

Appendix "A" to Report Number
158 of the University Affairs
Board – June 1, 2010

The Case of Russell Athletic

June 1, 2010

WRC Mission

To assist universities and colleges in protecting the rights of workers around the world who make university logo products and to promote better working conditions and wages in global manufacturing

WRC: Background

- More than 180 affiliate universities and colleges in the United States and Canada
- Founded by student activists and university administrations
- WRC receives worker complaints; conducts factory investigations; presses for remediation where needed; reports to affiliates and the public
- Staff of 14, located in eight countries and a global network of NGO partners and contacts
- Robust investigative methodology
 - Off-site worker interviews
 - Hands-on remediation efforts
 - Independence from industry

Key Projects

- Alta Gracia: Living Wage Apparel
- India: Widespread Minimum Wage Violations
- Bangladesh: Fire and Building Safety
- Russell Athletic implementation
- Supply Chain Reform

University of Toronto

- Long-time affiliate
- Actively involved in the WRC's work
- Ongoing collaboration and consultation with WRC staff and other member institutions
- Regular engagement on key cases
- Meetings; fact-finding missions

Russell Athletic and Jerzees de Honduras

- Russell/Fruit of the Loom is the largest private employer in Honduras
- 6 factories, more than 10,000 workers
- Honduras is one of the primary sources of basic apparel for the US and Canada
- Jerzees de Honduras – Russell garment factory employing 1,200-plus production workers

Violations

- Among the most egregious and persistent violations of associational rights we have encountered
- Two-year campaign by the company to prevent workers from exercising their associational rights
- Retaliatory firings, escalating threats of shut-down
- October 2008: Closed factory to destroy the union workers had formed, fired entire workforce
- Presented a huge challenge to university labour code enforcement

Investigation

- WRC conducted major investigation of the closure decision
- Overwhelming evidence of anti-union motive
- WRC recommended reversal of closure decision, back pay for dismissed workers, reforms to ensure respect for associational rights in all Russell facilities in Honduras
- FLA initially defended the closure as legitimate and took no action against Russell, but its position changed over time

University Response

- Russell refused for a year to change its posture
- In response to WRC findings and student concerns, universities began to press Russell to reverse course
- Nearly 100 universities terminated or suspended Russell's license; others limited purchasing and/or took other steps
- U of T chose latter approach; stayed in communication with WRC throughout

Negotiation

- University pressure brought Russell into dialogue with worker representatives
- Negotiations throughout the fall of 2009, with WRC advising the parties
- Russell-union accord and Russell-WRC remediation plan agreed on November 14

November 14 Accords:

Concerning the dismissed workers, Russell committed to...

- Open a factory in Choloma, Honduras, called Jerzees Nuevo Dia (JND)
- Offer re-employment to all 1200+ former JDH workers
- Pay \$2.5 million in compensation to the affected workers

November 14 Accords:

Concerning Freedom of Association, Russell committed to:

- Recognize and bargain with Sitrajerzeesh at JND
- Adopt a stance of neutrality and non-interference re unionization at all Honduran plants
- Provide the CGT with access to all Honduran facilities
- Participate in a joint company-union worker rights education program at all facilities

What it means...

- Enormous economic benefits for Jerzees de Honduras workers and their families
- Most significant step forward for associational rights ever achieved in the apparel export sector in Central America
- The first nationwide agreement for an “open door” to the exercise of associational rights anywhere in the globalized apparel industry
- Resounding victory for university labour standards and the enforcement process

Implementation

Worker Welfare Fund

- Funds wired in December
- Distribution carried out by WRC, SC and the union
- Workers paid through direct deposit
- Union decided to give equal share to all workers, regardless of union membership
- 1230 of the 1287 eligible workers have received payment (96%)
- 9 months of salary per worker



Implementation

Opening of Factory

- Jerzees Nueva Dia began operations in January – Official opening March 3
- 500 workers hired thus far
- Russell working with union on hiring process
- New management well regarded by workers

