



WORKER RIGHTS CONSORTIUM

**WORKER RIGHTS CONSORTIUM ASSESSMENT
GILDAN VILLANUEVA (HONDURAS)
FINDINGS, RECOMMENDATIONS, AND STATUS**

December 23, 2014

I. Introduction

This report addresses violations of workers' associational rights and Honduran law, and steps taken to remedy these violations, at Gildan Villanueva, a garment factory in the Villanueva Industrial Park in Honduras. The facility is wholly owned by Gildan Activewear. Gildan Villanueva is disclosed as a supplier of collegiate licensed apparel by Rocket Sportswear, J America Sportswear, and Cotton Gallery. Gildan Villanueva is also disclosed as a supplier for government entities associated with the Sweatfree Purchasing Consortium.

In May 2013, several Gildan Villanueva workers filed a complaint with the WRC alleging that factory management had carried out illegal and retaliatory dismissals of workers in retaliation for these workers' efforts to seek assistance from a local, non-governmental organization (NGO), the Centro de Derechos de Mujeres (CDM), in order to improve working conditions at the facility. The workers alleged that five Gildan Villanueva employees were dismissed shortly after they visited the CDM in April 2013 to discuss workplace violations with CDM human rights advocates. The workers alleged that supervisors openly expressed hostility towards the workers who had participated in CDM meetings for their participation in protected, concerted activities. The workers subsequently reported to the WRC that 40 additional workers had been terminated in retaliation for their participation in such activities. A WRC investigation found that the five initial terminations and at least one of the subsequent terminations were retaliatory. The WRC was unable to make contact with the other terminated workers. Given statements by Gildan management and supervisors, however, there is significant reason to be concerned that these terminations were also retaliatory.

The WRC initially contacted representatives of Gildan Activewear on July 3, 2013, to request its cooperation with this investigation. On September 27, 2013, Gildan committed to rehire the workers in question. However, most of the workers were not contacted with offers to return to the plant until last month. After more than 17 months of written communications and in-person and telephone meetings initiated by the WRC and the CDM with Gildan in Honduras and in Canada, the company largely remediated the retaliatory terminations in November-December 2014. The workers in question were given the opportunity to return to work at the plant and provided some compensation, although not full back pay for the time they were off the job. Several workers have expressed interest in returning but are not yet back on the job; in some cases, Gildan has indicated that these workers will be given the opportunity to return in January.

Comments made by Gildan representatives in the course of making payments to the workers, described below, compounded the violations of workers' associational rights,

raising concerns about the company's intentions with regards to the rehired workers. The WRC will be monitoring the situation to ensure that these remaining workers are rehired in line with Gildan's commitments, and that the rehired workers do not face any further retaliation or discrimination.

While the steps ultimately taken by Gildan largely resolve the violations, the slow pace of Gildan's response has been a serious obstacle to full remediation. By the time Gildan fulfilled its commitment to offer positions to these workers, five workers could no longer be contacted by the CDM, the WRC, or Gildan itself, and thus did not receive any compensation or offer of rehiring. In addition, Gildan's refusal to allow a site visit, to provide requested documentation of payments, and to respond to queries regarding specific workers constituted an additional impediment to the WRC's investigation.

This report summarizes this case to date, including the WRC's initial findings and recommendations, Gildan's response, a summary of the current status of remediation, and additional recommendations.

II. Sources of Evidence

The WRC's findings concerning violations of workers' rights at Gildan Villanueva during the period in question are based on the following evidence:

- Initial offsite interviews with six dismissed workers, conducted between June and August 2013.
- Interviews with additional dismissed workers, conducted throughout the process of this investigation and report
- Multiple interviews with Yadira Minero and other representatives of the Centro de Derechos de Mujeres (CDM), in San Pedro Sula, Honduras.
- Written and verbal communications with Gildan's Senior Vice-President of Public and Corporate Affairs, Peter Iliopoulos, from July 2013 through the finalization of the report
- A review of the applicable labor and human rights standards implicated by the labor rights violations reported by workers at Gildan Villanueva, including relevant Honduran labor law, international standards, and Gildan's Code of Conduct.

III. Findings and Recommendations

A. Illegal, Retaliatory Terminations of Workers for Associational Activities

The WRC's investigation concludes that certain terminations that occurred in May and June 2013 were retaliatory and thus constituted a clear violation of Honduran law, international labor standards, and collegiate codes of conduct. Gildan Villanueva violated the law by terminating workers in retaliation for having sought the outside support of an organization that advocates for workers who wish to address workplace violations. Statements by workers' supervisors clearly indicate that they were aware of the workers' associational activities and that their dismissals were the direct result of their efforts to address workplace violations.

1. Initial Terminations (May 2013)

On April 17, 2013, a group of Gildan Villanueva workers first visited the offices of the CDM in San Pedro Sula, Honduras. The CDM is a human rights organization that advocates for the rights of women workers and has a focus on the garment industry. The workers visited the CDM to seek the organization's support in efforts to improve working conditions at the plant. They also expressed to the CDM that they were interested in organizing a union as a means to address the violations and improve working conditions. The group, which was comprised of a total of six workers, included five workers who were subsequently terminated: Abel Martel, Pablo Rivera, Josue Orellana, Manuel Garcia, and Karen Alvarado.¹ These workers reported that they were representing a larger group of approximately 45 workers.

Workers reported that the issues that motivated them to visit the CDM and consider forming a union included excessive production goals, unpaid sick leave, verbal harassment, the requirement to work on legally-established holidays in exchange for a day off on a non-holiday, and deductions made from workers' paychecks to pay for uniforms. The WRC has not investigated these allegations.

Over the two weeks following the workers' visit to the CDM, two supervisors made comments on a daily basis to one worker, Rivera, regarding his associational activities. For example, the first supervisor made comments such as, "Pablo, is it true that you are the big dick of the union and that you are its new president? That is the commotion that I hear." The second supervisor said to Rivera, "If you are getting involved in that . . . be

¹ The group of terminated workers later reported to the WRC that at a later date Gildan also terminated the sixth member of this group. However, it was reported to the WRC that she departed for the United States in search of employment shortly after her dismissal. The WRC has been unable to locate and interview her.

careful.”

On April 25, CDM, together with the workers who had visited its office the previous week, convened a meeting away from the factory premises in which the larger group of Gildan Villanueva workers was invited to discuss strategies for engaging management in order to address various worker grievances.

One week later, on May 2, 2013, Gildan Villanueva terminated two of the worker leaders, Rivera and Martel. At the time of their dismissals, both workers were told that their contracts were being terminated due to restructuring at the plant. However, Martel reported that at the time that he was called into the administrative offices for dismissal, one of the supervisors mentioned above said to him, “Well, you got what you wanted.” Martel understood this to mean that the supervisor believed he was being terminated in retaliation for his decision to join together with other workers to address violations in the workplace.

On May 3, 2013, the CDM and the worker leaders organized an additional off-site meeting in which they began to prepare a complaint to present to the Honduran Ministry of Labor² regarding the issues that had first caused the workers to contact CDM and discuss the possibility of forming a worker organization. Approximately 45 workers were present at this meeting.

Following the meetings of the larger group of workers, workers reported, Gildan Villanueva managers and supervisors made additional statements to workers indicating that the company was aware of, and hostile to, the workers’ activism. These comments were directed at those workers who participated in the meetings with the CDM. Although the workers cannot be certain as to how the supervisors knew specifically who had attended the meetings, they reported to the WRC their suspicion that one or more person who had attended the larger group meeting had shared with factory management the names of other participants.

One example of the comments that was reported to the WRC was made by a supervisor on May 23, 2013. The supervisor told Karen Alvarado, one of the worker leaders who

² The CDM filed a request for the Ministry of Labor to investigate violations of Honduran labor law at Gildan Villanueva on October 17, 2013. The inspection request comprises ten alleged violations. Despite frequent visits by the CDM lawyer to the Ministry, at which, she reports, officials assured her that the inspection was underway and that violations were being identified, the CDM never received a report on the Ministry’s findings. On August 4, 2014, in response to a request for information from the CDM, the Ministry officials in the San Pedro Sula office communicated that the case had been transferred to the main office in Tegucigalpa. On August 13, 2014, the CDM requested that the Ministry provide an explanation of this decision, which in the organization’s experience is unusual. At the time of the publication of this report, the CDM had received no response from the Ministry.

participated in meetings with the CDM, that the supervisor had been watching Alvarado and had seen her speaking with another worker leader from the group. The supervisor instructed Alvarado not to speak further with the other worker leader.

The next day, May 24, Gildan management terminated Alvarado and two other worker leaders who had visited the CDM offices, Orellana and Garcia. Human Resources Manager Denia Miranda, who carried out the dismissals, told the workers that the company was conducting an overall restructuring of personnel. The workers' dismissal letters also stated that this was the reason for the termination. However, according to worker testimony, the company terminated few, if any, other workers on this day.

On the day after these terminations, a plant manager approached a worker at her workstation and questioned her about her views of the company. The manager told the worker, who had participated in the larger group meeting with the CDM, that it was important "to protect the work at the plant" and stated that it would be hard for the workers to find work elsewhere if the factory were to close. The worker understood the statement to be a none-too-veiled threat that if workers continued to engage in collective activism or to seek the assistance of outside groups, the plant would close down and workers would be left without jobs.

Another worker reported to the CDM that the manager of the sample department, Maria Ortiz, told her in May 2013 that the company would rather shut down than allow workers to organize a union at the factory.

Workers also reported to the CDM that, in the month of May 2013, Production Engineer Allan Aleman made an announcement on the factory's loudspeaker advising workers to "take care of their jobs and to stay away from any foolishness."

Another worker who attended meeting with the CDM reported to the WRC that, on May 26, 2013, she was approached at her work station by the same manager, Aleman. After asking the worker about her family, he said that he and the worker's supervisor had noticed that "a lot of people are coming to see you... why are so many people looking for you? Are you selling the newspaper or gum?" Aleman then asked her how she liked working at the company and said, "we have to take care of our jobs, work is hard to find. If a company closes you can imagine how many people would be unemployed."

Termination of workers in retaliation for concerted activity to address labor conditions is prohibited by Honduran law, international standards, and university codes of conduct. Article 78 of the Constitution of Honduras and Article 469 of the Honduran Labor Code protect the right to freedom of association. The Labor Code further establishes that the

employer “is prohibited from taking any kind of repressive measure against workers in order to partially or totally impede them from exercising the rights that are granted by the Constitution, this Code, the company policy or other labor or social provision law, or for having exercised or for having attempted to exercise these rights.”³ In other words, employers are prohibited from retaliating against workers for coming together to press for the rights guaranteed them under Honduran law (for example, by meeting with the employer or attempting to file complaints with the Ministry of Labor).

Furthermore, workers are protected from retaliation against their associational activities by Conventions 87 and 98 of the International Labor Organization (ILO), both of which have been ratified by Honduras. The right of freedom of association is protected by university codes of conduct⁴ as well as the code of conduct of the Fair Labor Association,⁵ of which Gildan is a Participating Company.

Freedom of association is widely understood to embrace the right of workers to associate themselves with organizations and to engage in concerted activities to address labor conditions. In this case, workers were discussing the possibility of forming a trade union or organization, while meeting with advisors from CDM who have expertise in these matters. It is worth noting that while the exercise of associational rights involves the formation of a trade union, this is not required. The ILO Committee on Freedom of Association states, for example, that “workers should have the right, without distinction whatsoever... to join the organization of their own choosing.”⁶ Whether or not these workers successfully formed a union, or even attempted to form a union, their efforts to come together as a group to discuss and address violations of their rights constitute a form of protected activity.

The evidence clearly demonstrates that Gildan terminated these workers because of their outreach to CDM and their activism in attempting to organize their colleagues around workplace issues. The evidence includes the timing of the firings, the threatening statements made by management, and statistical evidence.

First, the timing of the terminations indicates that workers were targeted for dismissal in

³ Labor Code of Honduras, Article 10.

⁴ The Collegiate Licensing Company, for example, in its *Special Agreement Regarding Labor Codes of Conduct*, states that the “Licensee shall recognize and respect the right of employees to freedom of association and collective bargaining.”

⁵ Fair Labor Association Workplace Code Provision VI. “Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.” Benchmark FOA.1 “Employers shall comply with all national laws, regulations and procedures concerning freedom of association and collective bargaining.”

⁶ ILO, *Digest of Decisions and Principles of the Freedom of Association Committee of the Governing Body of the ILO*, ¶ 212 (5th ed. rev. 2006) (“ILO CFA Digest”).

retaliation for their association activities. The first two worker leaders were terminated two weeks after the initial meeting with CDM and after supervisors approached at least one of the workers to state they were aware of his associational activities. The final three workers were terminated less than six weeks after they had first met with CDM staff and just three weeks after they had convened a meeting among Gildan Villanueva workers.

Second, threatening statements made by factory managers and supervisors to workers indicate that the company was aware of the workers' activism and intended to put an end to it. For example, in the incident described above, the supervisor told a worker to "be careful" if he intended to continue to organize with his coworkers, implying that he would be subjected to retaliation. Additional examples include the company's none-too-veiled threats that worker organization would lead to the factory's closure, and subsequent job loss for its employees, and that workers should "take care of their jobs."

Gildan informed the WRC on July 16, 2013, that 244 employees were laid off during the months of May and June 2014, and an additional 70 workers resigned. Workers report that the total workforce at Gildan Villanueva at the time comprised approximately 3,200 workers.

The statistical evidence related to the dismissal of these particular workers is essentially dispositive, particularly in relation to the three workers terminated on May 24. Within a month following the meeting of the worker leaders with the CDM, Gildan terminated five of the six workers who participated in the meeting. Given that the company reported that it laid off less than 8% of its total workforce, the fact that 83% of the worker leaders who visited the CDM (five out of six) were terminated during this period suggests that the workers were targeted for dismissal.

The statistical evidence is particularly clear for the three workers terminated on May 24. Since two of their colleagues had already been terminated, these workers by that day constituted 75% of the four workers who had participated in the CDM meeting who were still working in the plant. The company did not carry out any mass dismissal on this day, terminating only a handful of other workers. Workers report that Human Resources Manager Miranda claimed at the time of the dismissals that the workers had been selected at random. However, it is simply implausible that the company could have selected 75% of the remaining worker leaders, each of whom held different positions and were spread across several areas in the plant, while terminating virtually no other workers on that day, by mere chance. Nor may the dismissals be justified on performance-related grounds, as Miranda specifically told the workers that their performance was not a factor.

Together, this evidence makes an overwhelming case that Gildan management terminated

the workers in question in retaliation for their activism in reaching out to the CDM and organizing their coworkers, a violation of applicable codes of conduct.

2. Additional Terminations (May-June 2013)

Following the first group of dismissals, the worker leaders and CDM subsequently informed the WRC that 40 more workers who attended the May and June 2013 meetings with the CDM were fired from the plant. The worker leaders reported to the WRC that they believed that these workers were terminated in retaliation for their activism. They believed that the 40 newly terminated workers were either (a) seen at the May and June meetings with the CDM by one or more workers who acted as informants and reported to management that the workers were attempting to organize a union or (b) seen speaking with one of the workers who was seen at the May and June meetings (although the workers did not, themselves, attend these meetings) and were therefore assumed to be interested in joining the efforts of the workers that were attempting to organize.

The WRC made numerous attempts to contact additional workers in order to secure their testimonies, but was only able to interview one worker. This worker, who was terminated on June 30, gave testimony that, approximately two weeks before the date of his dismissal, a worker in his area was carrying a list of names in his hand. This list contained the names of approximately 15 workers who were interested in further discussion regarding engaging in activism with CDM. The worker who gave testimony to the WRC said that his was the first name on this list. A manager, Hugo Orellana, saw the list. According to the fired worker's eyewitness testimony, Orellana angrily grabbed the list from the other worker's hands and escorted the worker and the list to the human resources office.⁷ This incident indicates both that management was collecting information as to which workers were participating in the CDM meetings and that management was hostile to these workers.

Due to the difficulty of contacting these workers, the WRC has not been able to gather adequate evidence to assess each of these individual terminations. However, the hostility expressed by supervisors and managers to the workers' activism, along with the earlier terminations, raises concerns regarding the motivation behind these terminations.

In the case of the one worker who the WRC was able to interview, the worker terminated on June 30, the WRC finds that this termination was indeed retaliatory. In light of the fact that Gildan Villanueva had already engaged in at least five incidents of retaliatory termination, the fact that this worker was fired just two weeks after his name appeared on

⁷ The worker who gave testimony further stated that the person who had the list in his possession and all of the other workers whose names appeared on the list were subsequently fired. However, the WRC was not able to speak with these workers in order to verify the veracity of this claim.

a list of organized workers that was confiscated by a factory supervisor is persuasive. The termination is thus a violation of Honduran law and of the relevant international standards and codes of conduct referenced above.

B. Recommendations

The WRC first wrote to Gildan regarding this case on July 3, 2013, outlining the facts surrounding the dismissals of the five worker leaders who were fired after having visited the CDM offices in April 2013 and presenting recommendations for remediation of the violations. The WRC recommended that Gildan offer immediate reinstatement to their original positions, with back pay, to each of the two workers fired on May 2 and the three worker leaders fired on May 25. After becoming aware of the additional terminations of workers who had participated in meetings with CDM, the WRC subsequently recommended that Gildan offer reinstatement to all of the workers who had participated in these meetings and been terminated.

IV. Response and Remediation by Gildan

This section details the engagement between CDM and Gildan, and WRC and Gildan, over the past seventeen months. Although Gildan has largely remedied the violations outlined above, the slow pace of remediation in this case is a serious concern for the WRC. Given this, we provide some detail on Gildan's communication over time.

On July 16, 2013, Gildan wrote to the WRC in response to the WRC's initial July 3 communication. Gildan denied that the terminations were retaliatory, stating that the workers had been terminated as part of economic layoffs in May and June 2013. Gildan reiterated its commitment to respecting the rights of its workers to freely associate with the organization of their choice. The company did not address the statements made by managers and supervisors to the fired workers expressing anti-organizational animus, or respond to the WRC's recommendations.

The WRC contacted Gildan in writing a second time on July 26, 2013, emphasizing that Gildan's initial communication had not adequately addressed the WRC's findings. As noted above, the number of terminations reported by Gildan, which was relatively small compared to the total workforce of the factory, did not adequately explain the termination of all but one of the workers who had participated in these meetings with CDM. The WRC reiterated the importance of addressing the violations. While these initial communications dealt only with the first five workers who were terminated, both the WRC and CDM subsequently raised the issue of the 40 additional terminated workers.

On September 27, 2013, the CDM met with Gildan representatives in Honduras to discuss remediation. Gildan informed the CDM that the factory was increasing production and was willing to recall the 314 workers who had resigned or been laid off during May and June 2013, prioritizing the workers named by the CDM. Gildan stated that the workers who had participated in the CDM meetings would be offered new positions at the factory but would not be allowed to maintain their seniority or receive payment of back wages for the time off the job, contrary to the WRC's recommendations.

On October 1, the CDM sent Gildan a list of 19 workers who had been fired and were requesting reinstatement, reiterating that these workers were entitled to back wages and reinstatement with seniority rather than rehiring at the plant as new employees. These 19 were drawn from a longer list of 45 workers who CDM reported had been terminated in retaliation for their activism; the 19 workers on the list were those who CDM had confirmed were interested in returning to work at Gildan Villanueva. Gildan responded to the CDM's communication on October 8, 2013, again stating that Gildan was "offering

opportunities for rehire,” not only for the workers named in the October 1 list sent by the CDM, but to all of those employees “impacted by the restructuring process.”

The WRC again contacted Gildan on October 23 and on November 5 to emphasize that while the company’s willingness to allow the workers to return to the workplace was positive, the violations would not be fully remedied unless the workers received payment of back wages and were reinstated to their former positions, maintaining the corresponding benefits and seniority.

The workers and CDM ultimately concluded that rehiring – rather than reinstatement with back wages – while an incomplete remedy, would constitute a positive step, and attempted to pursue implementation. The CDM repeatedly contacted Gildan, writing the company on November 28, January 22, and February 24, 2014, to request that the company arrange for the workers to return to work. Despite multiple requests, Gildan never sent specific information to the CDM as to the process by which the company would implement its pledge to rehire the workers.

Workers reported that Gildan did begin rehiring laid-off workers in March 2014. The company failed, however, to provide any information to CDM, or to the workers directly, as to how the terminated workers could present themselves for rehiring, leaving workers unclear as to how to access the opportunity to return to work.

On April 11, 2014, almost one year after the first group of workers was fired, Gildan wrote a letter to the Canadian Federation of Students (with copy to the WRC) stating that Gildan was still trying to determine the “best solution for rehiring impacted workers and also addressing the matter of back pay.”

The CDM reported to the WRC that, in April and May 2014, only four of the workers from the larger group of 40 had been recalled to Gildan Villanueva.⁸ The four workers were hired as new employees, without any payment of back wages and with no seniority. The CDM reported that at least four other workers from the group went to Gildan Villanueva to request that they be rehired, but were refused. CDM wrote to Gildan on May 8, 2014, to inform the company that these workers had been denied the opportunity to return to work; Gildan did not address these workers’ situation in its response or inform the CDM as to how these workers could effectively seek the promised rehiring.

As the months progressed and the majority of the workers remained off the job, despite Gildan’s commitment to CDM to rehire them, the WRC contacted Gildan several times

⁸ Jesus Amilcar Estevez Alvarado was recalled to Gildan Villanueva on April 25, 2014, Francisco Aguilar on April 29, and Maria Paz Zuniga and Marleni Diaz on May 3.

regarding these issues. On July 13, 2014, Gildan wrote to the CDM, stating that 14 workers had been rehired, one of whom had subsequently resigned. Gildan reported that it investigating allegations made by the CDM that the rehired workers were suffering harassment; Gildan never reported any findings on this question to the CDM or the WRC.

In response to this communication, the CDM wrote to Gildan asking for the list of names of those workers who had been rehired, so that they could cross-check this list with CDM's own list. The CDM wrote to Gildan to this effect on July 15 and July 30, 2014, but Gildan did not respond.

The WRC echoed this request to Gildan in a phone conversation on October 8, 2014, asking the company to provide the names of the workers who had returned to work, along with a timeline for rehiring the workers who CDM reported to have been terminated in retaliation for their contact with CDM. The WRC presented Gildan with an amended list of 20 workers, including the 19 workers named on the CDM's list, plus one additional worker whose name had been identified during the intervening period. The WRC also continued to press Gildan on the issue of back wages to the workers from the time of their dismissal. The WRC emphasized that we would be reporting to our university affiliates regarding this case, and that unless Gildan took implemented its commitment to CDM and took additional necessary actions, the report would reflect Gildan's failure to resolve these violations.

In his October 10, 2014, response, Peter Iliopoulos, Senior Vice President of Public and Corporate Affairs at Gildan, communicated to the WRC that the company was committed to re-hiring all of the workers on the list of 20 workers provided by the WRC by the end of October. Furthermore, Iliopoulos committed on behalf of Gildan to pay the rehired workers effective October 8, the day of a telephone call with the WRC in which he affirmed Gildan's commitment to rehire the workers.

On October 17, the WRC contacted Gildan to follow up on the October 8 commitments and suggested, given that the company expressed difficulties contacting some of the workers, that Gildan work together with CDM to convene a meeting with all of the workers and CDM representatives, with the WRC observing. Such a meeting would have facilitated the process of contacting the workers and providing them with an opportunity to present themselves for rehiring. In addition, in the experience of the WRC, an in-person meeting with all of the workers and their advocates ensures that workers are given a clear understanding of what is being offered by the company and have the opportunity to ask questions. Such meetings have been invaluable in ensuring consistent, fair treatment of returning workers, and creating a basis for future labor-management dialogue.

In its October 24, 2014 response, Gildan reaffirmed its intention to fulfill the October 8 commitments with regards to the dismissed workers, but stated that such a meeting would “be difficult to coordinate at least in the near term.” In a later communication (November 10), Gildan stated that, “we will ensure that there is proper communication from our human resources and CSR teams on the re-hiring of these workers.... Should any issues arise, we can address the need for a meeting.”

The WRC wrote to Gildan again on October 28 and October 31 to learn more about progress with the company’s remediation. On November 3, Gildan stated that in lieu of back wages, the company would award the workers with a signing bonus equivalent to four months’ salary.

During the month of November, the WRC confirmed that a number of workers had been contacted by Gildan to discuss their return to work. However, none had been informed that they would receive wages dating back to October 8, or that they would receive a bonus. In addition, some workers, including workers whose contact information the WRC had provided to Gildan, had not yet been contacted. Concerned about the slow pace of this remediation, particularly given Gildan’s commitment to complete this process by October 30, the WRC again contacted Gildan. The WRC requested that our Field Representative for Central America be allowed to visit the factory in order to interview staff and review documents pertaining to the rehired workers and the payment of the four-month signing bonus and wages dating back to October 8. The WRC also again emphasized that if the violations were not promptly resolved, we would issue a highly critical report.

On December 11, Gildan acknowledged that the company had not yet provided workers the four-month signing bonus and retroactive salary payments, and pledged to do so by December 20. The company refused to allow the WRC Field Representative to visit the factory, citing the upcoming holidays. Gildan did provide an update on the status of each worker, indicating that eight workers had been rehired and the rest were either unreachable or did not want to return to work.

The following day, the WRC informed Gildan that we would be finalizing our report on the case on December 22, and requested that, by that date, the company provide an update regarding the rehiring and documentation demonstrating that the appropriate payments had been made to each worker. The WRC also requested clarification regarding Gildan’s communication with four workers. On December 15, the WRC provided Gildan with a clarification regarding the contact information for an additional worker.

On December 20, Gildan provided the WRC with an update as to the status of the rehiring and payments. Gildan did not respond to the WRC's specific queries and information regarding the five workers noted above, and did not provide copies of any receipts or other documentation of the payments to workers.

V. Current Status

A. Rehiring and Payments

At the time of publication, the WRC confirmed with workers the following information:

- Eight of the 20 workers have been rehired. All of these workers received a bonus equivalent to four months of salary. Those who were hired after October 8 have been paid wages dating back to October 8. An additional worker had requested to return to the plant in January, and Gildan agreed to this request; this worker had received his signing bonus. Gildan informed the WRC on December 20 that the calculation of his pay back to October 8 will be “pending based on date of hiring.”
- One worker informed Gildan and the WRC that she did not want to return to work at Gildan Villanueva. This worker also received a payment equivalent to four months of salary.
- Five workers were not reachable by Gildan or by the WRC.
- The name of an additional worker had been misstated in the list provided to Gildan by CDM. On December 15, the WRC informed Gildan that this worker had been identified under a different surname and provided Gildan with her telephone number. Gildan has not informed the WRC as to whether the company plans to attempt to contact this worker.
- One worker died in December 2013.
- In the cases of the remaining three workers, there was some discrepancy between information provided by Gildan and information provided by the workers themselves. These cases are outlined below.

The amount of money received by each worker ranged from 21,523 Honduran lempira (US\$1,023) to 29,774 lempira (US\$1,415).⁹

The case of the three workers whose status is unclear is as follows. The WRC requested additional information regarding Gildan’s communications with these workers on December 15, but has received no response.

Gildan reported that two workers were being “considered” for January; these two workers reported that they were interested in returning to work at Gildan Villanueva, but had not yet been given the opportunity to fix a date to do so. One worker reported that he had initially told Gildan that he was working at another plant, but would prefer to return to Gildan Villanueva and leave the other position. The Gildan representative told him that he was not eligible to return if he was already employed elsewhere. Gildan telephoned this worker again on December 8, at which point he informed them that he was no longer

⁹ These conversion was calculated according to the exchange rate on December 23, 2014 (US\$1: 21.045 lempira).

employed elsewhere. The Gildan representative told him that there were no positions available but that he would be contacted again in January. The second worker reports that he received one call from Gildan in October, at which point he told Gildan that he was interested in returning to work. He reports that the Gildan representative told him that the company would call him back, but that he has still received no confirmation regarding if or when he can return to the plant. Gildan reports that this worker informed them he was already working elsewhere. These workers did receive their signing bonuses. Gildan informed the WRC on December 20 that these two workers will “be considered” for January, and that the calculation of their pay back to October 8 will be “pending based on date of hiring.”

One worker who is listed as “not want[ing] to return to work” reports that she had a family emergency at the time she was initially called by Gildan, and told Gildan that she could not return at that time but was interested in returning after the family emergency was resolved. She reports that the Gildan representative told her that she could probably go back in January. This worker did receive the four-month payment.

Of the four workers who hope to return in January, three are among the initial five who were terminated and who seemed to have been viewed by factory management as leaders in the organizing effort in 2013. Only one of these workers has been rehired to date; one has passed away, and the remaining three hope to return to work in January. As these workers were the initial targets of Gildan’s retaliation, and may have been perceived by the company as the key leaders, any delays in their rehiring after the factory reopens following the end-of-year holiday in January would be particularly concerning.

B. Additional Violations of Workers’ Freedom of Association

Two workers provided testimony that Gildan representatives had made comments to them that constitute additional violations of workers’ associational rights at time of the payment of their four-month signing bonus and back pay. These payments took place not at the factory, but, workers report, at an office that they were not familiar with, that they believed was used by Gildan specifically for this purpose.

One of the first workers to collect funds reported that she had been told to keep the payments confidential. Such a requirement was clearly inappropriate in this case. In any case where workers are terminated in retaliation for associational activity, workers visibly returning to the facility, and being able to talk about any back pay or other compensation they received, is a key element in addressing the fear that the initial terminations created. The WRC promptly informed Gildan that its representative’s attempt to prevent the

worker from disclosing the payment was inappropriate, and this issue does not appear to have recurred with later payments.

Another worker reports that, when he asked a question about the amount of his payment, the Gildan representative making the payment asked him whether or not he wanted to return to work, implying that he had a choice between returning to work on the agreed-upon date or negotiating for more money. The Gildan representative then asked the worker, “if Gildan were to offer you more money to *not* go back to work, would you do it?” The worker informed the representative that he would rather have his job back than have additional money; she replied, “what if Gildan gave you 100,000 lempiras?” (US\$4,750), more than four times the amount this worker was due to receive. When the worker did not respond, the Gildan representative said, “Take your money, and know that working with organizations like the CGT [a Honduran union federation], the CDM, and the so-called WRC doesn’t do you any good as a worker.”

In suggesting that the worker accept additional funds rather than returning to work, and attempting to dissuade him from engaging in contact with the CDM, the WRC, or the CGT union federation, this Gildan representative was committing additional violations of this worker’s associational rights. Attempting to induce workers to cease union activity in exchange for money is an unacceptable form of interference by employers in workers’ free decision of whether and how to exercise their associational rights, and, as noted above, workers have the right to join together with other workers and freely choose both unions and NGOs as their advocates. The worker in question appears to have been viewed by Gildan as a leader, dating back to the early meetings with CDM, and may have been singled out for that reason.

Most of the workers also reported that they were not allowed to keep copies of the documents that they signed, a significant problem, and that the individuals distributing the funds refused to answer simple questions about aspects of the process of concern to workers.

It is worth noting that preventing this type of inappropriate conduct during the distribution process is one of the key reasons that the WRC recommended an in-person meeting of all of the workers, their advocates, the WRC, and the company – rather than the company calling each worker in individually. All too often, company staff take the opportunity of engaging individually with workers who are returning to the workplace after retaliatory termination to continue their efforts to prevent these workers from continuing their associational activities – or to make a point of treating them shabbily as an end in and of itself.

VI. Conclusion

Gildan has taken many of the key steps necessary to address the retaliatory terminations at the Villanueva plant. Most of the workers who have affirmed their desire to return to the plant have returned, and, if Gildan's expressed intentions and the recommendations below are completed, the remainder will be back on the job within a month. Those workers who could be contacted have received some measure of compensation, ranging from US\$1,000-US\$1,400. This is a significant sum for these workers, though it is far below the total back pay owed.

However, Gildan's response to this case has been marked by seventeen months of delay. This is particularly unfortunate given that the WRC has engaged in lengthy remediation efforts to address retaliatory terminations at other Gildan facilities (both directly owned facilities and supplier factories) in Honduras, Haiti, and the Dominican Republic. The WRC has emphasized to Gildan in the past that it is difficult to fully undo the impact of retaliatory terminations, and that such remediation requires prompt action if it is to be successful. In this case, by the time Gildan had decided to remedy the violations, five workers had dropped out of contact and could not be reached to receive any compensation or offering of rehiring. In addition, the rest of the workers in the factory observed, for seventeen months, that workers who come together to discuss workplace issues can be terminated and removed from the workplace. This experience no doubt significantly dissuaded other workers from attempting to engage in similar organizing or outreach to local NGOs and advocates.

This case indicates that not only do Gildan's local factory managers continue to believe that they are at liberty to retaliate against workers for activism or union activity, but, at an international level, Gildan will only remedy violations if they face public exposure and sustained pressure from advocates over many months.

Gildan's refusal to allow a site visit, to provide copies of primary documents over email, and to respond to queries regarding contact with specific workers constitutes an obstacle to full investigation by the WRC. In this case, the WRC was able to confirm the relevant facts through worker interviews. However, as a producer of university logo product, Gildan is obligated, as a vendor to university licensees, to cooperate fully with the WRC's investigation and remediation efforts.

To resolve the outstanding issues at Gildan Villanueva, the WRC recommends that Gildan rehire the four workers who have expressed a desire to return to the plant, but have not yet returned to work, and do so promptly following the reopening of the factory after the end-of-year holiday. In addition, the WRC recommends that Gildan contact the

worker whose name and phone number were provided on December 15 to offer her return on the same terms as the other workers.

The WRC will continue to monitor the situation at Gildan Villanueva to assess whether the rehired workers face any further retaliation or discrimination based on their exercise of their associational rights.