

April 7, 2011

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

This report updates a March 2, 2011, report 1 issued by the Fair Labor Association (FLA) 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 March 2 interim report included a document prepared by Gildan management (dated February 23) referencing fourteen items for remediation and indicating the status of each. Gildan management has updated the document to reflect remediation actions undertaken between February 23 and March 24.

## **Updated Remediation Document from Gildan**

The attached document from Gildan management (dated March 24) updates remediation actions through March 24, 2011. In particular, the document states that:

- On March 4, SITRAGIL and Gildan Dortex amended their February 22 agreement terminating the collective bargaining agreement (CBA) to eliminate the ability of SITRAGIL to rescind the termination agreement. FLA has been provided with a copy of the amendment to the agreement.
- Effective March 2, Gildan Dortex management distributed to workers and posted in the factory a statement informing workers that: (1) the CBA with SITRAGIL had been terminated; (2) benefits in the CBA would be maintained; (3) the termination was related to questions regarding majority representation in the plant; and (4) Gildan Dortex would respect freedom of association and negotiate in the future with any union that has demonstrated that it has majority. FLA reviewed a draft of the statement before it was distributed and has a copy of the final statement on file.
- Gildan Dortex developed a curriculum agenda for a workers' rights education program for all workers, including supervisors and managers, to be delivered by a reputable third-

<sup>&</sup>lt;sup>1</sup> https://www.fairlabor.org/fla/Public/pub/Images XFile/R366/gildan dortex interim report update 02.02.11.pdf

party organization. Gildan Dortex has agreed that the training should be conducted by COVERCO, an NGO based in Guatemala, and that it should take place from May 9 to May 16<sup>th</sup>. Gildan will provide FLA with copies of materials to be presented during the training as they are developed, and with more specific details on how the education program will be conducted.

- Gildan Dortex has set up regular meetings with the two legally-recognized unions in the factory. The first meeting with SITRAGILDAN was held on February 11 and other meetings between union officials and Gildan Dortex management have since occurred. This has been confirmed to FLA by SITRAGILDAN/FEDOTRAZONAS officials.
- Gildan Dortex has engaged with the legally-recognized unions in negotiating access
  rights. An agreement was reached by Gildan Dortex and SITRAGILDAN on March 22.
  During the initial implementation of the above-mentioned agreement, there were
  misunderstandings and undue restrictions on access that at this point have been resolved
  after discussions involving Gildan management, WRC and FLA. Continued attention to
  the issue of access is warranted.
- The ongoing process of verification of the majority status of the SITRAGILDAN union, on which Gildan reached an agreement with FLA and WRC, has been progressing slowly. The common objective is for a verification process that is impartial, robust and transparent. The highly sensitive nature of the exercise, coupled with a complex methodological design (that in addition to the Fundación Laboral Dominicana includes observers and interviews with a large number of workers), has resulted in differences in the interpretation of certain steps that have required extensive conversations involving Gildan management, WRC and FLA to resolve them. Given the importance of this element of the remediation plan, it is critical that Gildan continue to focus on the successful completion of the verification.

FLA would like to acknowledge the continued commitment of Gildan and the involvement of company officials at the highest levels of management in the implementation of the remediation plan.

FLA staff will continue 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.