## GILDAN-DORTEX FINDINGS AND REMEDIATION

### MARCH 24, 2011 UPDATE

<table>
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<tr>
<th>Item for Remediation</th>
<th>FLA/WRC Joint Recommendations / Status of Remediation</th>
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<tbody>
<tr>
<td>1. Collective Bargaining Agreement</td>
<td>Rescind the collective bargaining agreement signed between Gildan Dortex and Sitrailg on March 1, 2010. As a first step, Gildan Dortex should approach Sitrailg/Cita to propose that the parties voluntarily sign an accord mutually rescinding the contract. If Sitrailg/Cita does not agree to such an action, Gildan Dortex should revert to the Ministry of Labor to have the agreement de-certified. If that option is not practical, Gildan Dortex should state that it is unilaterally rescinding the agreement because of evidence that Sitrailg obtained the majority through fraud. In either case, the statement of rescission by the company should be reviewed by the WRC and the FLA before it is finalized.</td>
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**REMEDIATION ACTION:**

Gildan initially responded to these recommendations in a letter sent to the FLA and WRC on April 29, 2010. Gildan-Dortex held unsuccessful mediation meetings with Sitrailg between May and July of 2010 in order to obtain Sitrailg's voluntary consent to terminate the CBA.

The Ministry of Labor has advised Gildan-Dortex that Dominican Republic labor law does not permit a decertification of the CBA.

On September 2, 2010, Gildan-Dortex filed a counterclaim in a pending lawsuit with Sitrailg asking the Labor Court in the Dominican Republic to invalidate Sitrailg’s representation and declare null and void the CBA if Sitrailg did not have proper representation. The counterclaim was rejected by the Labor Court on December 17, 2010.

On February 3, 2011 Gildan committed in a letter to the FLA Executive Director to pursue all available options to terminate the CBA. On the basis of this commitment, negotiations were again initiated with Sitrailg on February 17, 2011 to reach an agreement to terminate the CBA.

On February 22, 2011, Gildan reached an agreement to terminate the CBA with Sitrailg.

*On March 4, 2011, the termination agreement was amended to eliminate the ability of Sitrailg to rescind the termination agreement.*

**STATUS:** COMPLETED
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<th>Representation of Sitragil</th>
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<td>2.</td>
<td>Cease to recognize or deal with Sitragil/Cita as a representative of workers for the purposes of collective bargaining, until such time as Sitragil/Cita would meet the membership requirements under Dominican law to hold such status.</td>
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|   | **REMEDIATION ACTION:**  
> With the termination of the CBA on February 22, 2011, Sitragil/Cita would need to establish a verified representation claim for Gildan-Dortex to engage the union in collective bargaining in the future. |
|   | **STATUS:** COMPLETED |

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<th>Benefits to Employees</th>
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<td>3.</td>
<td>Unilaterally maintain in effect all direct benefits for workers established by the collective bargaining agreement (including increases to employee pay; compensation associated with the Christmas holiday, maternity, and the death of the worker or family member; opportunities for severance upon resignation; and free breakfast and lunch for night shift employees).</td>
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|   | **REMEDIATION ACTION:**  
> Gildan has committed since April 29, 2010 to unilaterally maintain all direct benefits for workers established by the CBA under any scenario in which the CBA would be terminated.  
This commitment has been confirmed under the termination agreement with Sitragil reached on February 22, 2011 and will be formally communicated by written statement, which will also be read to all workers in small group meetings by February 28, 2011. Also see items 5, 6 and 10 below. |
<p>|   | <strong>STATUS:</strong> COMPLETED |</p>
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<td>4.</td>
<td>Discontinue all benefits in the collective bargaining agreement provided to, or through, Sitragil/Cita (including payment for office rent and union dues; paid leave for union representatives for activities and funds for union travel; educational scholarships distributed by the union; and funds for union activities related to Workers Day and Christmas). In the case of uncertainty regarding how to proceed with particular provisions of the collective bargaining agreement, Gildan Dortex should consult with both unions and Gildan Activewear do the same with respect to the FLA and the WRC.</td>
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|  | **REMEDIATION ACTION:**  
Gildan-Dortex implemented the remediation item requested by the FLA and discontinued all benefits to Sitragil under the CBA. This led to a lawsuit being filed by Sitragil against Gildan-Dortex alleging a breach of the CBA and requested compensation for damages. On December 17, 2010, the Labor court in the Dominican Republic ruled in favour of Sitragil and ordered Gildan-Dortex to implement all terms of the CBA, including these provisions.  
On February 22, 2011, under the termination agreement reached with Sitragil these payments will no longer be made, and Gildan-Dortex will not accept such provisions in any new CBA with any union.  
**STATUS: COMPLETED** |

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<th>Communication to Workers – CBA</th>
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| 5. | Inform workers (1) that the agreement of March 1 has been rescinded because it was determined that Sitragil had not met the legal threshold to compel the negotiation of such an agreement; and (2) that, until such a time as that threshold is reached, Gildan Dortex will not recognize or deal with Sitragil as a representative of workers for collective bargaining, but (3) that Gildan will honor the benefits for employees established by the agreement although not through Sitragil. This message should be conveyed to workers through the same means by which the company informed workers that the agreement was signed, including the posting of a statement in visible locations in the factory and explanations to small groups of workers.  
**REMEDIATION ACTION:**  
*Based upon the termination agreement reached with Sitragil on February 22, 2011, Gildan-Dortex has prepared a statement which was communicated to all workers at the factory effective March 2, 2011. The statement was reviewed and approved by both the FLA and WRC. The statement remained on all of the factory’s bulletin boards for 16 days from the date of initial communication i.e. March 2, 2011.*  
*Also see items 3, 6, and 10.*  
**STATUS: COMPLETED** |
|   | Communication to Workers – Freedom of Association | Inform workers, through a written statement and verbal communications (including the abovementioned small group meetings), that Gildan Dortex is committed to respecting workers’ rights to freedom of association and collective bargaining under Dominican law and applicable codes of conduct and that the company will commence bargaining in good faith with any union that demonstrates through an independently conducted verification procedure that it represents 50%+1 of the factory’s non-confidential employees.  

**REMEDIATION ACTION:**  
Gildan-Dortex has communicated to the workers its commitments to respect workers’ rights to freedom of association and collective bargaining. This commitment was reiterated as part of the statement that was communicated to all workers and posted on all of the plant’s bulletin boards for a 16 day period commencing March 2, 2011, pursuant to the termination agreement reached on February 22, 2011. The communication was reviewed and approved by the FLA and WRC.  

*See also items 3, 5 and 10.*  

**STATUS:** COMPLETED |
|   | Workers Rights Education | Work with a credible, outside organization to carry out a robust program of worker rights education for all workers, including supervisors and managers, at the facility in which representatives of both unions, as well as the WRC and the FLA are invited to participate. The program should have a strong emphasis on workers’ associational rights. Also provide training to management and to the two unions on collective bargaining.  

**REMEDIATION ACTION:**  
Gildan-Dortex developed a proposed curriculum agenda with relevant timelines with respect to the implementation of a workers’ rights education program for all workers and management at the Gildan-Dortex facility, and requested a number of providers for proposals to provide such training.  

*These proposals were reviewed with the unions and an agreement was reached to move forward with Coverco, based on a recommendation from one of the unions. Coverco submitted a proposal to Gildan-Dortex on March 22, 2011 which Gildan-Dortex is currently in the process of reviewing. The timeline scheduled to execute the training is for the period May 9, 2011 to May 16, 2011 inclusive, which is in-line with our commitment to complete the training by the end of May 2011.*  

*Gildan also welcomes the input and the participation of the FLA and WRC in this program.*  

**STATUS:** ON-GOING TO BE COMPLETED IN MAY 2011 |
|   | Regular Meetings with Unions | Meet on a monthly basis (or at other time intervals to be agreed upon by the parties) with representatives of both unions at the facility, on terms agreeable to the parties, to address employee grievances and labor issues at the facility. The minutes of such meetings, approved and signed by both parties, should be posted in the facility in one or more locations visible to workers.

**REMEDIATION ACTION:**
Gildan-Dortex has now established an ongoing working relationship at the plant with both Sitragildan and Sitragil. The first meeting between Sitragildan officials and plant management was held on February 11, 2011 and the two sides continue to meet regularly at intervals agreed upon between the two sides. Gildan is also meeting regularly with Sitragil.

**STATUS:** COMPLETED (AND TO CONTINUE INDEFINITELY)
|   | Access to Facility for Unions | Negotiate with both unions a set of ground rules for organizing covering such issues as access, meetings with workers, distribution of publicity/educational materials, etc. Those rules should provide representatives of both unions, and their respective federations, with access to the worksite during non-working hours (i.e., lunch and break periods) to meet with workers and inform them of the benefits and responsibilities of joining a union, consistent with domestic law.

**REMEDIATION ACTION:**
On March 22, 2011, Gildan agreed to ground rules covering the issues of access, meetings, and the distribution of materials based on a proposal put forward by Sitragildan. The terms of the agreement were also communicated to both the FLA and WRC.

**STATUS:** COMPLETED |
10. **Verification Process**

Should a union make the claim in the future to management that it represents a simple majority of the plant’s workforce, require and agree to a credible, transparent, independent membership verification process to test the union’s claim. If the simple majority is confirmed, negotiate in good faith with that union.

**REMEDIATION ACTION:**
Gildan has confirmed a position which affirms its full commitment to respecting freedom of association and collective bargaining rights under the laws of the Dominican Republic and the applicable international standards, taking into account Gildan’s own code of conduct on such commitments, and will bargain in good faith, consistent with such laws and international standards, with any union that has the required representation as verified under objective and legally valid procedures confirmed by the competent authorities of the Dominican Republic.

*On March 22, 2011, Gildan reached an agreement with the FLA and WRC on a process to verify the validity of the majority representation claim put forward by Sitragildan. The agreed upon verification process will commence on March 25, 2011.*

**STATUS:** AGREED

### Goldin Report Recommendations

11. **CBA**

Professor Goldin suggests it is important for Gildan-Dortex to “fully cooperate” with the legal actions pursued by Sitragildan to terminate the CBA.

**REMEDIATION ACTION:**
Under the letter sent by Gildan on February 3, 2011 to the Executive Director of the FLA, Gildan made its commitment to support every legal avenue possible to terminate the CBA. Sitragildan had apparently not chosen to advance its court case in this regard, as the first hearing has not yet been held and is now pending for March 23, 2011 (also see point 1). Nevertheless, with the agreement to terminate the CBA on February 22, 2011 it would appear that this court case is now moot.

**STATUS:** ADDRESSED BY TERMINATION OF CBA

12. **CBA**

Professor Goldin suggests that Gildan-Dortex should “deny the existing CBA,” and make efforts on reaching an agreed termination of it – or at least the clauses on the payments for compensation of union dues.

**REMEDIATION ACTION:**
With the termination agreement reached on February 22, 2011, further statements by Gildan-Dortex on the CBA are no longer relevant. See point 1 above as to the prior position of the company seeking to terminate the CBA since April 2010.

**STATUS:** ADDRESSED BY TERMINATION OF CBA
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<td>13.</td>
<td><strong>Union Representation</strong></td>
<td>Third, Professor Goldin recommends that it is important to “establish the representativeness of the unions present in the factory.” Professor Goldin makes some important points about the legal reasons for establishing such majority status, including the potential to bargain over issues that go beyond the terms covered by of the CBA and the allocation of fuero sindical.</td>
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<td><strong>REMEDIATION ACTION:</strong></td>
<td>Again, with the termination of the existing CBA on February 22, 2011, a number of the concerns expressed by Professor Goldin have been addressed. On the other hand, he makes clear the importance of objective and independent verifications. In that regard, Gildan has adopted a position to assure that any future determinations of majority status for collective bargaining are completed on the basis of the criteria stated in item 10, and this will be communicated to all Gildan-Dortex workers as part of the statement explaining the termination of the existing CBA by February 28, 2011. See point 10 above.</td>
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<td><strong>STATUS:</strong> <strong>ADDRESSED BY TERMINATION OF CBA</strong></td>
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<td>14.</td>
<td><strong>Reinstatement of Workers</strong></td>
<td>Professor Goldin recommends the reinstatement of the workers terminated for the illegal stoppage in December and that actions to terminate Julio Cesar Parra Natera be stopped.</td>
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<td><strong>REMEDIATION ACTION:</strong></td>
<td>On February 9, 2011, Gildan reached an agreement for the rehiring of the seven workers terminated in December 2010 because of their actions related to a work stoppage. The workers resumed work on February 15, 2011 with full back pay and no loss of seniority. Gildan has also decided not to proceed with the termination of Mr. Julio Cesar Parra.</td>
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