that we are in agreement, we will commence communications to affiliate universities to update them on the commitments that have been made.

Reinstatement of Jerzees Choloma and Jerzees de Honduras Workers

- Russell Athletic will make offers of reinstatement to all of the founding members of the union formed by workers at Jerzees Choloma in March who were subsequently dismissed, to those founding members dismissed prior to the union's filing in March, and to the new founding members dismissed on September 14. This includes roughly 100 workers. Russell will obtain a full list of all of workers in question from the CGT. Workers will be provided the option of being reinstated at Jerzees Choloma or Jerzees de Honduras.
- Russell Athletic will make offers of reinstatement to all founding union members at Jerzees de Honduras who were dismissed in July. This includes roughly 26 workers. As in the case of Jerzees Choloma, Russell Athletic will obtain a full list of workers from the CGT (or from the other union that had a relationship with this group of workers, known as the FITH).
- These workers will be offered the opportunity to return to work immediately. No workers will be displaced from either factory as part of the reinstatement process.
- Russell Athletic will undertake an aggressive outreach program to inform the workers in question from both facilities of the offer of reinstatement. The outreach program will be conceived and undertaken in collaboration with the CGT in order to maximize the likelihood that all workers will be successfully notified of the offer. This

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collaboration will entail reaching agreement on specific outreach methods and a joint review of the language of key outreach documents, prior to their being issued. Outreach methods may include newspaper and radio notices, announcements through car-mounted speakers in worker communities, and the delivery of notices in-person to workers' homes.

- Russell Athletic will also reach agreement with the union on the logistics for the reinstatement process. In determining this process, options that will be considered include fixing a date or series of dates on which workers may appear at Jerzees Choloma or Jerzees de Honduras to begin work, without those workers being required to visit the factory prior to returning. If such a date or series of dates is selected, representatives of the WRC and the FLA will be allowed to be present at the factory on those dates in the capacity of observers.
- Russell Athletic will reach agreement with the union on a reasonable time period in which the offers of reinstatement will be open to those workers who cannot be contacted in the immediate term. This time period will be several months, if needed. It is expected that an initial group of workers (those who are most easily contacted) may be reinstated in the short term on one or more fixed dates, while a smaller group of workers may be reinstated on various dates during the next several months as those workers are successfully notified of the reinstatement offer.
- Representatives of Russell Athletic will convene a meeting, by Friday, October 26, with the CGT, at which all issues related to reinstatement (as well as back pay – see below) will be discussed. Russell will seek agreement with the CGT, as the representative of the workers, on all relevant logistical details. Going forward, Russell will work to ensure that there is a healthy dialogue with the union, and constructive collaboration on the remediation process, with the goal of ensuring that remediation is carried out efficiently, swiftly, and in a manner that maximizes the chances of a positive outcome. Russell Athletic will work to minimize further miscommunications and to ensure that Russell's commitments – as expressed in the US, in English, by Russell executives – are also conveyed accurately in Honduras, in Spanish, by the company's Honduran managers, in conversations with the union and the workforce.
- All points of agreement reached at the meeting with the union will be incorporated into Russell's revised corrective action plan, which we understand will be made available to the WRC and the FLA by early the week of October 29.

Back Pay for Jerzees Choloma and Jerzees de Honduras Workers

- Russell Athletic will provide back pay to all of the workers in question. For those workers who accept reinstatement, back pay will be provided from the date of dismissal up to the day they return to work, unless a worker voluntarily chooses to delay his or her return, in which case back pay will be provided up to the date on which the worker first has the option of returning to work. In the case of workers who choose not to accept reinstatement, back pay will be provided from the date of dismissal up

until the date that the worker is successfully notified of the reinstatement offer or, if the worker cannot be located, up to the date when a good faith effort to contact workers is fully underway. (We would suggest that Russell agree with the union on a specific date through which all non-returning workers will be paid, consistent with the approach outlined here. We would suggest a date in early to mid November.)

- Back pay will reflect each worker's average earnings, in the period prior to dismissal, including bonuses and overtime. Russell will agree on a formula with the union, which will either be the formula recommended by the WRC or a similar formula no less favorable to the workers.
- Russell Athletic will immediately inform the CGT that it intends to provide back pay and will include this topic in the meeting (to be held by Friday, October 26) that is referenced above.
- Russell Athletic will agree with the union on a reasonable manner for conveying the back pay to each worker. This method may be direct deposit into workers' accounts or, if that proves impossible for some or all workers, another methodology agreed upon by the parties. Russell Athletic will allow the union, the WRC, and the FLA access to relevant records to confirm the proper calculation and successful disbursement of the funds.
- In the case that all of the workers in question cannot be successfully reached in order to convey the back pay, Russell Athletic will donate the remaining sum to an appropriate entity or entities. A decision as to the recipient(s) will be made at a later time through consultation with relevant stakeholders, including the union, the WRC, and the FLA.

Remediation and Forward Steps within the Factories

- Russell Athletic will issue a communication to the workforce at all Russell and Fruit of the Loom factories in Honduras, pledging to respect workers' rights in the areas of freedom of association and collective bargaining. This communication, which will take the form of a letter, will include specific language to the effect that the company will respect the right of each worker to choose freely regarding unionization, that no worker will be the subject of reprisal for the decision that he or she makes, and that managers and supervisors who violate this policy will be subject to disciplinary action. The specific language will be developed in consultation with the WRC and the FLA. The WRC will provide language used in prior cases. The communication will be signed by one or more senior executives in the US and one or more senior managers in Honduras. The communication will be read over each factory's public address system and will also be read aloud by production and departmental supervisors to the workers under their direct supervision. A good-quality hard copy of the communication, on company letterhead, will be given to every worker at each factory. The communication will also be included in the orientation materials for workers hired subsequent to the communication's issuance. The specific measures outlined here are in addition to efforts that Russell Athletic and Fruit of the Loom intend to carry out at other facilities

outside of Honduras.

- Russell Athletic will carry out training for its managers and supervisors on the company's policy and expectations regarding respect for employees' rights in the areas of freedom of association and collective bargaining. This training will make clear that managers or supervisors violating the companies' policies in this area will be subject to disciplinary action.
- If Russell Athletic chooses to arrange for training of production workers in the area of freedom of association, such training will be undertaken by an outside organization that is independent of the company and viewed as credible in the field of labor rights. Such an organization would be identified through consultation with the WRC and the FLA.
- Russell Athletic will issue a written announcement to the workforce at both Jerzees Choloma and Jerzees de Honduras, informing workers that – consistent with the company's policy concerning the right to organize – the company has reprimanded Waulkiria Rivera and Nora Lee, because of their violations of this policy.
- Russell Athletic will negotiate in good faith with the unions formed by workers at Jerzees Choloma and Jerzees de Honduras, and will initiate such negotiations in a timely fashion, if those unions seek to bargain. For the purposes of initiating collective bargaining, Russell Athletic will not require that the unions have obtained full legal status (*personeria juridica*) prior to beginning negotiations. It is expected that bargaining at Jerzees Choloma would relate specifically to the closure process.
- Russell Athletic will provide compensation to the CGT in accordance with Article 516 of Labor Code, which requires employers to pay a fine equivalent to six months of average salary for each member of the union's leadership committee whom it has dismissed unlawfully.
- Russell Athletic has revised its Code of Conduct to include respect for the right of workers to organize and bargain collectively.
- Russell Athletic will issue an announcement to the effect that workers who believe that their rights have been violated in the workplace have a right to complain to the Worker Rights Consortium, the Fair Labor Association, and any other labor rights group, in the U.S., Honduras, or elsewhere, and that no worker or group of workers will suffer any retaliation as a result of decision to lodge such a complaint.
- Russell Athletic and Fruit of the Loom will investigate and seek to remediate violations of its code of conduct at contract factories. The WRC will provide information concerning labor rights issues at one contract factory in Honduras where issues have arisen, known as Petrolex, and Russell and Fruit of the Loom will seek to address the issues at this facility.

- The WRC will be granted access to factory grounds, factory records, and factory managers at Jerzees de Honduras and Jerzees Choloma, for the purpose of carrying out labor rights inspections. This also applies to other Russell Athletic and Fruit of the Loom factories within the WRC's jurisdiction as a monitor for universities and colleges.