



## **FLA Board Resolution on Special Review for Russell Corporation**

Adopted June 25, 2009

The Board of Directors of the Fair Labor Association (FLA) has carefully considered the report dated June 19, 2009, that was commissioned by the FLA to verify Russell Corporation's implementation of the remediation plan adopted by the FLA and the Board of Directors on January 29 and February 12, 2009. We have also reviewed outside reports and communications from the WRC, the Honduras-based CGT union federation, and the local SITRAJERZEESH union.

We remain seriously concerned about the impact that the closure of Jerzees de Honduras has had on workers and the climate for freedom of association in Honduras. While the verification report shows that Russell has taken steps to address these issues, they have not fully implemented the remediation plan and they are not in full compliance with FLA standards.

Accordingly, the FLA Board has decided to place Russell Corporation on a 90-day period of special review. According to the FLA Charter, a company may be placed on special review if it fails to achieve or maintain compliance with FLA standards. If a company fails to come into full compliance within the special review period, it may be grounds for dismissal from the FLA. During the special review period, neither Russell nor the FLA shall identify Russell as being in compliance with FLA standards.

Several factors contributed to our decision. The first is the company's failure to engage in good faith negotiations with the CGT union on issues like compensation for terminated employees, a meaningful first-hire policy and reasonable access for unions to company factories. Employees in Russell facilities have an inconsistent understanding about their freedom of association rights. The existence of "collective pacts," no matter their motivation, has the effect of undermining efforts by independent unions to organize workers. These circumstances have led to a high level of distrust among workers and other stakeholders of Russell's commitment to freedom of association.

A second set of concerns relates to Russell's failure to engage with key stakeholders, including representatives of civil society in Honduras. Lastly, we are concerned about the company's inappropriate public comments about the FLA and the remediation process.

During the 90-day special review period, Russell must carry out the following steps in order to be removed from the special review status:

- Engage in good faith negotiations with the CGT union regarding further compensation and benefits for all JDH workers, an effective first-hire policy, and reasonable access of union organizers to employees.
- Negotiate measures with CGT to ensure the removal of any obstacles to freedom of association, including those posed by collective pacts (*pactos colectivos*), without depriving workers of existing benefits.
- Discipline managers who impede or have impeded the rights of workers to organize.
- Publicly correct the record with respect to previous communications by Russell about the remediation process. Russell must also commit not to make any additional public statements about the FLA or this review process without the prior approval of the FLA.
- Improve training efforts to ensure all employees have a better understanding of the rights to freedom of association and collective bargaining as embodied in international labor standards. The trainer shall have strong credentials in freedom of association and collective bargaining and a credible reputation among the key stakeholder groups. Any training should be integrated in an on-going manner in Russell factories, such as has been done with Russell's "open door" policy.
- Engage with all relevant stakeholders in this review period to facilitate resolution of the remediation process. Key stakeholders include Fair Labor Association member universities, Worker Rights Consortium, Clean Clothes Campaign and Maquila Solidarity Network.
- Continue to implement all other applicable aspects of the remediation plan as presented on January 29 and February 12, 2009.

Russell must undertake a long-term, sustained effort to create an environment in which workers feel that they can freely exercise their associational rights. It is essential that Russell take steps in the next 90 days that will demonstrate a new direction and an understanding of the concerns of the stakeholders.

The FLA Board has asked the FLA staff to report back in 90 days on Russell's progress. At that time, Russell's special review status will be re-evaluated. The Board reserves the right to request updates at any time within this period if there are any concerns about Russell's progress.

We encourage universities and other stakeholders to engage with Russell during this review period to facilitate resolution of this process.