EXECUTIVE SUMMARY AND FINAL REPORT

Independent Investigation

ANVIL-GILDAN ACTIVEWEAR

El Progreso, Honduras

September 11 to 14, 2012
Executive Summary

Fair Labor Association (FLA) requested that COVERCO conduct an independent investigation in El Progreso, Honduras, at STAR, S.A. factory of ANVIL HOLDING regarding possible closure and allegations of anti-union practices after the official announcement to workers on May 3, 2012 of the purchase of 100% of the shares of ANVIL by GILDAN Activewear.

COVERCO conducted 56 interviews with internal and external stakeholders. Interviews with workers took into account the levels of seniority of the workforce. We also conducted a review and evaluation of labor indicators in order to evaluate the plant’s behavior with regards to job security based on the number of workers; quality and productivity; production; and employee departures during the period from January 2011 through August 2012.

The investigation also included background on labor relations at the STAR factory: Creation of the union; employment stability and massive layoffs in 2009; relations between the Union and the Factory; changes to the work organization in February 2012; rumors circulating since February and March about change in ownership at ANVIL; and high levels of violence and lack of security in the community of El Progreso.

The investigation found the following:

Absence of Adequate and Effective Communication

86% of the interviews expressed that rumors regarding the possible sale of the factory existed since February and March 2012; the Union pointed out that on various occasions they inquired regarding these rumors, but information regarding the sale was always denied.

On May 3, the Union was summoned by the Human Resources Regional Manager to a meeting to discuss Clause Number 30 of the Collective Bargaining Agreement; however, this meeting was, in fact, to inform them about GILDAN Activewear’s purchase of 100% of ANVIL HOLDING’s shares. The meeting lasted approximately 15 minutes. The Union requested this information in writing, but this request was denied. After the meeting with the union, the Human Resources Regional Manager spoke with workers on Shift A.

Results of the meetings on June 29 and July 19, 2012: The Union reported that the rumors about layoffs and possible closure continued. Therefore, they requested official information about the status of the plant and the presence of a high ranking GILDAN executive; on June 29, the signed Minutes of a meeting between the Union and Management state that ANVIL continues as a separate Division of GILDAN, that it guarantees labor rights, and that it will keep the STAR Union informed about developments, in order to prevent rumors and speculation.
On July 19, with the presence of a representative from GILDAN Activewear for the first time, the process of ANVIL’s acquisition is explained. In the Minutes, GILDAN’s representative reiterates that ANVIL’s management will be respected; that the company’s future cannot be defined, because there are many external factors in the market; and that information will be provided transparently. In the same Minutes, they commit to respect Freedom of Association. STAR Human Resources will post an informational note proclaiming respect for Freedom of Association and Collective Bargaining; in addition, an investigation will be initiated regarding workers attempting to restrict the freedom of association of others and threats against union leaders.

Ineffective communication; possible involvement of Human Resources Manager from Shift A in generating uncertainty and changes in Human Resources Management: The investigation concludes that Management’s communication has not been effective; the interviews confirm that the rumors about layoffs and closure are present below the surface. In addition, Management is well aware of the rumors, but there is no evidence of a Communication Policy to curb them.

33% of interviews with workers on Shift A revealed that the Human Resources Manager for this shift shared with others information about the meetings between Management and the Union, including with workers who have been involved in confrontations with the union inside the factory.

Even though the Union considers that the new Human Resources Regional Manager has had positive communication, they consider that the manager lacks the authority to clarify and address issues regarding uncertainty about the plant’s future.

RUMORS, PERCEPTION AND NEGATIVE OPINIONS TOWARDS GILDAN BY FACTORY WORKERS

95% of interviews, including those with supervisors, union and non-union workers, expressed concerns and confirmed the existence of rumors of massive layoffs and a possible closure of the factory caused by the acquisition by GILDAN Activewear. Only 5% consider them to be speculation and have a positive opinion about the purchase of the factory. However, 87% of those interviewed, including non-union workers and supervisors, perceive that GILDAN already closed a factory in that same Industrial Park and could do it again, and that Gildan does not like having unions in its factories.

ANTI-UNION PRECEDENTS

33% of workers on Shift A assert that the May 5 work stoppage was led by two workers and that the Human Resources Manager influenced this stoppage directly and indirectly; the worker that organized the stoppage has a history involving the Union; in 2009, a complaint was filed with the Security Secretariat, General Directorate of Criminal Investigations, due to verbal threats against a union leader. In addition, the union considered presenting another complaint in May 2012 before the same government institution, for a verbal threat on May 7 against another union leader by the husband of a worker. Management confirmed that no disciplinary actions were taken in the two aforementioned cases. COVERCO did not
interview the two workers because it learned their names at the end of work of Shift A and on the following
days only Shift B was working.

The Union confirms that since May 12, it has received pressure from workers holding them responsible for
possible layoffs; in addition, there is graffiti in the bathrooms with insulting, obscene, and threatening
words towards Union Leaders.

EXTERNAL STAKEHOLDERS

The interviews confirm that a climate of insecurity exists in the area, to the point that it is considered one
of the areas in the country with the highest murder rate.

40% of the interviews consider that GILDAN’s acquisition announcement will provide stability to the
factory and there will be neither massive layoffs nor plant closure. A closure would be detrimental to the
El Progreso Industrial Park because of the job loss; while other factories have closed in that same park,
according to the interviews, they have been due to other reasons. 100% of interviews recall that the Union
had difficulty in organizing, but recognize that there has been harmony in labor relations and there is a
good Collective Bargaining Agreement.
INDEPENDENT REPORT

INDEPENDENT INVESTIGATION OBJECTIVE

Fair Labor Association (FLA) requested that COVERCO conduct, in El Progreso, Honduras, an independent investigation at STAR, S.A. factory of ANVIL HOLDING regarding possible closure and allegations of anti-union practices after the official announcement to workers on May 3, 2012 about Gildan Activewear’s purchase of 100% of ANVIL’s shares.

AREAS TO INVESTIGATE

According to the Terms of Reference the following points were investigated:

1. Obtain information from primary and secondary sources about rumors of the possible closure of STAR, S.A. factory.
2. Investigate and identify possible anti-union actions since the announcement of Gildan Activewear's purchase of 100% of the shares.
3. Investigate and document the perspectives of the key participants involved at STAR, S.A.
4. Investigate the concerns and possible information problems associated with the transition as a result of the acquisition of shares.
5. Investigate and document the expectations of the external stakeholders due to the change in ownership and rumors of closure.
6. Identify potential stakeholders that may create stability and security in the factory.
7. Make recommendations to Gildan Activewear.

METHODOLOGY

The methodology used by COVERCO included two phases: Interviews, conducted with 56 internal and external stakeholders directly linked with the investigation; and review and evaluation of labor indicators from January 2011 through August 2012.

Interviews

From September 11 through 14, 40 workers\(^1\) from both shifts\(^2\) were interviewed, including the Board of Directors from the Union; 6 people from Management, including a Representative from Gildan Activewear; and 10 external partakers, law professionals, organizations and public institutions from El Progreso and San Pedro Sula.

\(^1\) Includes 5 supervisors.
\(^2\) 38% of interviewees from Shift A and 62% from Shift B.
Comisión de Verificación de Códigos de Conducta

The interviews considered the levels of job seniority existing at the company; 58%\(^3\) of the interviewees had been with the company from 5 to 12 years, 30% from 1 to 5 years, and 13% under a year but having been hired before May 2012. 55% were women and 45% were men.\(^4\)

**Review and evaluation of labor indicators**

1. Company Management Policies
   a. Policies for Disciplinary Procedures
   b. Policies and regulations for the evaluation of job positions performance.
   c. Policies and procedures for the reduction of personnel.
2. Number of workers from January 2011 through August 2012.
4. Number of terminated Work Contracts per month from January 2011 through August 2012, segmented by voluntary resignations and terminations with just cause and without just cause.
5. Copy of current Collective Bargaining Agreement
6. Copy of the Internal Work Regulations
7. Signed minutes and official correspondence between SITRASTAR and Management during 2012 dealing with the investigation.

**ACCESS TO INTERVIEWS AND INFORMATION**

The investigator had the cooperation of Management for interviews and access to the required information.

**BACKGROUND**

a. Creation of the Union

Evidence exists that during the organization of the Union in October 2007, there were anti-union actions; the termination of 58 founders of the union; and factory workers held public protests, took control of the main streets, of El Progreso, and occupied public offices and demonstrated in El Progreso, San Pedro Sula, and Tegucigalpa. Some of these actions resulted in violent acts between workers and security forces; on December 10, an agreement was reached to reinstate the union founders. On December 20, 2007, the Union Board of Directors is elected. The interviews confirm that this stage of confrontation was overcome with the coming into force of the First Collective Bargaining Agreement.

---

\(^3\) Records from August 2012 establish 57% seniority from 12 to 5 years; 34% from 5 to 1 year and, 9% less than 1 year.

\(^4\) August 2012, 57% are women and 43% are men.
b. Job Security and Massive Layoffs in 2009

Payroll records for the month of August 2012 reflect an important job seniority indicator at the factory: 57% of the workers have 5 to 12 years on the job, 34% have 1 to 5 years, and 9% have less than a year.

100% of interviews, including Management\(^5\), stated that in the year 2009 there were massive layoffs due to low production as a consequence of the economic crisis in the United States; this unfortunate event remains an issue with workers and is a factor in the concerns regarding uncertainty arising from the rumors of massive layoffs and a possible factory closure.

In the opinion of Management, there is stability in production and employment; the following charts reflect a stable tendency. While there have been terminations, these have been due to various causes, which have been communicated to the Union.

---

\(^5\) Interviews with workers and Management with 12 to 5 year seniority.
Comisión de Verificación de Códigos de Conducta

MONTHLY TERMINATIONS
JANUARY 2011 TO AUGUST 2012

SOURCE: Graph developed by COVERCO, with information provided by STAR. Because of confidentiality issues, actual employment levels are not provided. Chart shows stable employment levels and a positive trend comparing employment in January and August 2011 with August 2012.

SOURCE: Graph developed by COVERCO, with information provided by STAR.
Of the 355 terminations of contracts over the period analyzed, 43% relate to terminations justified by several causes, which were notified to the union. The union participated in some cases in the process of appeal or review of the cases; 40% relate to resignations; 9% relate to abandonment of the job by the worker; and 8% to other causes.

c. Relations between Union and Company

Regarding the organization of the Union in 2007, the interviewees commented that after the incidents, with the exception of the massive layoffs in 2009 and the incidents in February 2012, the signing of the first and second Collective Bargaining Agreements marked a period of stable labor-management relations through May 2012 when the news of the acquisition of the shares of ANVIL HOLDING became known.

d. Changes in Work Organization in February 2012

The interviews with the Union and workers revealed that on February 3, 2012, there was an expansion in the scope of a pilot project reorganizing work in production areas (T-SHIRT). This decision was rejected by the Union; on the 11th of that same month, an Agreement was reached with Human Resources Management. Management and the union confirmed that a pilot project had been in place since 2010.

The interviewees (Union and workers) also indicated that the officers implementing these changes insinuated that the Collective Bargaining Agreement was negatively influencing the economic stability of the company and there could be a possible factory closure; the Human Resources Manager denied these rumors.

e. Rumors of Change in Ownership

The interviews with workers and unions revealed that rumors of the sale of the company existed since February and March.

f. High Levels of Violence and Citizen Insecurity in El Progreso

All of the interviewees representing internal and external stakeholders shared their concerns regarding the high levels of violence in El Progreso, deemed as one of the areas with highest rate of violent death in Honduras. Union leaders expressed concern that the high rate of violence and lack of security in the area might be used by unscrupulous individuals against union leaders.

FINDINGS

I. LACK OF ADEQUATE AND EFFECTIVE COMMUNICATION
86% of the interviewees informed that the rumors of the possible purchase of the factory existed since February 2012, and increased in April. The Union commented that it consulted on various occasions, principally on February 3 and 10, 2012, with the Human Resources Manager regarding these rumors; however, this information was always denied.\(^6\)

1. Events in May Involving Shift A

On May 3, the Union was summoned by the Human Resources Manager to a meeting to discuss Clause Number 30 of the Collective Bargaining Agreement;\(^7\) however, this meeting was to notify the Union about Gildan Activewear’s purchase of 100% of ANVIL HOLDING’s shares. The meeting lasted approximately 15 minutes and at no time during this meeting was Clause Number 30 addressed.

At this same meeting, the Board of Directors was informed that they would subsequently notify the workforce from Shift A about the purchase. The Union requested this information in writing, but this request was denied. At this meeting, the Human Resources Manager from Shift A was also present.

The Human Resources Regional Manager used the public announcement system in the factory to deliver the same message to the entire workforce. In addition, the manager argued that if workers needed clarification or information, this could be done through suggestion “cards”; the interviewees commented that this proposal was inconsistent, because workers never use this system.

100% of interviews with workers in Shift A commented that they received the news like a “bucket of cold water, at point-blank, confirming the rumors of massive layoffs like in the year 2009 and possible closure of the factory because Gildan would move machinery somewhere else…”

Faced with the absence of written information about the purchase of the shares and worker reactions, the Union requested on that same day, May 3, the intervention of the Secretariat of Labor and Social Security (STSS) from El Progreso, who visited the factory’s offices on May 4. The minutes of the meeting with the Human Resources Manager, where documented in the minutes are the following explanations given by the Human Resources Manager from Shift A:

- The company STAR will continue to operate as usual, in the same location and following the same schedule.
- The company ratifies that the job contracts for STAR employees are valid, as also are their seniority and labor rights.
- The company STAR will continue to comply with the law, respecting its commitment and accepted agreements with employees as is usual.

---

\(^6\) In the SITRASTAR Newsletter, February 2012 Edition, page 4 [Spokesperson for the company’s name] stated that the factory has no plans to close, but to expand.

\(^7\) Clause Number 30 deals with “gabachas,” work coats issued annually by management to workers.
Comisión de Verificación de Códigos de Conducta

- Moreover, the communication read by STAR Management to employees indicated the acquisition of ANVIL by GILDAN; it was also made known that there will not be any change in the legal form of subsidiaries of ANVIL, as in the case of STAR.

The same minutes indicate that the Union is satisfied with the company’s response.

The interviews with Shift A workers and Management, confirm that on **Saturday, May 5** a group of workers initiated a **work stoppage lasting approximately 4 hours**, requesting the presence of the Human Resources Manager to explain again the news of the sale of the company and the possibility of massive layoffs; the Human Resources Manager had to explain that there would be no massive layoffs, much less a factory closure.

The interviews with this Shift and the Union leaders confirm that since May 3, the rumors about massive layoffs and closure have increased. In addition, the interviewees commented that several workers that coordinated the stoppage are the same who spread criticism blaming the union: “this (union) has had this information for some time, that the union had already negotiated terminations and was in agreement with them.”

The Union commented that since the 3rd and principally the 5th of May, it had received strong pressure and threats from some workers blaming them for possible terminations.

### 2. Events in May Involving Shift B

The Union commented that on **Monday, May 7**, in the face of the uncertainty transmitted by Shift A workers to Shift B, Shift B workers requested that the Human Resources Manager explain again the same information transmitted on May 3 and May 5 to a group of workers selected by each production area.

100% of the interviewees from this Shift confirmed that the fellow workers selected by them shared the information regarding the sale of the factory to GILDAN and that there would be neither massive layoffs nor factory closure. There was no work stoppage during this shift.

### 3. Reactions to the June 29 and July 19, 2012 meetings

The union commented that the rumors of layoffs and a possible closure continued; therefore, they requested official information regarding the situation at the factory and the presence of a high-ranking GILDAN executive.

According to the information obtained through interviews and confirmed by management and by the union, in June, the factory changed the location of workers within lines in order to improve their posture and flow of work in the production of t-shirts 7, lines 1 and 2. This increased the rumors of massive
layoffs; on June 29, the signed Minutes of a meeting between the Union and Management justify the possible changes to be implemented. In addition, Management declared:

• “First: it is clear that Star (ANVIL) continues with its management, that it is managed as a separate division of Gildan, and that Anvil is managed by [Manager’s name]; all changes conducted so far have been a result of administrative decisions; nothing has been done to affect labor rights and worker guarantees.”

• “Third: it is established that communication is vital and that every time that the company in management prerogatives requires certain changes, Star Union will be informed, in order to avoid speculation and rumors.”

Information from the Union states that as a consequence of its insistence of an explanation regarding the factory’s future, another meeting is held on July 19 with the presence of a Delegate from Gildan Activewear for the first time, where the process of ANVIL’s acquisition is explained.

• “First: …Gildan respects the management of Anvil and it continues to be independent. With regard to the future, it cannot be defined because there are many external factors, such as market conditions and plant management, among others, which puts out of its control the knowledge of what might happen. Any change that might occur will be informed transparently, maintaining a dialogue at all times to inform; this would be the commitment.”

• “Second: Regarding Freedom of Association. Human Resources staff of Star will post an explanatory note announcing its respect for Freedom of Association and respect for Collective Bargaining. Investigations will be initiated of workers seeking to limit freedom of association and threatening union leaders. Respect and tolerance should prevail due to the diversity of ways of thinking existing at the plant.”

• “Third: Regarding dispelling rumors, STAR will put in place a formal communication channel for employees, in order to avoid speculation that might harm labor relations.”

• “Fourth: Regarding the meeting between high-ranking Gildan executives and employer organizations at other plants, there is a willingness to meet with every union in each country, considering that this is a positive approach to reach concrete solutions in accord with the situation in each country. However, Sitrastar requests meetings with unions where they exist, representing all of Gildan’s plants and consideration of the issue. It requests analysis of high-ranking executives.

In spite of the effort to dispel speculation and rumors during these two meetings, they did not succeed in creating a climate of trust between Union and Management.

The investigation found no evidence that the factory management complied with its commitment of July 19, regarding the second point, referring to an explanatory note in which the factory proclaimed its respect for Freedom of Association and respect for Collective Bargaining; and of the investigation of workers

---

8 Only points 1 and 3 are mentioned because they reference the investigated matter.
Comisión de Verificación de Códigos de Conducta

seeking to limit freedom of association and threats against union leaders. Although the agreed minutes of the special meeting held on July 19 do not specify timeframes to meet the commitments, it is clear that up to the time of this investigation, a public statement for the workers has not been issued.

4. Ineffective communication; possible involvement of the Human Resources Manager from Shift A in generating uncertainty and changes in Human Resources Management.

There is no documented evidence regarding the communication read on May 3. In addition, there is no agreement between the statements by the Human Resources Manager in the minutes of the May 4 meeting and the communication of May 3 provided to this investigator on September 11. Let us cite a few examples:

In the minutes of the May 4 meeting, ANVIL states that “work contracts between workers and STAR will continue to remain in place, including tenure and labor rights.” Similarly, “STAR will continue to comply with the law, respecting commitments and agreements reached with workers as usual.” The statement made available on September 11 does not include these points. This makes it evident that Management did not have an adequate communication strategy.

It is the opinion of this investigation that communication has not been effective. Interviews confirm that the rumor of layoffs and closure is there below the surface.

Management has full knowledge of the rumors, but there is no evidence that it has a Communication Policy to dispel these comments.

Interviews with management, union and workers confirm that the previous Human Resources Regional Manager had centralized information about the case.

33% of interviewees belonging to Shift A commented that the Human Resources Manager for this Shift shared information about meetings between the Union and Management with workers that have been involved in various internal acts of confrontation between workers and the union: in February or March (without a precise date) over grievances by non-union workers of deductions for union dues and in June (no precise date) over the distribution of signed minutes between management and union regarding a change in the scheduled end of shift that resulted in an attempt to stop work and the Work Stoppage of May 5.

The Union also confirms the comments of the interviewees indicating that the above actions have been one of the causes of threats that the Board of Directors has received. In fact, a complaint against one of these workers was filed on November 3, 2009, with the Security Secretariat, General Directorate of Criminal Investigations; in May 2012, a possible complaint was filed before this same government institution for verbal threats against a union leader by the husband of a worker.
The Minutes of the June 29 and July 19 meetings between Management and the Union have succeeded in dispelling the rumors of massive layoffs and factory closure.

Although the Union considers that the new Human Resources Manager has had positive communication with workers, they indicate a lack of authority to clear up and address the uncertainty associated with the factory’s future.

II. RUMORS, PERCEPTION AND NEGATIVE OPINIONS TOWARDS GILDAN BY FACTORY WORKERS

As of September 2012, there is still a perception and generalized rumors of possible layoffs or closure of STAR, S.A. 95% of interviewees, including supervisors, union and non-union workers, expressed their concerns and confirmed rumors of massive layoffs and possible factory closure due to the purchase by Gildan Activewear; only 5% considered that they are speculations and have positive opinions regarding the acquisition of the factory.

Over 12 years of existence, the STAR factory had to carry out massive layoffs in 2009; since then, it has maintained a steady growth in employment.

Deepening the interviews about the perception towards Gildan Activewear, 87% of the interviewees, including non-union workers and supervisors, considered that Gildan has already closed one factory in that same Industrial Park and that it does not like to have unions in its factories.

The most recent rumors expressed during the interviews are that the factory would not pay severance during the month of September; this rumor was less prevalent as time went on when on Tuesday 11 and Friday 14 these payments were disbursed; another rumor is that in the coming months there would be layoffs of between 300 and 400 workers from both shifts.

III. ANTI-UNION PRECEDENTS

The interviews with internal stakeholders confirm that May 3 and May 5 were the days that heightened the rumors of massive layoffs and closure. The interviews with workers confirm that on those days speculation arose that prior to these dates, the union had information about the acquisition of ANVIL, massive layoffs, and possible factory closure.

---

62% of workers interviewed confirmed not being affiliated with the Union. This fact is relevant because it can dispel the presumption that the rumor is only among unionized workers.

2 of 40 interviewees.

This information was gathered from January 2011 to August 2012; except for a few months, growth in employment has followed an upward trend.

Collective Bargaining Agreement, Clause Num. 7, Payment of Severance, provides that all workers will be paid severance during the month of September.
33% of the interviewees from Shift A commented that the May 5 Work Stoppage was led by two workers; one of them, on repeated occasions, has demonstrated their rejection of the union, such as the events of February and March 2012 (without confirmation of the date) when this worker requested that the Human Resources Manager not deduct union dues from non-union workers.

This same percentage of interviewees commented that the Human Resources Manager from Shift A had influence on two or three workers who coordinated the May 5 work stoppage.

The worker that organized the May 5 work stoppage had a history of animosity toward the union; on November 3, 2009, a complaint was filed with the Security Secretariat, General Directorate of Criminal Investigations, regarding verbal threats against a union leader; they considered presenting another complaint in May 2012, with the same government institution, for a verbal threat on May 7 against another union leader by the husband of a worker.

The Union confirms that since May, it has received pressure from workers, holding them responsible for possible layoffs. In addition, there is graffiti in the bathroom with insulting, obscene, and threatening words towards Union Leaders.\textsuperscript{13}

IV. EXTERNAL STAKEHOLDERS

The interviews confirm that a climate of citizens’ insecurity exists in the area, to the point that El Progreso is considered one of the areas in the country with the highest murder rate.

40% of the interviewees consider that the announcement of GILDAN’s acquisition will provide stability to this factory and, therefore, they consider that there will neither be massive layoffs nor a factory closure. In addition, closure would be detrimental to El Progreso because of the job loss; according to the interviewees, even though other factories have closed in that same Park, they have been due to other reasons.

20% of interviewees consider that Gildan had plans to lay off employees and possibly close or even leave the Industrial Park because the owners would demand to take back the building or a substantial increment in the rent, which would justify their departure; the other 40% of the interviewees did not express an opinion on this matter.

100% of interviews recall that the Union had difficulty in organizing, but recognize that there has been harmony in labor relations and a good Collective Bargaining Agreement.

V. CONCLUSIONS

\textsuperscript{13} The interviews did not provide this information; the investigators were not able to review and inspect the graffiti in the bathrooms.
1. Evidence exists that communication on the part of Management to inform about GILDAN’s acquisition was not adequate, much less effective.

2. The absence of official information from management after May 5 until the date of this investigation to deny the rumors and speculation about the near-term future of the STAR factory contributes to worker uncertainty.

3. Interviews with workers from both shifts pinpoint that, in May, the rumors increased and allege that the union conspired with management, regarding the alleged layoffs and possible factory closure.

4. Interviews with workers from both Shifts, but primarily workers in Shift A, identify the Human Resources Manager as influencing the grievances against the Union and facilitated, directly or indirectly, the May 5 work stoppage.

5. Although the Special Minutes of the July 19, 2012 meeting do not set a timeline for meeting the commitments made, to date there has not been a declaration regarding Freedom of Association and Collective Bargaining, and no investigations of workers that sought to limit freedom of association and made threats against union leaders.

6. 87% of interviewees have the perception that GILDAN does not like to have unions in its factories and, therefore, there will be changes at the STAR factory, including a possible closure.

7. Because of job seniority at the STAR factory, there is a historical memory of important events of labor relations at this factory; this has a direct effect on the workers’ fears regarding a possible closure – such as previously occurred in this industrial park, one of them of a factory owned by Gildan – because it endangers their job security. They remember the violent process of the organization of the union, the massive layoffs at STAR factory in 2009, and they are aware of the climate of violence and citizen insecurity in El Progreso. The combination of these factors feeds uncertainty and the fears of workers.

VI. RECOMMENDATIONS

1. Develop a Policy and procedures for communication.
2. Guarantee that the implementation of the Policy and Procedures for communication is adequate and effective in the context of labor relations at STAR factory.
3. Comply with the commitments of the Special Minutes of the July 19 Meeting, guaranteeing that communications be clear and effective.
4. Coordinate, in a prudent time frame, the reiterated requests by Union Leaders to meet with a high-ranking GILDAN Activewear Executive; this action will strengthen the Communication Policy
and will aid in the elimination or reduction of uncertainty, rumors, and misrepresentations about ANVIL’s acquisition.

5. Share the report of the investigation with the Brands sourcing from the STAR factory, Management, and the Union.