



**FLA Board of Directors Resolution on the
Russell Corporation's Closure of Jerzees de Honduras
Adopted February 12, 2009**

The Board of Directors of the Fair Labor Association (FLA) has carefully considered the three reports commissioned by the FLA to study the closure of the Russell Corporation's Jerzees de Honduras (JDH) factory.

We also have carefully considered representations by the Russell Corporation that its decision to close the factory was due to a dramatic drop in demand for fleece products and other economic factors caused by the turbulent global economy.

The FLA Workplace Code of Conduct does not govern basic business decisions such as how a company should address reductions in demand or other economic factors that may result in cutbacks in production, but it does require that companies adhere to the Code as they carry out their business decisions. The Code also prohibits employers from shifting production or closing a factory (or threatening to do so) in an attempt to prevent the formation of a union, in reaction to any legitimate exercise of the right of freedom of association and collective bargaining, or in an effort to break up a union.

The reports commissioned by the FLA support a finding that Russell's decision to close JDH was principally a business decision determined by economic factors. But the Board is acutely aware of the serious allegations of violations of the freedom of association guarantees contained in the FLA Code of Conduct by managers of the JDH factory, including allegations of threats to and intimidation of union workers and leaders in the factory. These allegations must be viewed in the context of an earlier finding by the FLA that Russell violated freedom of association rights at its Jerzees de Choloma factory.

We are particularly troubled by the report of Adrián Goldin, a well-known international labor expert who visited Honduras in January 2009 at the request of the FLA. His report included allegations that: managers at the factory warned workers that the factory would close because of their union activity; managers encouraged the efforts of trusted employees to gather signatures against the union during work hours; mid-level supervisors discriminated against pro-union workers in making job assignments and in determining severance pay and other benefits to terminated employees; and this pattern of discrimination extended to efforts to place dismissed workers in other factories after a large round of dismissals took place in November and December 2008.

While we cannot determine if anti-union sentiments and actions were the primary reason for the closure of the plant, we are deeply concerned by this pattern of alleged violations of the workers' right to freedom of association and by Dr. Goldin's conclusion that "the

closure of the factory has been determined, at least to a significant extent, by the existence and activity of the union.”

On January 30, 2009, Russell sent a memo to college and university licensing representatives agreeing to undertake the ten recommendations “to set out clearly its corporate position regarding freedom of association and improve the industrial relations climate in its factories in Honduras and elsewhere” that the FLA proposed in its January 28 report. Although the memo said that the company has already committed to and carried out some of the recommendations in a number of areas (e.g., by offering severance and benefits to former employees of the JDH factory and assistance to them in finding new jobs), we believe that Russell needs to do more to address these problems.

In addition, given the severity and pattern of the worker rights violations alleged in the Goldin report, we recognize that other key stakeholders such as member universities, the Workers Rights Consortium (WRC), the Honduras-based CGT union and others are demanding additional corrective actions and remedial steps. The FLA will continue to consult with these groups and we strongly urge Russell to meet directly with these stakeholders in good faith to determine what additional corrective action is needed to address these concerns.

As a follow up to the recommendations contained in the FLA’s January 28 report, the FLA Board believes Russell should take, at minimum, the following additional remedial actions:

1. Initiate meetings in the coming weeks with key stakeholders, including the CGT, worker representatives from the JDH factory, and the WRC;
2. Publicly acknowledge and effectively communicate to the workers that management mistakes led to a failure to adhere to the FLA standards on freedom of association at the JDH factory;
3. Issue a public statement affirming the company’s commitment to ensuring that the rights of all their employees to join or form a union of their choice and to bargain collectively without employer interference are respected in all Russell and Fruit of the Loom factories, both wholly owned and subcontracted facilities;
4. Offer first hire opportunities to all JDH workers at all Fruit of the Loom factories in the San Pedro Sula area, regardless of their union activities;
5. Provide appropriate financial compensation, beyond legal entitlements to the extent appropriate, to all JDH workers, including financial support for job retraining programs, with the amount of compensation to be determined in discussion with the CGT, workers representatives and others;

6. Speak out publically against any blacklisting of JDH workers based on their union membership or activities. Effectively communicate the company's opposition to these practices to other factory managers in the area;
7. Discipline supervisors, managers and confidential employees who have made threats, or engaged in other forms of harassment or discrimination of workers based on their union membership or activities;
8. Include a standard for respect for freedom of association and collective bargaining in the performance standards for all supervisors and managers; and
9. In consultation with union representatives in Honduras and elsewhere, strengthen formal internal grievance procedures at factories throughout its global supply chain so that allegations of harassment, threats or discrimination for union membership or activities will be brought quickly to corporate management's attention, with the expectation that they will discipline supervisors, managers and workers who engage in such conduct.

In addition, we urge Russell to take proactive steps to demonstrate the company's positive approach towards the activities of trade unions and open attitude towards the organizational activities of unions including allowing reasonable access of union organizers to employees.

We will ask the FLA staff to report back to the FLA Board at the June board meeting on Russell's compliance with these measures so that the Board can determine whether additional measures are needed.

For previous recommendations, see the [FLA's 1/28/09 report](#).