



INDEPENDENT EXTERNAL ASSESSMENT REPORT

Verification

AA0000000034

COMPANY: Gildan Activewear Inc.
COUNTRY: Haiti
PRODUCT: Apparel
PROCESSES: Sew
NUMBER OF WORKERS: 1446
NUMBER OF WORKERS INTERVIEWED: NA
ORIGINAL ASSESSMENT DATE: 11/13/12
ORIGINAL ASSESSMENT MONITOR: FLA Assessor Team (Americas)
VERIFICATION ASSESSMENT DATE: 12/06/17
VERIFICATION ASSESSMENT MONITOR: FLA Assessor Team (Americas)

FLA Comment:

This SCI is a verification assessment of assessment AA0000000034. All corrective action plan updates for AA0000000034 will be published on this report.



Understanding this Assessment Report

This report is to verify the remediation status of findings from a previous workplace assessment based on the Fair Labor Association's Sustainable Compliance methodology (SCI). This report also includes new findings utilizing the SCI methodology. The SCI assessments evaluate a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle. SCI assessments are conducted by FLA accredited assessors.

This report identifies the status of remediation of violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions. It also includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each finding as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section of each finding.

Glossary

Code violation: failure to meet standards outlined in the [FLA Workplace Code of Conduct](#) in the workplace implementation of employment or management functions.

Employment Functions: The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

Management functions: violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

Finding: indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

Finding type

- . *Immediate action required:* discoveries or findings at the workplace that need immediate action because they not only constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.
- . *Sustainable improvement required:* findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.

. *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Verification status: The status of the remediation plan for each finding as determined by the assessor. The findings are labeled either Not Remediated, Partially Remediated, or Remediated.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

Findings and Action Plans

FINDING NO.1

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has neither created nor implemented policy and procedure related to personnel development that includes the requirement of periodic performance reviews and defines how these reviews are linked to promotions. [ER.1.1, ER.28.1. ER.29.1, and ER.30.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.1, ER.28.1. ER.29.1, and ER.30.1)

Root Causes

1. In the case of most workers on the production floor, promotion and personnel development opportunities are very limited; therefore, workers and managers do not see the need to have written policies and procedures;
2. Since local labor law does not mandate these policies and procedures, management does not feel that they need them;
3. Worker reviews or performance reviews are tied with reaching production goals, but not related to promotion opportunities;
4. Management's lack of awareness of FLA Benchmarks on Personnel Development.

Action Plan Status:	Completed
Planned Completion:	09/30/14
Progress Update:	<u>Original Action Plan</u> The factory created a "Promotions Policy", "Performance Policy," and a "Performance Procedure". Training on the Performance Policy and Procedure was conducted for supervisors and administrative employees. The Human Resources manager will be responsible for the implementation and ongoing training on these policies and procedures. <u>Progress Updates</u> 12/01/17: Evidence documents attached Completion Date
Completion Date:	05/20/14

Verification Result:

1. **Finding Status:** Partially Remediated

Explanation:

Based on management interviews and documentation review, it was found that facility created in October 2017 policy and procedure related to personnel development which includes the requirement of periodic performance reviews. However, they have not been implemented. Facility management plans to implement these policies and procedures during 2018. [ER.1.1, ER.28.1. ER.29.1 and ER.30.1]

Root Causes:

1. Management has not prioritized the comprehensive implementation of performance review at all levels of the company
2. Lack of continuous monitoring on personnel development written procedures by management and The Human Resources Department

3. Lack of appropriate training for direct workers, supervisors and management personnel on FLA Workplace Code of Conduct.
4. No performance reviews have been conducted during 2017 for direct workers, supervisors and administrative personnel.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.1, ER.28.1, ER.29.1 and ER.30.1)

Action Plan Status:	In Progress
Planned Completion:	November 15, 2018
Progress Update:	Performance reviews will start on October 2018. See attached Performance Review Calendar. See attached evidence.
Completion Date:	

FINDING NO.2

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. As per Haitian Law CL-09-2009-010 piece rate employees are entitled to earn the legal minimum wage (300 daily Gourdes, equivalent to USD \$7.14) during an 8-hour workday. However, the factory does not comply; its production planning is based on 9.5 daily hours, which is the time that piece rate employees need to work in order to earn the legal minimum wage.

Local Law or Code Requirement

Haitian Law CL-09-2009-010, Article 2.2; FLA Workplace Code (Compensation benchmark ER.22.1 and Compensation benchmarks C.1 and C.2)

Root Causes

1. Management is saving on additional production costs by not paying the proper legal minimum wage;
2. Factory has not adjusted its daily production planning to the new legal requirements on legal minimum wage;
3. Workers are not aware of how to properly calculate the new legal minimum wage.

Recommendations for Immediate Action

1. Adjust the production planning, which is currently based on 9.5 daily hours, to 8 hours a day so that piece rate employees can earn the legal minimum wage in 8 hours.

Action Plan Status:	Completed
Planned Completion:	09/30/14
Progress Update:	<p><u>Original Action Plan</u> The factory implemented a new production salary. Based on their efficiency, piece-rate workers will now be paid 300 Daily Gourdes. The factory has given trainings to employees on how to calculate their salaries. The calculation form is posted on bulletin boards for employee reference. In consistency with the Haitian decree on legal minimum wage, the factory will monitor 8-hour work shifts.</p> <p><u>Progress Updates</u> 12/01/17: Evidence documents attached.</p> <p>07/23/14</p>
Completion Date:	09/30/14

Verification Result:

1. Finding Status: Not Remediated

Explanation:

Based on the factory written Working Hours Policy review, the production planning is based on eight daily hours from 6:30 a.m. to 3:30 p.m. However, information provided during interviews with workers and person responsible for payroll, the production planning is based on nine hours. This is the time that piece rate employees need to work in order to earn the legal minimum wage. Production records were reviewed for the last 6 months, showing that only 70% of production modules/lines get the assigned production goal in 8 hours. [ER.22.1, C.1, C.2]

Root Causes:

1. Facility has not adjusted its daily production planning to the 8 hours working day;
2. Lack of training for supervisors and direct workers related to System of Payment and Regular Working Hours;
3. The Payment System Policy has not been reviewed regularly.

Local Law or Code Requirement

Haitian Law CL-09-2009-010, Article 2.2; FLA Workplace Code (Compensation benchmark ER.22.1; Compensation benchmarks C.1 and C.2)

Recommendations for Immediate Action

1. Review and adjust its system of production based on time studies in order to assign fair daily production goals in 8 working hours in accordance to local law.

Action Plan Status:	Completed
Planned Completion:	November 15, 2018
Progress Update:	Facility continues to monitor 8 hours working shifts and to pay legal minimum wage as established by local law. Also the facility improved the pay slip format with the support of Better Work's recommendations for employees to clearly understand salary calculation. We confirm that all employees are receiving on a daily basis the legal minimum wage in accordance to law based on the regular daily 8 working hours.
Completion Date:	December 01, 2018

FINDING NO.3

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. During the last 6 months, there was a systematic delay in the payment of the pension fund contributions to the relevant governmental carrier (O.N.A). The average payment delay within the last 6 months was 1 – 2 months. [C.1.3]

Local Law or Code Requirement

FLA Workplace Code (Compensation benchmark C.1.3).

Root Causes

1. Payments on the pension fund contributions are not a priority for factory management;
2. Non-payment of pension funds or delayed payments is an endemic noncompliance in the Haitian apparel industry;
3. Due to the absence of governmental oversight, there is hardly any enforcement of compliance with the mandated pension funds payment.

Recommendations for Immediate Action

1. Factory management is to ensure that pension fund carrier contribution payments are made on time for all workers.

Action Plan Status:	Completed
Planned Completion:	01/31/14
Progress Update:	<u>Original Action Plan</u> ONA payments are up to date. The factory created an ONA Payment Procedure. <u>Progress Updates</u> 12/01/17: Evidence documents attached 07/23/14
Completion Date:	01/31/14

Verification Result:

1. Finding Status: **Remediated**

Explanation:

Based on the new procedure for the Pension Fund Contribution (ONA) payment policy, documentation review for the last 6 paid months and management interview, it was found that the last six ONA payments are paid five days before the due day as established by local law.

FINDING NO.4

COMPENSATION

FINDING TYPE: Uncorroborated Risk of Noncompliance

Finding Explanation

1. Based on workers' perception, their salary is not enough to cover all basic needs and provide a discretionary income. (FLA Comment: The assessment methodology in use by the FLA at the time of this assessment did not involve collection of compensation data nor specific benchmarks against which to measure the adequacy of compensation received by the workers. Fair Compensation findings were based solely on worker interviews/perception and are therefore not actionable for remediation purposes. In 2015, the FLA launched its Fair Compensation Work Plan which requires the collection and benchmarking of compensation data.)

Local Law or Code Requirement

FLA Workplace Code (Compensation benchmark C.10.1)

Root Causes

1. The Haitian apparel industry currently does not provide wages that allow for the fulfillment of basic needs plus a discretionary income;
2. Management's lack of awareness of FLA Workplace Code and Benchmarks;
3. This issue has never been brought to management's attention before;
4. There is no wage structure in the factory that would enable workers to progressively earn a wage level that meets basic needs.

Action Plan Status:	Planned
Planned Completion:	10/31/14
Progress Update:	The factory will take the online FLA Fair Wage Self-Assessment.
Completion Date:	

Verification Result:

1. **Finding Status:** According to the FLA, finding #4 does not apply.

FINDING NO.5

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Factory does not have a reliable tracking system to register hours of work; [ER.23.2, ER.23.3, ER.23.5]
2. Factory production planning includes 1.5 overtime hours per day; hence, as overtime is part of the regular daily shift, it is not performed on a voluntary basis; [HOW.7, HOW.8]
3. Employees do not rest for the entire 30-minute lunch time; from physical inspection, it was observed that employees take their lunch for approximately 15 – 20 minutes and then go back to their workstations to continue performing their jobs; [HOW.3]
4. Factory exceeds the legal limits for overtime. According to Haitian labor law, overtime shall not exceed 80 hours per quarter; however, the average overtime that production employees have performed for this period was 90 hours. [HOW.1.1]

Local Law or Code Requirement

Haitian Labor Code, Articles 4, 95, 96, and 98; FLA Workplace Code (Hours of Work benchmarks Employment Relationship benchmarks ER.23.2, ER.23.3, and 23.5; Hours of Work HOW.1.1, HOW.3, HOW.7, HOW.8.1, and HOW.2)

Root Causes

1. Inadequate preparation for dealing with current production orders means staffing levels may be out of sync with production volumes;
2. Production and capacity planning are deficient and does not include safeguards to prevent employees from working more than 80 overtime hours per quarter and forced overtime;
3. Not enough buyer oversight to identify and address the possible reasons behind excessive overtime;
4. It is workers' perception that their regular shift is 9.5 hours a day;
5. There are no monitoring mechanisms/internal procedures to ensure that all employees rest for the entire lunch break;
6. There are no adequate facilities available for employees to take their meals (lunches) and rest;
7. There is no regular analysis of the hours of work with a view to progressively reducing excessive hours.

Recommendations for Immediate Action

1. Factory management is to ensure that all overtime is voluntary by communicating, to all employees: a) the proper regular work shift and b) that they have the right to refuse to work overtime;
2. Ensure that all employees rest during the whole 30-minute lunch time.

Action Plan Status:	<ol style="list-style-type: none">1. Completed2. Completed3. Completed4. Completed
Planned Completion:	<ol style="list-style-type: none">1. 05/31/142. 10/31/143. 11/30/134. 05/31/14
Progress Update:	<u>Original Action Plan</u> <ol style="list-style-type: none">1. The factory installed time recording system to record all hours worked by the employees. In consistency with the Haitian decree on legal minimum wage, the factory will monitor 8-hour work shifts.2. The factory now provides a one-hour lunch break. Management is to consider creating a campaign to encourage employees to take their full break time. In

	<p>consistency with the Haitian decree on legal minimum wage, the factory will monitor 8-hour work shifts.</p> <p>3. In compliance with local law, the factory does not operate for more than one extra hour of overtime per day. Affiliated Company Sourcing and Compliance teams will use the FLA Principles of Fair Labor and Responsible Sourcing to work with the factory to identify and improve the production planning process in order to ensure no overtime work exceeds 80 hours per quarter. In addition, the factory will improve forecasting and production planning to be consistent with installed capacity and ensure that daily hours of work limits are not exceeded.</p> <p>4. The factory is operating on schedule of 8 normal working hours. In consideration of local law, workers can voluntarily agree to do 1 additional hour of overtime per day. In consistency with the Haitian decree on legal minimum wage, the factory will monitor 8-hour work shifts.</p> <p><u>Progress Updates</u></p> <p>1. 07/23/14: '</p> <p>2. 07/23/14: '</p> <p>3. 07/23/14: '</p> <p>4. 07/23/14: '</p>
Completion Date:	<p>1. 05/31/14</p> <p>2. 07/23/14</p> <p>3. 11/30/13</p> <p>4. 05/31/14</p>

Verification Result:

1. Finding Status: Remediated

Explanation:

Based on management interview and documentation review, it was found that the factory has created a new tracking system to register hours of work which can detect employees before they go over their overtime limit hours permitted by local law. The new system to track hours of work is directly connected with fingerprint system punch which sends the employee's time in and out.

2. Finding Status: Partially Remediated

Explanation:

Based on production records review for the last six months, only 70% of production modules can reach the established production goal during 8 hours of work. [HOW.7, HOW.8]

Root Causes:

1. Facility has not adjusted its daily production planning to the eight hours working day;
2. Lack of training for supervisors and direct workers related to System of Payment and Regular Working Hours;
3. The Payment System Policy has not been reviewed regularly;

3. Finding Status: Partially Remediated

Explanation:

According to documentation review, the Working Hours policy was modified on July 2017 from 30 minutes to 1-hour lunch time in accordance to local law. Based on management interview and time records review, it was found that the factory provides one-hour lunch time; however, during factory tours it was observed that ten production employees were working during their lunch time. [HOW.3]

Root Causes:

1. Facility management does not follow local law and internal procedures to strictly provide one-hour lunch time;
2. Supervisors do not ensure that no employee is working during lunch time;
3. Disciplinary actions have not been taken to workers and supervisor to avoid the practice to work during their lunch;
4. Written working hours procedure is not sustainable and does not comply with the local law & FLA Workplace Code.
5. Trainings provided to workers and supervisors are not effective and need to be revised regularly

4. Finding Status: Remediated

Explanation:

Based on management, worker interviews and documentation review, it was verified that no employee exceeds the overtime limit of 80 hours per quarter or 48 hours per week in accordance to local law. Facility has created a new tracking system that separates regular and before it rises the total overtime hours worked which sends surpasses the limit established by local law.

Local Law or Code Requirement

Haitian Labor Code, Articles 4, 95, 96, and 98; FLA Workplace Code (Hours of Work Benchmarks HOW.3, HOW.7, and HOW.8)

Recommendations for Immediate Action

1. Review internal rules and written procedures to provide employees one-hour lunch time established on their internal policies in accordance to local law;
2. Communicate to all workers to take a full rest during the whole lunch time.

Action Plan Status:	2. In Progress 3. Completed on July 28, 2018
Planned Completion:	2. November 15, 2018
Progress Update:	2. Since facility production planning has been done for the complete fiscal year 2018; the facility is working closely with Gildan’s representatives to seek the best scenario that can benefit employees as well as the production demands and targets that factory must achieve. We are expecting to continue working during the next quarter and come back with a scenario by the fourth quarter of 2018. We kindly request an extension of time to fully resolve this issue. 3. Communication has been reinforced through trainings to employees and supervisors to assure that employees take their complete lunch hour. See Attached evidence.
Completion Date:	

FINDING NO.6

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Factory has neither created nor implemented an industrial relations policy and the relevant procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmark ER.1.1)

Root Causes

1. Management’s lack of awareness of FLA Industrial Relations Code requirements and benchmarks;
2. Management has not seen the need to develop/implement industrial relations policy and procedures;
3. This issue has never been brought to the factory’s attention before during previous external audits.

Action Plan Status:	Completed
Planned Completion:	09/30/14
Progress Update:	<u>Original Action Plan</u> The factory's policies are announced via loud speakers twice a day, every day. These policies include: Freedom of Association, Non-Discrimination, Non-Forced Labor,

	<p>Compensation, Child Labor, Hours of Work, Communication Mechanisms, Environment, Health and Safety and Pregnant Women Policies. The factory will conduct annual training sessions for all employees. In addition, the Industrial Relations Policy will be included in this training.</p> <p><u>Progress Updates</u> 12/01/17: Evidence Documents Attached. Completion Date 07/23/14: '</p>
Completion Date:	05/31/14

Verification Result:

1. Finding Status: **Remediated**

Explanation:

Based on management interviews and documentation review, it was found that industrial relations policy and the relevant procedures have been created.

FINDING NO.7

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is no written policy on workplace conduct/discipline; [ER.1.1]
2. There are no mechanisms in place for workers to appeal against disciplinary actions. In addition, the disciplinary system does not include a provision for: a) the presence of a third-party witness during disciplinary inquiries or b) a review of the disciplinary actions by a senior manager; [ER.27.2, ER.27.2.1, ER.27.4]
3. There is no training on workplace conduct and disciplinary practices for supervisors. [ER.17.1, ER.17.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.1, ER.17.1, ER.17.2, ER.27.2, ER.27.2.1, and ER.27.4)

Root Causes

1. Management's lack of awareness of FLA Workplace Code and Benchmarks;
2. Management does not see the need to formalize workplace/discipline policies and procedures;
3. This issue has never been brought to the factory's attention before during previous external audits;
4. The factory's progressive discipline system is not part of the training for workers, supervisors or those in managerial positions.

Action Plan Status:	<ol style="list-style-type: none"> 1. Completed 2. In Progress 3. In Progress
Planned Completion:	<ol style="list-style-type: none"> 1. 09/30/12 2. 09/30/14 3. 10/31/14
Progress Update:	<p><u>Original Action Plan</u></p> <ol style="list-style-type: none"> 1. The factory created a Disciplinary Policy. The Human Resources Manager will be responsible for the implementation of Disciplinary Policy and Procedure. 2. The factory is providing ongoing training to all employees and supervisors on the disciplinary system and its practices. 3. The factory will consider adding an Appeal Disciplinary Process to the

	existing workplace conduct/discipline policy.
	<u>Progress Updates</u> 1. 07/23/14: ' 2. 07/23/14: ' 3. 07/23/14: '
Completion Date:	1. 09/30/12 2. N/A 3. N/A

Verification Result:

1. Finding Status: Remediated

Explanation:

Based on documentation review, it was found that facility has in place written policy on workplace conduct/discipline;

2. Finding Status: Remediated

Explanation:

Based on worker interviews and documentation review, it was found that facility has mechanisms in place for workers to appeal against disciplinary actions. It was observed that the disciplinary system includes a provision for: a) the presence of a third-party witness during disciplinary inquiries or b) a review of the disciplinary actions by a senior manager;

3. Finding Status: Remediated

Explanation:

Based on worker interviews and documentation review, it was found that training records are provided to workers and supervisors on workplace conduct and disciplinary practices.

FINDING NO.8

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is no grievance channel that would ensure confidentiality when a worker complaint is submitted; [ER.25.2]
2. Factory grievance procedures do not include the ability for workers to ask for a senior manager review and consideration if the direct settlement with the immediate supervisor has failed or is inappropriate. [ER.25.3, ER.25.3.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.25.2, ER.25.3, and ER.25.3.1)

Root Causes

1. Lack of management understanding of how a grievance system functions and how it is implemented;
2. Management's lack of awareness of FLA Workplace Code and Benchmarks;
3. Management does not see the need for a formal grievance system;
4. This issue has never been brought to the factory's attention before during previous external audits;
5. Lack of appreciation and awareness of the benefits of a sound grievance system on the part of both managers and workers.

Action Plan Status:	1. Completed 2. Completed
Planned Completion:	1. 01/31/14 2. 09/30/12
Progress Update:	<p><u>Original Action Plan</u></p> <ol style="list-style-type: none"> The factory created Round Tables and Suggestions Boxes Procedures. The factory is now conducting ongoing grievance training for employees, supervisors and managerial staff. The HR Manager will be responsible for implementing grievance procedures that allow workers to ask for a senior management review and consideration (if settlement with the immediate supervisor has failed or is inappropriate). The factory created an Open-Door Policy. This policy is available for employee use when needed. <p><u>Progress Updates</u></p> <ol style="list-style-type: none"> 07/23/14: ' 07/23/14: '
Completion Date:	1. 01/31/14 2. 09/30/12

Verification Result:

1. Finding Status: Partially Remediated

Explanation:

Based on worker interviews and factory tours it was found that the factory has a grievance channel and open doors policy with supervisors and manager. However, the Suggestion Box system is not properly implemented. It was confirmed during interviews that employees do not use grievance boxes regularly, as they were dusty and not equipped with pencils and paper. According to employee's interviews they prefer to communicate their complaints or grievances verbally. Also, employees do not have an educational level that allows them to write in an adequate manner. [ER.25.2]

Root Causes:

- Lack of management understanding of how a grievance system functions and how it is implemented;
- Management's lack of awareness of FLA Workplace Code and Benchmarks;
- Facility has not assigned a responsible staff to follow that grievance system works as established on of FLA Workplace Code and Benchmarks;
- Management has not prioritized to apply correctly the Grievance System; facility just started working on this point on the month of audit verification, December 2017;
- Lack of appreciation and awareness of the benefits of a grievance system on the part of both managers and workers.

2. Finding Status: Remediated

Explanation:

Based on worker interviews and documentation review, it was found that Factory grievance procedures include the ability for workers to ask for a senior manager review and consideration if the direct settlement with the immediate supervisor has failed or is inappropriate.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.25.2)

Action Plan Status:	Completed on July 28, 2018
Planned Completion:	***
Progress Update:	Facility equipped all Suggestion Boxes with paper and pencil, yearly trainings have been given to employees and supervisors on Communications Policy to increase employee awareness in the use of internal grievance system. See Attached evidence.
Completion Date:	

FINDING NO.9

ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Factory's environmental protection policy does not include a commitment to minimize environmental impacts with respect to the conservation and use of energy. [HSE.31.3]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmark HSE.31.3)

Root Causes

1. The revised FLA Workplace Code and Benchmarks now includes environmental protection requirements, which are new for Companies and their supplier base.

Action Plan Status:	Completed
Planned Completion:	05/31/14
Progress Update:	<u>Original Action Plan</u> The factory created an Environmental Policy. Workers are now provided with ongoing environmental training. This policy includes a commitment to minimize impacts with respect to the conservation and use of energy. The Health & Safety Officer will be responsible for the implementation of this policy. <u>Progress Updates</u> 07/23/14: '
Completion Date:	05/31/14

Verification Result:

1. Finding Status: **Remediated**

Explanation:

Based on management interviews and documentation review, it was found that Factory's environmental protection policy includes a commitment to minimize environmental impacts with respect to the conservation and use of energy.

FINDING NO.10

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Most sewing machine operators and some employees in the stain removal area do not wear the relevant personal protective equipment (PPE), e.g., masks; [HSE.7, HSE.8]
2. Maintenance employees do not wear the relevant hearing protection while they are working at the boiler or in surrounding areas where the noise level is higher than 85dB (91.2dB); [HSE.7, HSE.8]
3. A pregnant worker was found working in the stain removal area, exposed to chemical fumes; [HSE.11.1]
4. A forklift was found without the fire extinguisher and without a backup alarm system. [HSE.6, HSE.14]

Local Law or Code Requirement

Haitian Labor Code, Article 439 #8; FLA Workplace Code (Health, Safety & Environmental benchmarks HSE.7, HSE.8, and HSE.11.1)

Root Causes

1. Lack of an oversight mechanism to ensure: a) the effective usage of the relevant PPE and b) that all forklift and other devices are equipped with all relevant safety devices;
2. No system in place that protects pregnant workers from any occupational risks;
3. Absence of consideration for and understanding of working women's needs;
4. No effective training on PPE usage.

Recommendations for Immediate Action

1. Relocate pregnant worker to a new position where there is no exposure to chemicals;
2. Ensure that all employees performing stain removal tasks are provided with the relevant PPE.

Action Plan Status:	<ol style="list-style-type: none">1. Completed2. Completed3. Completed4. Completed
Planned Completion:	<ol style="list-style-type: none">1. 05/31/142. 05/31/143. 05/31/144. 05/31/14
Progress Update:	<p><u>Original Action Plan</u></p> <ol style="list-style-type: none">1. Employees in the stain removal area now wear all required the PPE. The factory has also created PPE procedures.2. Maintenance employees are now wearing required hearing protection. The factory has also created PPE Procedure.3. A policy for pregnant women was created. This policy includes relocation for pregnant women to new positions where they are not exposed to chemicals. Training is now given to employees on an ongoing basis.4. The factory created a Forklift Maintenance Procedure. This procedure includes a list of all required safety devices. All forklift operators received training on this procedure. <p><u>Progress Updates</u></p> <ol style="list-style-type: none">1. 07/23/14: '2. 07/23/14: '3. 07/23/14: '4. 07/23/14: '
Completion Date:	<ol style="list-style-type: none">1. 05/31/142. 05/31/143. 05/31/144. 05/31/145. 05/31/14

Verification Result:

1. Finding Status: Remediated

Explanation:

Based on factory tours, it was observed that all sewing machine operators and employees in the stain removal area are properly wearing the relevant personal protective equipment (PPE), e.g., masks; gloves.

2. Finding Status: Remediated

Explanation:

Based on factory tours it was observed that maintenance employees are properly wearing relevant hearing protection while they are working at the boiler or in surrounding areas where the noise level is higher than 85dB (91.2dB);

3. Finding Status: Remediated

Explanation:

Based on worker interviews and factory tours no pregnant woman was found working in the stain removal area, exposed to chemical fumes;

4. Finding Status: Partially Remediated

Explanation:

Based on walkthrough it was observed that forklifts are properly equipped with fire extinguishers. However, it was observed one of two forklifts without a backup alarm system. HSE.6, HSE.14

Root Causes:

1. Maintenance employees does not follow daily revisions and inspections for lifting devices and forklifts;
2. Forklifts drivers have not been trained on how to operate lifting devices properly equipped;
3. No records available for training provided to forklifts drivers.

Local Law or Code Requirement

Haitian Labor Code, Article 439 #8; FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.6, and HSE.14)

Recommendations for Immediate Action

1. Equip all forklifts with backup alarm system;
2. Train all eligible workers on the proper use of lifting devices and forklifts.

Action Plan Status:	Completed on May 30, 2018
Planned Completion:	***
Progress Update:	Backup alarm system for both forklifts, is working properly. See attached video evidence.
Completion Date:	

FINDING NO.11

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. 20% of sewing machines are not properly guarded. [HSE.7 and HSE.14.1]

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environmental benchmarks HSE.7 and HSE.14.1)

Root Causes

1. Low worker understanding about the benefits of proper machine guarding;
2. Mechanics do not effectively and regularly oversee that all sewing machines have proper guarding;
3. Absence of training to ensure that employees understand the importance of machine guarding.

Recommendations for Immediate Action

1. Retrofit all sewing machines with proper machine guarding.

Action Plan Status:	Completed
Planned Completion:	05/31/14
Progress Update:	<p><u>Original Action Plan</u> All sewing machines have been fitted with the required eye-guards. A procedure was created for machine guards. All sewing operators were trained the safe use of sewing machines. The Health & Safety Officer will be responsible for the implementation of this procedure.</p> <p><u>Progress Updates</u> 07/23/14: '</p>
Completion Date:	05/31/14

Verification Result:

1. Finding Status: **Remediated**

Explanation:

Based on walkthrough it was observed all sewing machines are properly guarded. Evidence of records for training provided to workers and maintenance employees available for assessors to review. Daily inspections are performed by maintenance employees to ensure all machine are properly guarded.

FINDING NO.12

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. During physical inspection, it was observed that some air extractors and fans do not properly work on floors 1, 2 and 3. [HSE.13]

Local Law or Code Requirement

Haitian Labor Code, article 439 # 4; FLA Workplace Code (Health, Safety & Environmental benchmark HSE.13).

Root Causes

1. No written procedure on ventilation system maintenance in place;
2. Lack of an effective oversight system to ensure the proper functioning of the entire ventilation system.

Recommendations for Immediate Action

1. Ensure that all air extractors and fans are working properly.

Action Plan Status:	Completed
Planned Completion:	05/31/14
Progress Update:	<p><u>Original Action Plan</u> The factory created an Extractor Maintenance Procedure and Extractor Inspection Format for maintenance purposes. Extractors were installed in all needed areas. The Health & Safety Officer will be responsible for the implementation of this procedure.</p> <p><u>Progress Updates</u> 07/23/14: '</p>
Completion Date:	05/31/14

Verification Result:

1. Finding Status: Remediated

Explanation:

Based on walkthrough it was observed that air extractors and fans are properly working on floors 1, 2 and 3. Equipment maintenance records available for assessors to review. Daily inspections are performed by maintenance employees to ensure all machine are properly working.

FINDING NO.13

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Not all employees in standing positions have been provided ergonomic mats; [HSE.17.1]
2. No ergonomic breaks are provided to employees. [HSE.17.1]

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environmental benchmark HSE.17.1).

Root Causes

1. Management's lack of awareness on the possible benefits of ergonomic improvements, such as increasing productivity and attendance levels, while reducing risk of accidents and Musculoskeletal Disorders (MSDs);
2. Health and Safety Department does not cover ergonomics as part of their risk assessments; iii) No management awareness on FLA standards on ergonomics.

Recommendations for Immediate Action

1. Factory management is to ensure that all employees performing standing operations are provided with floor mats.

Action Plan Status:	1. Completed 2. In Progress
Planned Completion:	1. 11/30/13 2. 10/31/14
Progress Update:	<u>Original Action Plan</u> 1. The factory provided ergonomic mats to all employees who work while standing. 2. The Sustainable Manufacturing Performance Brand Department will conduct a Risk Assessment and provide training on ergonomic procedures and awareness. <u>Progress Updates</u> 1. 07/23/14: ' 2. 07/23/14: '
Completion Date:	1. 11/30/13 2. N/A

Verification Result:

1. Finding Status: Remediated

Explanation:

Based on worker interviews and factory tours it was observed that all employees in standing positions have been provided ergonomic mats. Supervisors conduct daily inspections to ensure all employees in standing positions are using their mats. Training records on "The right use of ergonomics mats" was available for review.

2. Finding Status: Remediated

Explanation:

Based on worker and supervisor interviews, ergonomic breaks are provided to employees. Management has assigned schedules for supervisors to provide ergonomic breaks.

FINDING NO.14

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Factory does not have the legally required number of nurses in place; currently, there are only 2 nurses, when the factory should have at least 7 based on the size of the workforce; [HSE.18.1, HSE.18.2]
2. Under Haitian law, there should be at least 1 toilet for every 25 men and 1 toilet for every 15 women. The factory has only 13 toilets for men and 30 toilets for women. According to the current size of the workforce, the factory needs to install 20 toilets for men and 68 for women; [HSE.20]
3. There are not enough seats for employees to take their lunch, as per the local law. [HSE.19]

Local Law or Code Requirement

Haitian Labor Code, Articles 439 #7, 469, 470, and 479; FLA Workplace Code (Health, Safety & Environmental benchmarks HSE.18.1, HSE.18.2, HSE.19, and HSE.20)

Root Causes

1. It is not a priority for factory management to provide employees with all medical resources and premises for taking meals;
2. Management avoids additional costs by not building a rest area for workers and hiring additional nurses.

Recommendations for Immediate Action

1. Hire the legally required number of nurses;
2. Install the legally required number of toilets for both men and women;

Action Plan Status:	<ol style="list-style-type: none">1. Completed2. Completed3. Completed
Planned Completion:	<ol style="list-style-type: none">1. 09/30/142. 09/30/143. 09/30/14
Progress Update:	<p><u>Original Action Plan</u></p> <ol style="list-style-type: none">1. Based on Haiti's legal requirements, management is considering increasing the number of nurses.2. The factory is in the process of the construction of new employee bathrooms.3. The factory is in the process of constructing a new space for employees to take lunch breaks. <p><u>Progress Updates</u></p> <ol style="list-style-type: none">1. 12/01/17: Total number of nurses has been increased to 4 nurses. 07/23/14: '2. 12/01/17: Factory increased the total number of toilets available for employees to 28 toilets for men and 49 toilets for women. 07/23/14: '

	3. 12/01/17: Evidence Photos Completion Date 07/23/14: '
Completion Date:	1. 06/17/16 2. 06/17/16 3. 10/16/15

Verification Result:

1. Finding Status: **Not Remediated**

Explanation:

Based on current number of employees at the workplace (1,506) the factory does not have the legally required number of nurses. Currently, there are only four nurses, when the factory should have at least seven based on the size of the workforce. [HSE.18.1, HSE.18.2]

Root Causes:

1. Factory management does not follow the local law which establishes the number of seven nurses in workplace based on the size of workforce;
2. Factory avoids cost by not hiring the required number of nurses in accordance to local law.

2. Finding Status: **Partially Remediated**

Explanation:

The current number of workers at the production floor is 858 Women and 648 Men. The factory has 28 toilets for men and it is in compliance with local law which establishes, there should be at least one toilet for every 25 men. During walkthrough, it was observed 48 toilets for women. Based on local law and current number of women, the factory needs at least nine extra toilets to be in accordance with Haitian Law which establishes, there should be at least one toilet for every 15 women. [HSE.20]

Root Causes:

Space limitation does not allow facility to comply with number of restrooms established under local law;

3. Finding Status: **Not Remediated**

Explanation:

Based on worker interviews and factory tours, there are not enough seats for employees to take their lunch, as per the local law. [HSE.19]

Root Causes:

1. Management avoids additional costs by not building a rest area with enough seats;
2. It is not a priority for factory management to provide employees with all premises for taking meals;

Local Law or Code Requirement

Haitian Labor Code, Articles 439 #7, 469, 470, and 479; FLA Workplace Code (Health, Safety & Environmental benchmarks HSE.18.1, HSE.18.2, HSE.19, and HSE.20)

Recommendations for Immediate Action

1. Hire three more nurses to meet the legal requirement.
2. Provide with number of seats able to accommodate all employees in the factory.
3. Install at least nine extra toilets for women as legally required.

Action Plan Status:	1. Completed 2. Completed 3. Completed
Planned Completion:	***
Progress Update:	1. Even though local law establishes a specific number of nurses per employee; the facility is working in a proper way and providing a quality service to all employees with two dedicated nurses at the facility. Increasing the number of nurses is something not necessary based on the needs and urgencies the facility has.

	<p>2. Even though local law establishes a specific number of bathrooms which is higher than international standards, the factory constructed additional bathrooms and are designated by areas. Due to a lack of space facility is not considering installing more bathrooms.</p> <p>3. Facility constructed a cafeteria area with available seats so employees can take their lunch. In addition, the facility has available benches in the outside areas, so employees can decide if they can take their lunch break there.</p>
Completion Date:	

FINDING NO.15

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Based on an in-depth review of the factory's training practices, with respect to nearly all employment functions, training activities are not being adequately carried out. There are some focused training exercises targeting some specific groups of workers. Additionally, administrative staff, supervisors, and managerial staff (HR and production) do not receive follow-up training. In addition, topics related to the SCI Employment Functions have not been included in the factory's training program. [ER.1.2, ER.28.1, and ER.28.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.2, ER.28.1, and ER.28.2)

Root Causes

1. Lack of comprehensive training program to address all training needs;
2. Lack of awareness about the benefits of effective training;
3. Factory has not seen the need to expand the list of training topics already covered;
4. Attendance at training is optional and not mandatory for workers; their participation is dependent on the supervisor's or chief's decisions;
5. Absence of a mechanism to harmonize production needs with training needs.

Action Plan Status:	Completed
Planned Completion:	09/30/2017
Progress Update:	<p><u>Original Action Plan</u> Workers are provided with general ongoing basis over the factory's speakers on the following subjects: Freedom of Association, Non-Discrimination, Non-Forced Labor, Compensation, Child Labor, Hours of Work, Communication Mechanisms, Environment, Health, and Safety and Pregnant Women Policies. The factory will provide annual trainings to supervisors on Workplace C o n d u c t /Discipline.</p> <p><u>Progress Updates</u> 12/01/17: Employees receive yearly trainings on HR related to Internal Rules, Policies and Procedures, Gildan's Code of Conduct and for Health and Safety practices related to First Aid, H&S Brigades, PPE, chemicals handling, etc. 07/23/14: '</p>
Completion Date:	06/17/16

Verification Result:

1. Finding Status: Partially Remediated

Explanation:

Based on management interviews and documentation review, it was found that the factory has started a training program in all levels of the company. Training records available to review were the following: Freedom of Association, Non-Discrimination, Non-Forced Labor, Compensation, Child Labor, Hours of Work, Communication Mechanisms, Environment, Health, and Safety and Pregnant Women Policies. The factory will provide annual trainings to supervisors on Workplace Conduct/Discipline. However, Environmental, Communication Mechanisms and Hours of Work Trainings have not been effective and need to be revised and properly implemented to guarantee the compliance with the FLA Workplace Code of Conduct and Compliance Benchmark. [ER.1.2, ER.28.1, and ER.28.2]

Root Causes:

1. Facility management does not have a clear strategy and execution training plan in place;
2. Management does not see the need to develop initiatives that transform the organization by providing extra skills;
3. Factory has not seen the need to expand the list of training topics already covered;
4. Lack of awareness about the employees benefits to increase efficiency and productivity;
5. Lack of awareness that trainings also leads to higher job satisfaction, which shows up in better corporate performance.
6. Trainings are not considered priority for management, by prioritizing, they will get better worker's performance.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.28.1, and ER.28.2)

Action Plan Status:	Completed on July 28, 2018
Planned Completion:	***
Progress Update:	Facility provided trainings to all employees during May 2018 and has posted the Communications policy, Hours of Work policy and Environmental policy in different areas to increase employees' awareness. See attached evidence.
Completion Date:	

FINDING NO.16**COMMUNICATION & WORKER INVOLVEMENT (MACRO)**

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Despite the existence of some communication efforts, it was corroborated that the information available for employees in some specific areas is not sufficient. Communication needs to be reinforced on some Employment Functions, which are critical for the factory, such as Hours of Work and Grievance System. In addition, there is no planned follow-up to communicate updates and legal changes to workers on salary increases. Also, communication is unidirectional, meaning that it is from management to workers and not vice versa. [ER.1.2, ER.16.1, and ER.25.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.2, ER.16.1, and ER25.2)

Root Causes

1. Management is not appreciative of the benefits of having informed staff and workers; ii) Top-down communication without worker feedback is culturally acceptable for management;
2. The FLA Sustainable Compliance Initiative (SCI) methodology includes "Communication" as a Management Function, which is a new requirement for Companies and their supplier base;
3. Management has not seen the need for ongoing and periodic communication with the workforce, other than orientation/induction and some sporadic training activities.

Action Plan Status:	Completed
Planned Completion:	05/31/14
Progress Update:	<p><u>Original Action Plan</u> The factory created a Communications Policy, Open Doors Policy, and a Round Table Procedure to receive feedback from employees. Trainings on Communications Policy are given on an ongoing basis over the factory's loudspeakers. The factory will also provide annual training sessions for all employees.</p> <p><u>Progress Updates</u> 07/23/14: '</p>
Completion Date:	05/31/14

Verification Result:

1. Finding Status: **Not Remediated**

Explanation:

Based on worker interviews and factory tours it was found that the factory has grievance channel, round table Procedure and open doors policy with supervisors and manager. However, communication needs to be more effective in order to solve issues related to Hours of Works as well as the promptness to apply any change on The Haitian Labor Code. [ER.1.2, ER.16.1, and ER25.2]

Root Causes:

1. Lack of awareness that effective communication lead to an improvement in overall company performance;
2. Lack of awareness that communication can increase job satisfaction;
3. Management is not following The FLA Sustainable Compliance Initiative (SCI) methodology which includes "Communication" as a Management Function;
4. Management has not seen the need for ongoing and periodic communication with the workforce contributes to growth of the company.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.16.1, and ER.25.2)

Action Plan Status:	Completed on July 28, 2018
Planned Completion:	***
Progress Update:	Facility provided trainings to all employees during May 2018 and has posted the Communications policy and important notifications in different areas increasing employees' awareness. See attached evidence.
Completion Date:	

FINDING NO.17

COMMUNICATION & WORKER INVOLVEMENT (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The worker integration is overall deficient in the factory. Workers are not systematically integrated or consulted on the decision- making processes, especially with respect to Recruitment, Hiring & Personnel Development, Grievance System, Industrial Relations and Environmental Protection. [ER.25.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmark ER.25.2)

Root Causes

1. Lack of management understanding of what integration implies and how to implement this management function;
2. Management's lack of awareness of FLA Workplace Code and Benchmarks;
3. Management has not seen the need to formalize a worker integration process.

Action Plan Status:	Completed
Planned Completion:	05/31/14
Progress Update:	<u>Original Action Plan</u> If direct settlement with the immediate supervisor has failed or is inappropriate, the factory created a Communications Policy, Open Doors Policy, and a Round Table Procedure to receive feedback from workers and allow the workers the ability to ask for a senior management review and consideration. Trainings on Communications Policy are broadcast on an ongoing basis over the factory's loudspeakers. In addition, the factory will provide training for all employees. The factory will also provide annual training for supervisors and managers. The Human Resources Manager will be responsible for the implementation of grievance procedures. <u>Progress Updates</u> 07/23/14: '
Completion Date:	05/31/14

Verification Result:

1. Finding Status: Partially Remediated

Explanation:

Based on worker interviews it was observed the existence of some management efforts to contribute with the employee's integration, but this is not effective enough to avoid the risk of lowering their productivity and obtain the worker's opinion especially with respect to Recruitment, Hiring & Personnel Development, Grievance System, Industrial Relations and Environmental Protection. [ER.25.2]

Root Causes:

1. Lack of management understanding that poor employee's integration create confusion at moment to communicate their needs;
2. Management's lack of awareness of FLA Workplace Code and Benchmarks;
3. Management does not make a big effort to involve employees in log-time factory's goal;
4. Management does not pay attention that not involved employees take longer to finish their tasks.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25.2)

Action Plan Status:	Completed on December 05, 2017
Planned Completion:	***
Progress Update:	Facility started with employee integration meetings on December 2017 and created a meeting calendar for 2018. If necessary, meetings are done ahead of the programmed calendar date. See attached evidence.
Completion Date:	

REVIEW PROCESS (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Factory does not conduct periodic reviews of its policies and procedures. [ER.1.3, 30.2, and 31.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.3, 30.2, and 31.2)

Root Causes

1. Management has not seen the need to update policies and procedures, unless a legal change has come into effect;
2. Absence of staff members with the specific responsibility for reviewing and updating policies and procedures;
3. This issue has never been brought to management's attention during previous external audits before;
4. Management's lack of awareness of FLA Workplace Code and Benchmarks.

Action Plan Status:	Completed
Planned Completion:	09/30/14
Progress Update:	<u>Original Action Plan</u> The factory is considering a review policies and procedures in September 2014. The Human Resources Manager will be responsible for the review process of factory's policies and procedures. <u>Progress Update</u> 12/01/17: Factory has implementing a yearly review on policies and procedures, which is done by HR Director.
Completion Date:	06/17/16

Verification Result:

1. Finding Status: **Not Remediated**

Explanation:

Based on management interview and documentation review, it was found that Facility policies and Procedures have not been regularly reviewed. Also, it was observed some procedures without the signature nor the last revision date. [ER.1.3, 30.2, and 31.2]

Root Causes:

1. Management has not seen the need to update policies and procedures, unless a legal change has come into effect;
2. Facility does not have staff member assigned with the specific responsibility for reviewing and updating policies and procedures;
3. Management's lack of awareness of FLA Workplace Code and Benchmarks.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, 30.2, and 31.2)

Action Plan Status:	Completed on May 2018
Planned Completion:	***
Progress Update:	Facility made the annual policies and procedures revision for 2018. See attached evidence.
Completion Date:	

(NEW) FINDING NO.19

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The Pension Fund Contribution (ONA) payment is not generated using the average salary. Based on management interview and documentation review, ONA payment is calculated based on minimum wage of 350 daily Gourdes (USD 5.6 daily). [ER.22, C.1]

Local Law or Code Requirement

Haitian Law CL-09-2009-010, Article 2.2; FLA Workplace Code (Employment Relationship Benchmark ER.22 and Compensation Benchmark C.1)

Root Causes

1. Payments on the pension fund contributions are not a priority for factory management;
2. Due to the absence of governmental oversight, there is hardly any enforcement of compliance with the mandated pension funds payment.

Recommendations for Immediate Action

1. Provide the Pension Fund Contribution (ONA) payment based on average wage instead of minimum wage.

Action Plan Status:	In Progress
Planned Completion:	March 29, 2019
Progress Update:	The ONA payment calculation based on minimum wage and not on the average salary is a generalized country practice. Since Gildan operates contractors in Haiti, we are working for a sustainable solution. We kindly request an extension of time to work in the correction of this non-compliance.
Completion Date:	

(NEW) FINDING NO.20

HEALTH & SAFETY (EVACUATION)

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Three of five emergency exit doors at Diquini Area do not open outwards direction of travel. [HSE.5]
2. The chemical storage room does not have adequate ventilation which can cause chemical buildup. [HSE.9]

Local Law or Code Requirement

Haitian Labor Code, Articles 439 #7, 469, 470, and 479; FLA Workplace Code (Health, Safety & Environmental Benchmark HSE.5, HSE.9,)

Root Causes

1. This issue has never been brought to management's attention during previous external audits before.
2. Maintenance personnel is not following the written policy related to Health and Safety and Chemical storage regulations;
3. Management's lack of awareness of FLA Workplace Code and Benchmarks;
4. This issue has never been brought to management's attention during previous external audits before.

Recommendations for Immediate Action

1. Keep all exit doors open outward.
2. Install adequate ventilation at chemical storage room.

Action Plan Status:	1. Completed on June 30, 2018 2. In Progress
Planned Completion:	2. September 15, 2018
Progress Update:	1. All exit doors were fixed to open outwards, during working hours emergency exits are kept open for easy egress if required. See attached evidence. 2. Facility will build a new window at the chemical storage room to improve ventilation.
Completion Date:	

(NEW) FINDING NO.21

HEALTH & SAFETY (RESTROOMS)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Five women restrooms and three men restrooms are not clean and sanitized. There was spilled water on the floor. [HSE.20]

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environmental Benchmark HSE.20)

Root Causes

1. Maintenance personnel is not following the written policy related to Health and Safety and Sanitation in the facility;
2. Maintenance and health and Safety Department are not doing effective restrooms daily inspections.

Action Plan Status:	Completed on July 27, 2018
Planned Completion:	***
Progress Update:	Facility implemented a schedule for housekeeping employees to follow, and a checklist to inspect the toilets conditions daily. In addition, facility trained housekeeping employees in cleaning and sanitary practices. See attached evidence.
Completion Date:	

(NEW) FINDING NO.22

POLICIES & PROCEDURES (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The following policies were implemented during 2017: Non-Discrimination, Non-Forced Labor, Compensation, Child Labor and Pregnant Women Policies; however, Hours of Work, Communication Mechanisms, Environment, Health and Safety Policies are still in process to be implemented. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

Root Causes

1. Facility management has not organized time to complete the Environmental Policy or the implementation of Hours of Work, Communication Mechanisms, Environment and Health and Safety Policies.

Recommendations for Sustainable Improvement

1. Complete and implement the Environmental Protection policy.
2. Implement the Hours of Work, Communication Mechanisms, Environmental Protection and Health and Safety Policy in accordance to FLA Workplace Code and Benchmarks.

Action Plan Status:	Completed on July 28, 2018
Planned Completion:	***
Progress Update:	Facility provided trainings to all employees during May 2018 and has posted the Communications policy, Hours of Work policy and Environmental policy in different areas to increase employee awareness. See attached evidence.
Completion Date:	

(NEW) FINDING NO.23

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. No records available observed and no evidence of training provided to employees related to Environmental Protection Policy.
2. Workers are not aware of the measurements to apply in order to reduce the environmental impact with respect to use and conservation of energy.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.31.3)

Root Causes

1. Management's lack of awareness of FLA Workplace Code and Benchmarks.
2. Management does not see as a need to reduce the environmental impacts related to the correct use and conservation.

Recommendations for Immediate Action

1. Provide trainings to employees related to Environmental Protection and the use and conservation of energy.

Action Plan Status:	Completed on July 28, 2018
Planned Completion:	***
Progress Update:	Facility provided trainings to all employees during May 2018 and has posted the Environmental policy in different areas to increase employee awareness. See attached evidence.
Completion Date:	