



2008

FAIR LABOR ASSOCIATION

INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Gildan Activewear, Inc.

COUNTRY: Honduras

FACTORY CODE: 290029957G

MONITOR: ALGI

AUDIT DATE: November 17-19, 2008

PRODUCTS: Fleece Fabric

PROCESSES: Manufacturing

NUMBER OF WORKERS: 1139



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Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: During the revision of the 2007 vacation payroll, the facility paid two additional holidays in advance. December 25, 2007 and January 1, 2008 were paid based on the average of the past 6 months. However, Labor Law Article 339 establishes that the payment must consider the average of working hours from the immediate preceding week. Facility was not aware of the holiday payment requirements with the average of working hours from the immediate preceding week. Honduras Labor Law Article 339 establishes that the payment must consider the average of working hours from the immediate preceding week.

Plan Of Action: The facility will change the calculation formula for the December and January holidays in the payroll system. The system will reflect this change, taking the average number of work hours from the immediate previous week when calculating paid holidays and vacations. The correction will be reflected in December 2009.

Deadline Date: 05/29/2009

Action Taken: February 13, 2009: The facility is at this point upgrading the payroll system. The correction has been implemented in the pay for the holidays December 25, 2009 and January 1, 2010; its calculation is now based on the average number of working hours from the previous worked week.

Plan Complete: Yes

Plan Complete Date: 12/18/2009



Harassment or Abuse: Discipline/Review of Disciplinary Action

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

Noncompliance

Explanation: The discipline process and policy do not provide workers an opportunity to reply, challenge or make appeals against termination. The facility was not aware that an appeal procedure should be included in their policy.

Plan Of Action: The facility will revise its disciplinary policy to include the means for terminated workers to appeal or question a termination action, along with the means for higher managerial position review of the situation. Revised policy will be communicated to the entire workforce.

Deadline Date: 03/27/2009

Action Taken: February 13, 2009: The facility has collected guidelines to put in writing.

Plan Complete: No

Plan Complete Date:

Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Noncompliance

Explanation: 20 out of 20 sewing machines inspected do not have the necessary safety devices and guards (e.g., eye guards). The controller feeder water at the cafeteria area does not have a protective guard. These findings are in the facility's health and safety program of activities yet to be completed.

Honduran Law and Regulations. Preventive Requirements. Accident. Illness. Article 89

Plan Of Action: The facility will install the safety devices on the sewing machines. A guard will be installed to protect the controller feeder in the cafeteria.

Deadline Date: 02/27/2009

Action Taken: February 13, 2009: The facility has already installed needle guards on 80% of the sewing machines. The facility has now completed the quoting process for the installation of a protective guard around the controller feeder located in the dining area of the cafeteria. The guards on the sewing machines have been installed. Walls to protect the controller feeder were built around it.

Plan Complete: Yes

Plan Complete Date: 02/24/2009

Health and Safety: Toilets

H&S.23 Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. (S)

Noncompliance

Explanation: The chemical area does not have an adequate shower for the employees who use chemical products. These findings are in the facility's health and safety program of activities yet to be completed.

Honduran Law and Regulations. Preventive Requirements. Accident. Illness. Article 382

Plan Of Action: The company will complete the health and safety program; this includes plans to build a private shower for employees that work with chemicals.

Deadline Date: 03/16/2009

Action Taken: February 13, 2009: The facility has now completed the quoting and approval process for building a private shower that will be available for employees who handle chemicals. A private shower has been built in the chemical area for the use of the employees who handle chemicals.

Plan Complete: Yes

Plan Complete Date: 03/08/2010

Hours of Work: Public Holidays

HOW.13 Employers shall provide workers with all official public holidays as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: Because of the 4 x 4 (work schedule of 4 days with 12 hour shifts, followed by 4 days off) schedule, employees who are on off days during a holiday are not appropriately compensated. As per Honduran Law, these employees should be paid for the non-worked holiday at the rate of the average of the immediately preceding week's wages. Payroll review proved this was not occurring. Facility was not aware of the requirement to compensate for holidays when employees are on a 4 X 4 shift. According to management, this point will be considered with the Labor Secretariat.

Honduran Labor Law, Article 339, Employers must pay the holidays or national holidays, such as: January 1, April 14, May 1, September 15, October 3, October 12, October 21 and December 25, even if falling on Sunday, along with Holy Week (Thursday, Friday and Saturday).

Plan Of Action: The company will present this point to be considered with the Labor Secretariat.

Deadline Date: 03/27/2009

Action Taken: March 31, 2009: The finding is currently being analyzed by Human Resources and Labor Relations departments at the regional level.

Plan Complete: No

Plan Complete Date:
