March 2, 2011

Interim Report Update:
Third Party Complaint Regarding Gildan Dortex, Dominican Republic

On January 10, 2011, the Fair Labor Association (FLA) issued an Interim Report[1] regarding the Third Party Complaint (3PC) filed by the SITRAGILDAN union, affiliated with the union federation FEDOTRAZONAS, at the factory Gildan Activewear Dominican Republic (henceforth "Gildan Dortex"), located in Guerra, Dominican Republic. The 3PC alleged a range of noncompliances with the FLA Workplace Code of Conduct at the factory, in particular with the Freedom of Association and Collective Bargaining element of the Code.

The Interim Report indicated that the FLA had moved the case to Step 3 of the 3PC Procedure,[2] i.e., further assessment of the complaint through the engagement of either an expert or an Independent External Monitor. Shortly after, the FLA engaged Dr. Adrián Goldin to provide independent assessment of the complaint and prepare a public report and recommendations. Dr. Adrián Goldin is an international expert on labor law and labor relations, freedom of association and collective bargaining, and Professor of Law at the Universidad de San Andrés, Argentina.

Goldin Investigation

Professor Goldin traveled to the Dominican Republic on behalf of the FLA from January 16 to January 21, 2011. While in the Dominican Republic, Goldin met with the Vice President of the Dominican Republic, the Minister of Labor and members of his cabinet, management of Gildan Dortex and legal counsel, representatives of the two unions legally recognized in the factory and the federations with whom they are affiliated, and the local representative of the Worker Rights Consortium. He also spoke on the telephone with representatives of the Fundación Laboral Dominicana, a local labor rights organization that conducted the external verification of the collective bargaining process between Gildan Dortex and the union SITRAGIL.

[1] http://www.fairlabor.org/images/stories/fairlabor/Gildan_Report_011011.pdf.

[2] Step 3: Assessment of the Complaint by FLA –The Association will determine whether to proceed with further assessment through use of either an expert or an Independent External Monitor. If the Association decides after such consultation not to proceed then the Executive Director will terminate the process and provide a Summary Report to the Participating Company or College or University Licensee and the Third Party. If the decision is to proceed then further assessment will take place. The Participating Company or College or University Licensee will ensure that the assessor has access to any and all information which that assessor feels is necessary. The assessor will perform the work in a timely manner and, where applicable, in accordance with FLA monitoring guidelines. The assessor will prepare a report describing the work and any findings.

Professor Goldin's report analyzed in considerable detail the allegations underlying the 3PC and concluded that Gildan Dortex had violated international norms, domestic law, and a significant number of FLA Compliance Benchmarks regarding Freedom of Association (FOA).[3] Goldin made a number of recommendations to Gildan Dortex to remediate the FOA violations, among them:

- Denounce the existing collective bargaining agreement (CBA) with union SITRAGIL and seek agreed termination of such agreement.

- Establish the representativeness of the union with whom a CBA is to be negotiated through an objective and impartial process.

- Most importantly, reinstate at once the seven workers dismissed as a result of an incident regarding split of the vacation period and desist in efforts to strip the immunity of SITRAGILDAN leader Julio César Parra Natera.

Gildan Response

On February 23, at the FLA Board of Directors meeting in Austin, Texas, the FLA Board heard an oral summary report from FLA staff, based on several documents provided to the Board, regarding the status of the case, including a brief report on the findings and recommendations of the Goldin investigation. A representative from Gildan present at the meeting acknowledged the findings of the Goldin report and informed the FLA Board that the previous evening (February 22), Gildan Dortex and SITRAGIL had reached an agreement to terminate the existing CBA. He also presented to the Board a document with a list of fourteen items for remediation (a combination of remediation items proposed by the FLA and the WRC on April 23, 2010 plus the items proposed by Goldin) and the status of each (Appendix 1). Gildan reported to have completed the following remediation items:

- Ceased to recognize or deal with SITRAGIL in its capacity as the representative union of workers.

- Maintained all direct benefits for workers established by the (discontinued) collective bargaining agreement.

- Discontinued all benefits in the collective bargaining agreement provided to, or through, SITRAGIL.

- Agreed to collaborate with the FLA and the WRC in a verification process should a union make a claim in the future that it represents a simple majority of the plant's workforce.

- Reinstated all terminated workers and ended the termination process of Julio César Parra Natera.

[3] The full text of Goldin's report is available here.

Remediation items in progress, but not yet completed as of February 23, according to Gildan, are:

- Informing workers of the rescission of the CBA and its implications.
- Communicating to workers Gildan Dortex's commitment to freedom of association and collective bargaining.
- Implementing a credible and robust worker rights education program for all workers, including supervisors and managers.
- Setting regular meetings with the two legally recognized unions in the factory.
- Negotiating access rights with the two legally recognized unions in the factory.

The Gildan representative expressed the commitment of the company at the highest levels to remediate all outstanding noncompliances on an expedited basis.

The FLA Board directed FLA staff to monitor closely the implementation of the remediation plan, verify the completion of remediation, recommend additional remediation items as appropriate, and report periodically to the Board on such implementation, with the first report to be prepared within 30 days.

APPENDIX 1

GILDAN-DORTEX FINDINGS AND REMEDIATION

FEBRUARY 23, 2011

Item for Remediation		*FLA/WRC Joint Recommendations / Status of Remediation*
1.	Collective Bargaining Agreement	Rescind the collective bargaining agreement signed between Gildan Dortex and Sitragil on March 1, 2010. As a first step, Gildan Dortex should approach Sitragil/Cita to propose that the parties voluntarily sign an accord mutually rescinding the contract. If Sitragil/Cita does not agree to such an action, Gildan Dortex should revert to the Ministry of Labor to have the agreement de-certified. If that option is not practical, Gildan Dortex should state that it is unilaterally rescinding the agreement because of evidence that Sitragil obtained the majority through fraud. In either case, the statement of rescission by the company should be reviewed by the WRC and the FLA before it is finalized. REMEDIATION ACTION: Gildan initially responded to these recommendations in a letter sent to the FLA and WRC on April 29, 2010. Gildan-Dortex held unsuccessful mediation meetings with Sitragil between May and July of 2010 in order to obtain Sitragil's voluntary consent to terminate the CBA. The Ministry of Labor has advised Gildan-Dortex that Dominican Republic labor law does not permit a decertification of the CBA. On September 2, 2010, Gildan-Dortex filed a counterclaim in a pending lawsuit with Sitragil asking the Labor Court in the Dominican Republic to invalidate Sitragil's representation and declare null and void the CBA if Sitragil did not have proper representation. The counterclaim was rejected by the Labor Court on December 17, 2010. On February 3, 2011 Gildan committed in a letter to the FLA Executive Director to pursue all available options to terminate the CBA. On the basis of this commitment, negotiations were again initiated with Sitragil on February 17, 2011 to reach an agreement to terminate the CBA. On February 22, 2011, Gildan reached an agreement to terminate the CBA with Sitragil. **STATUS: COMPLETED**

2.	Representation of Sitragil	Cease to recognize or deal with Sitragil/Cita as a representative of workers for the purposes of collective bargaining, until such time as Sitragil/Cita would meet the membership requirements under Dominican law to hold such status. REMEDIATION ACTION: With the termination of the CBA on February 22, 2011, Sitragil/Cita would need to establish a verified representation claim for Gildan-Dortex to engage the union in collective bargaining in the future. **STATUS: COMPLETED**
3.	Benefits to Employees	Unilaterally maintain in effect all direct benefits for workers established by the collective bargaining agreement (including increases to employee pay; compensation associated with the Christmas holiday, maternity, and the death of the worker or family member; opportunities for severance upon resignation; and free breakfast and lunch for night shift employees). REMEDIATION ACTION: Gildan has committed since April 29, 2010 to unilaterally maintain all direct benefits for workers established by the CBA under any scenario in which the CBA would be terminated. This commitment has been confirmed under the termination agreement with Sitragil reached on February 22, 2011 and will be formally communicated by written statement, which will also be read to all workers in small group meetings by February 28, 2011. Also see items 5, 6 and 10 below. **STATUS: COMPLETED**

4.	Benefits to Sitragil	Discontinue all benefits in the collective bargaining agreement provided to, or through, Sitragil/Cita (including payment for office rent and union dues; paid leave for union representatives for activities and funds for union travel; educational scholarships distributed by the union; and funds for union activities related to Workers Day and Christmas). In the case of uncertainty regarding how to proceed with particular provisions of the collective bargaining agreement, Gildan Dortex should consult with both unions and Gildan Activewear do the same with respect to the FLA and the WRC. REMEDIATION ACTION: Gildan-Dortex implemented the remediation item requested by the FLA and discontinued all benefits to Sitragil under the CBA. This led to a lawsuit being filed by Sitragil against Gildan-Dortex alleging a breach of the CBA and requested compensation for damages. On December 17, 2010, the Labor court in the Dominican Republic ruled in favour of Sitragil and ordered Gildan-Dortex to implement all terms of the CBA, including these provisions. On February 22, 2011, under the termination agreement reached with Sitragil these payments will no longer be made, and Gildan-Dortex will not accept such provisions in any new CBA with any union. **STATUS: COMPLETED**
5.	Communication to Workers – CBA	Inform workers (1) that the agreement of March 1 has been rescinded because it was determined that Sitragil had not met the legal threshold to compel the negotiation of such an agreement; and (2) that, until such a time as that threshold is reached, Gildan Dortex will not recognize or deal with Sitragil as a representative of workers for collective bargaining, but (3) that Gildan will honor the benefits for employees established by the agreement although not through Sitragil. This message should be conveyed to workers through the same means by which the company informed workers that the agreement was signed, including the posting of a statement in visible locations in the factory and explanations to small groups of workers. REMEDIATION ACTION: Based upon the termination agreement reached with Sitragil on February 22, 2011, Gildan-Dortex has prepared a statement to be read in small groups to all workers and posted at the plant by February 28, 2011. Also see items 3, 6, and 10. **STATUS: TO BE COMPLETED BY FEBRUARY 28, 2011**

6.	Communication to Workers – Freedom of Association	Inform workers, through a written statement and verbal communications (including the abovementioned small group meetings), that Gildan Dortex is committed to respecting workers' rights to freedom of association and collective bargaining under Dominican law and applicable codes of conduct and that the company will commence bargaining in good faith with any union that demonstrates through an independently conducted verification procedure that it represents 50%+1 of the factory's non-confidential employees. REMEDIATION ACTION: Gildan has communicated to the workers its commitments to respect workers' rights to freedom of association and collective bargaining. This commitment will be reiterated as part of the statement that will be read to small groups of workers and posted at the plant beginning on February 28, 2011, pursuant to the termination agreement reached on February 22, 2011. See also items 3, 5 and 10. **STATUS: TO BE COMPLETED BY FEBRUARY 28, 2011**
7.	Workers Rights Education	Work with a credible, outside organization to carry out a robust program of worker rights education for all workers, including supervisors and managers, at the facility in which representatives of both unions, as well as the WRC and the FLA are invited to participate. The program should have a strong emphasis on workers' associational rights. Also provide training to management and to the two unions on collective bargaining. REMEDIATION ACTION: Gidan has developed a proposed curriculum agenda with relevant timelines with respect to the implementation of a workers' rights education program for all workers and management at the Gildan-Dortex facility, and have asked a number of providers for proposals to provide such training. These proposals are being provided to each union, and Gidan-Dortex has asked that the training program be on the agenda for the next scheduled meetings for March 2, 2011, to receive their input and recommendations, so the program can be initiated. Gildan also welcomes the input and the participation of the FLA and WRC in this program. Gildan has committed to completing the training by May 2011. **STATUS: ON-GOING TO BE COMPLETED IN MAY 2011 PENDING UNION AGREEMENT**

8.	Regular Meetings with Unions	Meet on a monthly basis (or at other time intervals to be agreed upon by the parties) with representatives of both unions at the facility, on terms agreeable to the parties, to address employee grievances and labor issues at the facility. The minutes of such meetings, approved and signed by both parties, should be posted in the facility in one or more locations visible to workers. REMEDIATION ACTION: Gildan has now established an ongoing working relationship with Sitragildan at the plant. The first meeting between Sitragildan officials and plant management was held on February 11, 2011. An agreement has been made for bi-weekly meetings going forward between Sitragildan and plant management with the second meeting scheduled for March 2, 2011. Gildan is also meeting regularly with Sitragil with the next meeting also scheduled for March 2, 2011. As of the next meeting with each union, Gidan-Dortex will request that they agree to post the minutes of each meeting in order to maintain transparency with the workers. **STATUS: COMPLETED PENDING UNION AGREEMENT**
9.	Access to Facility for Unions	Negotiate with both unions a set of ground rules for organizing covering such issues as access, meetings with workers, distribution of publicity/educational materials, etc. Those rules should provide representatives of both unions, and their respective federations, with access to the worksite during non-working hours (i.e., lunch and break periods) to meet with workers and inform them of the benefits and responsibilities of joining a union, consistent with domestic law. REMEDIATION ACTION: Gildan has developed a proposed set of ground rules covering the issues of access, meetings, distribution of materials, and the involvement of respective federations. This proposal will be provided to each union in advance of the next scheduled meetings on March 2, 2011, where Gildan-Dortex will hope to reach agreement on them. **STATUS: COMPLETED PENDING UNION AGREEMENT**

10.	Verification Process	Should a union make the claim in the future to management that it represents a simple majority of the plant's workforce, require and agree to a credible, transparent, independent membership verification process to test the union's claim. If the simple majority is confirmed, negotiate in good faith with that union. REMEDIATION ACTION: Gildan has confirmed a position which affirms its full commitment to respecting freedom of association and collective bargaining rights under the laws of the Dominican Republic and the applicable international standards, taking into account Gildan's own code of conduct on such commitments, and will bargain in good faith, consistent with such laws and international standards, with any union that has the required representation as verified under objective and legally valid procedures confirmed by the competent authorities of the Dominican Republic. This language of commitment is part of the statement that will be read to small groups of workers and posted at the plant pursuant to the termination of the CBA reached on February 22, 2011. **STATUS: AGREED**
Goldin Report Recommendations		
11.	CBA	Professor Goldin suggests it is important for Gildan-Dortex to "fully cooperate" with the legal actions pursued by Sitragildan to terminate the CBA. REMEDIATION ACTION: Under the letter sent by Gildan on February 3, 2011 to the Executive Director of the FLA, Gildan made its commitment to support every legal avenue possible to terminate the CBA. Sitragildan had apparently not chosen to advance its court case in this regard, as the first hearing has not yet been held and is now pending for March 23, 2011 (also see point 1). Nevertheless, with the agreement to terminate the CBA on February 22, 2011 it would appear that this court case is now moot. **STATUS: ADDRESSED BY TERMINATION OF CBA**
12.	CBA	Professor Goldin suggests that Gildan-Dortex should "denounce the existing CBA," and make efforts on reaching an agreed termination of it – or at least the clauses on the payments for compensation of union dues. REMEDIATION ACTION: With the termination agreement reached on February 22, 2011, further statements by Gildan-Dortex on the CBA are no longer relevant. See point 1 above as to the prior position of the company seeking to terminate the CBA since April 2010. **STATUS: ADDRESSED BY TERMINATION OF CBA**

13.	Union Representation	Third, Professor Goldin recommends that it is important to "establish the representativeness of the unions present in the factory." Professor Goldin makes some important points about the legal reasons for establishing such majority status, including the potential to bargain over issues that go beyond the terms covered by of the CBA and the allocation of fuero sindical. REMEDIATION ACTION: Again, with the termination of the existing CBA on February 22, 2011, a number of the concerns expressed by Professor Goldin have been addressed. On the other hand, he makes clear the importance of objective and independent verifications. In that regard, Gildan has adopted a position to assure that any future determinations of majority status for collective bargaining are completed on the basis of the criteria stated In item 10, and this will be communicated to all Gildan-Dortex workers as part of the statement explaining the termination of the existing CBA by February 28, 2011. See point 10 above. **STATUS: ADDRESSED BY TERMINATION OF CBA**
14.	Reinstatement of Workers	Professor Goldin recommends the reinstatement of the workers terminated for the illegal stoppage in December and that actions to terminate Julio Cesar Para Natera be stopped. REMEDIATION ACTION: On February 9, 2011, Gildan reached an agreement for the rehiring of the seven workers terminated in December 2010 because of their actions related to a work stoppage. The workers resumed work on February 15, 2011 with full back pay and no loss of seniority. Gildan has also decided not to proceed with the termination of Mr. Julio Cesar Parra. **STATUS: COMPLETED**