

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]", etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Instructions for Printing

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Monitoring Visit Profile	
Country	Honduras
Factory code	29002930C [Please note the factory code has changed from 27002901C]
IEM	ALGI
Date of audit	2/16/04-2/18/04 & 3/11/04-3/18/04 & 8/23/04-9/01/04
Days in the facility	2/16-2/18/04 (6days) 3/11-3/18 (5 days) 8/23-9/1 (4 days)
PC(s)	Gildan Activewear
Number of workers	1900
Product(s)	t-shirts, tank tops
Production processes	sewing, packing

In December 2003 Maquila Solidarity Network and others filed a Third Party Complaint with the FLA alleging noncompliance with certain FLA Workplace Standards in the El Progreso factory, which is owned by Gildan. At the request of FLA, ALGI, an FLA Accredited Monitor, performed an inspection of the factory and determined that there was noncompliance with the FLA Workplace Standards as alleged in the Third Party Complaint, as well as noncompliance with respect to certain additional Workplace Standards not addressed in the Third Party Complaint. ALGI's findings are itemized in this Tracking Chart under the column Monitor's Findings. After being informed of the ALGI findings Gildan began developing a remediation plan, as required by FLA procedures. However, as of July 12, Gildan had not provided an acceptable remediation plan to the FLA. Instead, on July 12, Gildan announced that it was closing the factory. The decision by Gildan to close the factory jeopardized the prospects of remediating the main findings in the complaint and the FLA therefore decided to suspend the Third Party Complaint process, effective as of July 12.

At its July 27 meeting, the FLA Board placed Gildan on a 90-day period of special review. According to the FLA Charter, a company may be placed on special review if it fails to achieve or maintain compliance with the FLA's standards. This is the first time that the special review period has been imposed by the FLA. The FLA has informed Gildan that it must carry out at least the following steps in order to be removed from the special review status:

1. Develop a satisfactory remediation plan for the non-compliance found by an FLA-accredited monitor in Gildan's El Progreso factory, and implement that plan in a timely manner.
2. Issue clearly-worded public statements that: a. acknowledge that there were restrictions in the El Progreso factory on workers' rights to freedom of association; and b. acknowledge that Gildan accepts and agrees to adhere to the Freedom of Association standard in the FLA Workplace Code of Conduct in its business operations; and c. implement effective communication to Gildan's Honduran employees ensuring them of Gildan's commitment to their associational rights, with documentation describing that communication sent to FLA for public availability.
3. Based on a list provided by FLA, send written notice to media that have misrepresented FLA's position, or have misrepresented Gildan's position relative to the FLA, during the recent Third Party Complaint Process, with copies of those notices sent to FLA.

In August 2004 the FLA contracted ALGI to conduct a verification visit to assess the progress at El Progreso, the findings from which are listed in the External Verification column. The verification reveals progress has been made in certain areas while other issues remain pending. The progress made by Gildan regarding the three requirements of Special Review will be assessed at the FLA's October 26th Board Meeting.

Findings						Proposed Remediation as of July 2004	Completed; Pending; On-going	Verification Status as of
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC follow up	Target Completion Date	External Verification
1. Code Awareness								
Worker/management awareness of Code		FLA Principles of Monitoring, Obligations of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	During the 2/16-2/18/04 visit, the PC and factory Codes of Conduct were observed posted throughout the factory. During interviews, employees stated they were aware of FLA/PC Code provisions, as they received training on Codes of Conduct. Files of recent hires contain signed acknowledgements that they have received training on Freedom of Association. 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.	Employee interviews, Records observations		1) Gildan will enhance code awareness through trainings for all employees including all management levels at all Honduran sewing facilities. 2) A credible external group will facilitate trainings. 3) A percentage/ sampling of operators will be included in trainings.	Sep-04	Pending Process: As per employee and employer interview, no training has taken place at Gildan. Management stated that training on FOA issues to employees was on planning stages and that the plan will be extended to other Gildan's facilities in Honduras. The program contents, designated entity to provide the training and the dates have not been defined yet.
Confidential non-compliance reporting channel		FLA Principles of Monitoring, Obligations of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.		Management and employee interviews and observations.	During the 2/16-2/18/04 visit to Gildan, four methods to allow employees to report noncompliance issues were in place 1. Suggestion boxes throughout the factory for confidential reporting. HR Manager is in charge of the system. 2. A confidential hot-line to record issues of concern, HR Manager reviews messages. 3. Once a year, employees and management hold round table discussions. 4. As per HR manager, Gildan has an open door policy and lets employees know that HR personnel is always available to listen to their complaints and take action when necessary. As per interviews, employees are aware of policy.			
2. Forced Labor								
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or								
3. Child Labor								
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or								
4. Harassment or Abuse								
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual,								

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Product(s)	t-shirts, tank tops
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			9/1/04	Gildan Update as 10/21/04
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Documentation	
1. Code Awareness				
Worker/management awareness of Code		FLA Principles of Monitoring, Obligations of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Employee and Management Interviews.	The training with Verite has been finalized for delivery to the workers on Freedom of Association. There will be 200 workers representing all shifts and departments from both sewing facilities participating in the training. The dates of training are set - Nov. 2 and 3, 2004. A second training for management and supervisors on Building a Positive Working Environment is set for Nov 4-6, 2004, in addition to a special training on FOA on Nov 7. This training is intended to improve supervisors' skills in dealing with worker rights and issues. The training program has been sent to the FLA.
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	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC follow up	Target Completion Date	External Verification
Sexual Harassment			During the 2/16-2/18/04 visit, [worker interviews revealed that] the doctor at the factory clinic has examined [worker's] personal areas without having ailments that would require him to do so. Other[s] interviewed stated that they do not feel comfortable being examined by Gildan's doctor. Upon being questioned by auditors, the doctor admitted that physical examinations take place without the presence of a female nurse, as the nurse is not available at all times. No response was given to the statement that the type of exam was not indicated by the ailments. This is contrary to factory policy, which states that it is mandatory to always have a female nurse present during examinations of female workers. The observations of the 3/11-3/18 follow up revealed that a memorandum had been issued to the Doctor, where Gildan restated its policy, that he is not to examine workers without the female nurse present.	Employee interviews. Documents reviewed.		Doctor was under paid suspension and replaced with female doctor. A local NGO, Centro de Derechos de Mujeres (CDM), conducted a sexual harassment seminar on June 22, 2004 at EP. Present were a female lawyer and Gildan social responsibility monitor for Central America. Some women came forward and testified against the doctor. The doctor was terminated from EP on July 1, 2004. Report of session is available. If requested, counseling for these women will be provided by CDM or another appropriate organization and paid for by the company. In order to prohibit any future misunderstanding, on the standard form used for each examination, a column will be added for initials of a nurse and the employee, acknowledging the presence of nurse. Company will communicate nurse-present policy to employees and post a sign at clinic: "While being examined by the doctor, you have the right to have a nurse present".	Completed July 1, 2004. New worksheet has been implemented in all Honduran sewing facilities. Signs created and posted.	Observation corrected: Management retained the services from (CDM) Centro de Derechos de Mujeres and initiated an investigation to the case. The NGO gathered additional complaints from other female employees about being sexually harassed by Gildan's Doctor. As a result of CDM's investigation, the Doctor was fired on July 2004. The company has a new policy and physical examinations are only performed in presence of a nurse if this is requested by the patient. Interviews revealed that these have been positive changes.
5. Nondiscrimination	No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement,							
6. Health and Safety	Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out							
Document Maintenance/ Accessibility	Title V Chapter 1 of Honduras' Labor Code	All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language	During the 2/16-2/18/04 visit, it was observed that seven out of ten stain cleaning stations were missing MSDS sheets for the chemicals being used. However, it was determined that employees working with these chemicals have been trained on proper usage of said materials.	Visual observations. Review of Health and Safety committee documents, interviews.		In addition to proper training, employees will be held accountable at their stations and verified regularly by supervisors to ensure MSDS sheets are present at all times.	Completed at EP 2/19/04. Completed at all other Honduran facilities 7/9/04.	Observation Corrected: All spot cleaning stations were visited and MSDS were found to be properly maintained.
Evacuation Procedure	Title V Chapter 1 of Honduras' Labor Code	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	During the 2/16-2/18/04 visit, it was observed that the cafeteria had only one door designated as an exit. Management was advised to use a present secondary door as an exit and to assure that the secondary door opens both ways, creating two separate means of egress and a speedy exit during evacuation.	Visual observations.		The second door in kitchen will be configured so that it opens both directions. Kitchen workers will be informed before next drill that they are to use this door as a secondary exit point. A supervised drill will be conducted during lunch within the next month and the use of this door will be monitored for effectiveness.	Completed 4/30/04.	Observation Corrected: Second exit door was tested and presently swings both ways.
Evacuation Procedure	Title V Chapter 1 of Honduras' Labor Code	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	During the 2/16-2/18/04 visit, it was observed that the safety evacuation plan showed one mean of egress in the cafeteria. Management must restructure the evacuation plan to show changes.	Visual observations.		Evacuation plans are all updated and include the additional emergency exit in the kitchen.	Completed 2/19/04	Observation Corrected: Evacuation plans were observed with the updated modifications (additional exit in the kitchen area).
Safety Equipment	Title V Chapter 1 of Honduras' Labor Code	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees	During the 2/16-2/18/04 visit, it was observed that 20 eye wash liquid bottles had expiration dates of Jan. '04 (each station contains between 2-3 bottles). As audit was taking place, personnel responsible for eye wash liquid bottles was in the process of replacing the expired ones.	Visual observations.		The regular plant Safety Audit checklist includes a review of First-Aid kits, checked every shift. Plant nurse has been designated responsible for ensuring that first-aid kits are adequately stocked at all times.	Completed at EP 3/22/04. Completed at all Honduran sewing facilities July 15, 2004.	Observation Corrected: All eye wash station were visited. All bottles in the wash stations were found to be within the expiration date.

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			9/1/04	Gildan Update as 10/21/04
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Documentation	
Sexual Harassment			Employees, management and CDM members were interviewed on the topic.	
5. Nondiscrimination				
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement,				
6. Health and Safety				
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out				
Document Maintenance/ Accessibility	Title V Chapter 1 of Honduras' Labor Code	All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language	Visual inspection of entire facility. Employees' interviews.	
Evacuation Procedure	Title V Chapter 1 of Honduras' Labor Code	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	Visual inspection of cafeteria.	
Evacuation Procedure	Title V Chapter 1 of Honduras' Labor Code	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	Visual inspection of cafeteria.	
Safety Equipment	Title V Chapter 1 of Honduras' Labor Code	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees	All eye wash stations were visited	

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FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC follow up	Target Completion Date	External Verification
PPE	Title V Chapter 1 of Honduras' Labor Code	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	During the 2/16-2/18/04 visit, it was observed that although provided, some employees did not use respiratory masks. It is recommended that the use of masks be enforced in production areas as monitors observed accumulation of lint on workers bodies and clothing.	Visual observations.		It has been determined that EP air quality levels fall within Cal/OSHA standards. However, H&S manager will provide ONGOING quantitative data on air quality measured by international standards, including norms to be respected, and maintain an environment that is well below accepted limits. A self-directed lint-cleaning campaign will begin on the floor immediately. The "one-minute" campaign takes place daily, where modules stop sewing and pause to clean lint from sewing machines and work tables. The lint is then removed away from their work areas.	Completed 4/30/04. Will be ongoing for all Honduran sewing facilities	Observation Corrected: Independent verification of air quality was performed and the results are within the acceptable standards. Additionally, most employees were observed wearing masks. Cleaning personnel continuously cleans lint from the aisles.
Sanitation in Dining Area	Title V Chapter 1 of Honduras' Labor Code	All food shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.	On the 2/16-2/18/04 visit, during employee interviews, workers complained that the food is not well prepared or cooked. Complaints deposited in the company's suggestion boxes and examined during the 3/11 followup visit reveal that many of the complaints by workers were related to the quality of the food and cafeteria service. Also observed were memos from management to cafeteria personnel bringing complaints to their attention and getting their commitment to correct issues.	Interviews. Document review.		The company will launch a cafeteria employee committee whereby volunteer members from a set number of modules will be invited to participate in a "blind" critique of food preparation, noting quality, cleanliness, and overall experience. These responses will be provided to HR and the kitchen concessionaires for action. The committee could be reconvened on an occasional basis, as the need is identified by employees.	To be implemented in all Honduran sewing facilities by 7/30/04. COMMITTEES FORMED 7/30/04. PROJECT COMPLETION DATE 9/30/04.	Observation Corrected: A committee was formed by employees to monitor food condition and does report to Gildan's Management for recommendations. Interviews revealed an increased food quality in the cafeteria.
Other: Restrooms	Title V Chapter 1 of Honduras' Labor Code		On the 2/16-2/18/04 visit, interviews mentioned that one bathroom is closed at 5:45pm and the other at 6:15pm, while workers are still at the facility. Also toilet paper is not always available. It is recommended that all restroom facilities remain open and be fully stocked with necessary supplies during hours of operations.	Interviews. Employer admission		Bathrooms will remain continuously open throughout each shift. Toilet paper and soap will be checked every hour. Re-stock will be conducted as needed to ensure availability at all times. Janitor will sign a sheet as proof that it has been done and supervisor will sign to confirm.	Completed for all Honduran sewing facilities 3/22/04	Observation Corrected: Restrooms are functional and kept fully stocked all working hours.
7. Freedom of Association and Collective Bargaining								
Employers will recognize and respect the right of employees to freedom of association and collective bargaining								
Right to Freely Associate		Workers will have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment	During the 2/16-2/18/04 visit, [worker interviews reported] that they are not free to organize or participate in any kind of activities that would indicate a desire to form a union and if known by Gildan management, would result in termination from employment. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances. Examination of topics covered in previous training to workers revealed the FOA was not covered and workers were not made aware of their FOA rights. Recent (Dec 2003) changes in training workers include greater emphasis on educating workers on their Freedom of Association Rights.	Employee interviews (On premises and off-premises). Document in employee's files listing topics covered at employee training.		1) An external group will be selected to provide full training on FOA and labor rights under Honduran Law to all sewing facilities and regional executives, supervisors, and a select group of workers. Another training will be held in Montreal at the corporate head office. 2) Gildan will participate in the FLA Central American Project. 3) Gildan will create and distribute to 100% of the workforce, and in partnership with a local NGO, Centro de Derechos de Mujeres, an educational brochure that enlists and explains workers rights and FOA rights, with the primary purpose of educating the workforce on the concept of a union: what is a union, what it is not, what it does, what it is for.	Sep-04	Pending Status: 1) As per management interviews, no training has taken place. Gildan management states training on FOA issues will be provided, but specific dates or contents of training were not defined. The second training session -in Montreal- has not been scheduled as of the date of this revisit. 2) Gildan's participation on FLA's Central American Project has not been defined as of the date of the revisit. 3) Brochure to be created in coordination with CDM is still in process. ** Interviews did not reveal recurrence of antiunion behavior by management. No employee reported to be actively pursuing Union organization, given the imminent closing of Gildan El Progreso. Informal groups of workers have come together to discuss issues of interest regarding the closing process, severance payments and final compensation. No complains or suggestion on any restriction of freedom of association were reported.

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Days in the facility	2/16-2/18/04 (6days) 3/11-3/18 (5 days) 8/23-9/1 (4 days)
PC(s)	Gildan Activewear
Number of workers	1900
Product(s)	t-shirts, tank tops
Production processes	sewing, packing

			9/1/04	Gildan Update as 10/21/04
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Documentation	
PPE	Title V Chapter 1 of Honduras' Labor Code	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Visual inspection of the production area. Employees' interviews.	
Sanitation in Dining Area	Title V Chapter 1 of Honduras' Labor Code	All food shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.	Interviews and visual observation of committee's reviews and actions.	
Other: Restrooms	Title V Chapter 1 of Honduras' Labor Code		Interviews conducted and visual observation of restrooms during and after working hours.	
7. Freedom of Association and Collective Bargaining				
Employers will recognize and respect the right of employees to freedom of association and collective bargaining				
Right to Freely Associate		Workers will have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment	Employee and management interviews.	The training with Verite has been finalized for delivery to the workers on Freedom of Association. There will be 200 workers representing all shifts and departments from both sewing facilities participating in the training. The dates of training are set - Nov. 2 and 3, 2004. A second training for management and supervisors on Building a Positive Working Environment is set for Nov 4-6, 2004, in addition to a special training on FOA on Nov 7. This training is intended to improve supervisors' skills in dealing with worker rights and issues. The training program has been sent to the FLA.

FLA Monitoring Visit Profile	
Country	Honduras
Factory code	29002930C [Please note the factory code has changed from 27002901C]
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In December 2003 Maquila Solidarity Network and others filed a Third Party Complaint with the FLA alleging noncompliance with certain FLA Workplace Standards in the El Progreso factory, which is owned by Gildan. At the request of FLA, ALGI, an FLA Accredited Monitor, performed an inspection of the factory and determined that there was noncompliance with the FLA Workplace Standards as alleged in the Third Party Complaint, as well as noncompliance with respect to certain additional Workplace Standards not addressed in the Third Party Complaint. ALGI's findings are itemized in this Tracking Chart under the column Monitor's Findings. After being informed of the ALGI findings Gildan began developing a remediation plan, as required by FLA procedures. However, as of July 12, Gildan had not provided an acceptable remediation plan to the FLA. Instead, on July 12, Gildan announced that it was closing the factory. The decision by Gildan to close the factory jeopardized the prospects of remediating the main findings in the complaint and the FLA therefore decided to suspend the Third Party Complaint process, effective as of July 12.

At its July 27 meeting, the FLA Board placed Gildan on a 90-day period of special review. According to the FLA Charter, a company may be placed on special review if it fails to achieve or maintain compliance with the FLA's standards. This is the first time that the special review period has been imposed by the FLA. The FLA has informed Gildan that it must carry out at least the following steps in order to be removed from the special review status:
 1. Develop a satisfactory remediation plan for the non-compliance found by an FLA-accredited monitor in Gildan's El Progreso factory, and implement that plan in a timely manner.
 2. Issue clearly-worded public statements that: a. acknowledge that there were restrictions in the El Progreso factory on workers' rights to freedom of association; and b. acknowledge that Gildan accepts and agrees to adhere to the Freedom of Association standard in the FLA Workplace Code of Conduct in its business operations; and c. implement effective communication to Gildan's Honduran employees ensuring them of Gildan's commitment to their associational rights, with documentation describing that communication sent to FLA for public availability.
 3. Based on a list provided by FLA, send written notice to media that have misrepresented FLA's position, or have misrepresented Gildan's position relative to the FLA, during the recent Third Party Complaint Process, with copies of those notices sent to FLA.

In August 2004 the FLA contracted ALGI to conduct a verification visit to assess the progress at El Progreso, the findings from which are listed in the External Verification column. The verification reveals progress has been made in certain areas while other issues remain pending. The progress made by Gildan regarding the three requirements of Special Review will be assessed at the FLA's October 26th Board Meeting.

Findings						Proposed Remediation as of July 2004	Completed; Pending; On-going	Verification Status as of
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC follow up	Target Completion Date	External Verification
Unfair dismissal		The employer will not dismiss, discipline, or otherwise coerce or threaten workers seeking to form, join or participate in workers' organizations	During the 2/16-2/18/04 visit, records reviewed showed that in Nov. 03, 88 employees work-relationships ended. Of these, 5 were terminated during their probationary periods, 18 were laid off because of low production and 65 signed resignation letters. At least one specific group was identified as wanting to form a union (as per offsite and onsite interviews). This group identified as No. 14 operated with 14 employees. In Nov-03, 6 employees (40%) resigned. In addition to this event, 18 more employees were laid off because of low production. Gildan's statement justifying the lay off was due to production reasons was not consistent with interviews of active and former employees who stated that they have been working many overtime hours (including some 5th days) during Nov.	As per review of termination, resignation documents, and management interviews.		Employees of EP who lost their jobs after October 2003, and who were later allegedly identified by FLA as union supporters, and who had no prior disciplinary records, are to be offered reinstatement at El Progreso until the closing of the facility. The individuals who will accept this offer of reinstatement will be offered the same severance package as present El Progreso employees, calculated to the date of their re-integration in July of 2004 or later. Gildan will also adequately compensate these employees should they have suffered damages after losing their job. The details of the compensation will be finalized after further consultation with FLA.	Names of workers received 8-12-04. Honduran team seeking individuals.	Observation Corrected: Gildan has presented a list with names and letters offering jobs to employees who were dismissed or had resigned after October 2003. Out of the 29 employees, only two have returned and are presently working at Gildan.
			Management stated at the closing conference that production was overall constant throughout the year. A subsequent Ministry of Labor investigation resulting from a complaint of illegal dismissal filed by 39 of the above mentioned employees, determined that Gildan did not violate any laws as employees had resigned on their own will. Nevertheless, ALGI has found evidence to conclude that there are violations to the FLA Code in this area.					
Unfair dismissal (Continuation)		The employer will not dismiss, discipline, or otherwise coerce or threaten workers seeking to form, join or participate in workers' organizations	On the 3/11-3/18 visit, interviews with the union (FITH) and several of the affected workers alleged that two union leaders were fired on 10/30/03; once management found out they were recruiting workers. During the weeks that followed all other members were told by the HR Dept. that they would be let go as work was slow but they had an option to resign voluntarily (by resigning voluntarily the employees could collect severance pay). The monitors' examination of their personnel files, show the Ministry of Labor had been summoned to the factory to investigate the dismissals of the union leader for poor work quality and disobeying a supervisor' order, two weeks before their employment was terminated. However, one received severance pay (prevaviso), a benefit normally reserved for those who give 60 days notice of resignation.	Resignation documents, employer/employee interviews.		Employees of EP who lost their jobs after October 2003, and who were later allegedly identified by FLA as union supporters, and who had no prior disciplinary records, are to be offered reinstatement at El Progreso until the closing of the facility. The individuals who will accept this offer of reinstatement will be offered the same severance package as present El Progreso employees, calculated to the date of their re-integration in July of 2004 or later. Gildan will also adequately compensate these employees should they have suffered damages after losing their job. The details of the compensation will be finalized after further consultation with FLA.	Names of workers received 8-12-04. Honduran team seeking individuals.	Observation Corrected: Gildan has presented a list with names and letters offering jobs to 29 employees who were dismissed or had resigned after October 2003. Out of the 29 employees, only two have returned and are presently working at Gildan.
			The Ministry of Labor report dated 2/3/04, lists the two alleged union leaders as having been fired; one for poor work quality and the other for disobeying an order to repair work from a production supervisor. Again no wrong doing by management was found by the Ministry of Labor. Asking the government to become involved is a practice that, according to a Ministry of Labor official, is very uncommon, as factories typically handle these situations internally. Nevertheless, ALGI has found evidence to conclude there are violations to the FLA Code in this area.					
Indemnification		Employers shall not offer or use severance pay as a means of restricting union formation or union operations.	During the 2/16-2/18/04 visit, former employees were interviewed off-site and said they were terminated because of their union organizing activities. These employees stated that they had to sign a resignation letter in order to receive severance payments. The resignation letters were reviewed, which resulted in observation of very similar and in some cases identical wording of the letters. Upon confronting the Human Resource coordinator in charge of lay offs, she stated that she guides the workers and verbally helps write the resignation letter as the workers have difficulty writing	Termination, resignation and laid off documents (Nov-2003), offsite interviews and management interviews.		Company will make sure that every employee who signs a resignation letter is aware of his/her rights.	COMMUNICATION TO HR SENT JULY 30TH.	Observation Corrected: Gildan has retained the services of Mr. Isidoro Lopez, as Human Resources manager. Mr. Lopez produced documents prohibiting to all managers to get involved in the process of writing a resignation letter for any employee who wishes to resign.
8. Wages and Benefits								
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees,								

FLA Monitoring Visit Profile	
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Production processes	sewing, packing

			9/1/04	Gildan Update as 10/21/04
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Documentation	
Unfair dismissal		The employer will not dismiss, discipline, or otherwise coerce or threaten workers seeking to form, join or participate in workers' organizations	Gildan presented 29 employment offers, but most former employees had changed their addresses or were not available for employment. Gildan attempted to contact employees by utilizing home delivery mail services. Management also presented work contract with the two employees who accepted to be rehired.	In addition to having presented re-integration offers to a list of employees provided by FLA and WRC, Gildan has also taken the following actions as a good faith gesture: 1) All 39 workers are receiving a payment representing any "damages" from loss of wages they may have suffered from the period beginning with their alleged termination date up to the earlier date of re-employment by another company or August 16, 2004, which is the date when Gildan extended re-integration offers at El Progreso. 2) Payments are to be made to all workers on the list. 3) Workers are requested to appear in person to confirm receipt for payment 4) Special efforts will be made to locate workers who have moved from the area or cannot be located to appear in person. 5) payments are being scheduled for Friday, October 22, 2004.
Unfair dismissal (Continuation)		The employer will not dismiss, discipline, or otherwise coerce or threaten workers seeking to form, join or participate in workers' organizations	Gildan presented 29 employment offers, but most former employees had changed their addresses or were not available for employment. Gildan attempted to contact employees by utilizing home delivery mail services. Management also presented work contract with the two employees who accepted to be rehired.	
Indemnification		Employers shall not offer or use severance pay as a means of restricting union formation or union operations.	Interview with Human Resource Manager and observation of memorandum	
8. Wages and Benefits				
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Findings						Proposed Remediation as of July 2004	Completed; Pending; On-going	Verification Status as of
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC follow up	Target Completion Date	External Verification
Time-recording system		Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards	During the 2/16-2/18/04 visit, it was observed that although the majority of employees record hours worked at the beginning and end of each work shift, those employees working on the 5th day of the 4X4 work schedule are not required to log in on that day. Employees who do log in for the 5th day have their hours erased from the electronic payroll system. The observations of the 3/11-3/18 revealed that the company now records all hours of work outside the regular shift including the 5th day (this is not a verification of proper payment)			1) All hours of work are electronically recorded and will be compensated according to Honduran Labor law. 2) Factory management will ensure all employees who work a fifth day do so voluntarily. 3) Salaried supervisors will assume the responsibility of briefing second shifts. 4) The factory will conduct an analysis to determine adequate compensation; these eligible individuals will be rewarded with remuneration retroactive to January 4, 2004.	1) Completed June 1, 2004. 2) Contracts' wording to be changed by July 15, 2004. 3) Completion date July 15, 2004. 4) Analysis completed. Retroactive pay checks to be issued by August 1, 2004 to all affected Gildan Honduran employees. RETROACTIVE CHECKS ISSUED AUGUST 10, 2004. COMPLETED	Observation Corrected: 1) As per records observation and employee interviews, there is no evidence suggesting off clock work. All hours are recorded on time keeping ledgers. 2) Interviews conducted revealed that at the present time all overtime hours are voluntary. 3) Mechanics, who in the past would come on the fifth day, are not providing additional services to the factory, beyond the regular schedule. 4) Gildan has retroactively paid all employees affected by off clock work, from January 2004 forward. Interviews and documentation confirmed payments.
Legal benefits: Vacations	According to Art. 348 (Honduras Labor Law), the worker should not work while on vacation. Employees with 2 years of service are entitled to 12 days of vacation; employees with 3 or more years of service who are entitled to 15.	Employers will provide all legally mandated benefits to all eligible workers	During the 2/16-2/18/04 visit it was determined by examining vacation payroll records, employee interviews and acknowledgment by management that Gildan maintains a policy of collective vacation during Christmas and New Years totaling 11 days. As a result of this practice, employees who are entitled to more than 11 days (because of seniority) are not granted the additional days. These additional days are properly compensated, but not taken as mandated by Honduran labor laws. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.	Records review, Interviews and management acknowledgement.		Since the Honduran Labor law specifies that vacation days cannot be monetarily compensated, Gildan will change internal vacation policy and grant those with seniority the additional days.	Completion date for all Honduran sewing facilities: August 1, 2004. AUGUST 1, 2004 COMPLETED	Observation Corrected: Gildan has changed vacation policy to comply with local labor regulations. This policy will not go into effect until Dec 2004.
Legal Compliance for holiday/leave	Art 339 states that holiday must be compensated computing the average of regular plus overtime earned during the immediate preceding week. Art. 340 states that if a holiday is worked, the payment must be at 200% over the regular rate and must receive an additional day off.	Workers will be paid for holidays and leave as required by law	During the 2/16-2/18/04 visit, it was determined by examining holiday calculations and payroll records that Gildan fails to properly compute the average of regular and overtime for employees who come on the 5th (unrecorded hours) and also fails to allow a replacement day off (from a business day). This condition results in miscalculation of holidays and time off as mandated by Honduran labor laws. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.	Records review and payroll calculations.		The VP of HR Honduras will conduct a complete analysis to determine those who have worked the fifth day. These eligible individuals will be compensated for this time going back to January 4, 2004. The analysis will include a recalculation of benefits and holidays and compensation shall be made accordingly. The aforementioned measures should ensure that this situation does not happen again.	Analysis completed June 25, 2004. Retroactive paychecks to be issued August 1, 2004 to all affected Gildan Honduran employees. RETROACTIVE CHECKS ISSUED AUGUST 10, 2004. COMPLETED	Pending Status: Gildan has retroactively calculated and paid wage discrepancies resulting from the assessment on February 2004. Although all employees in question have been compensated, a small percentage received payment that did not include overtime hours in holiday calculation (holidays require an average of regular plus overtime). The discrepancy was corrected on September 24th, when employees received payment to compensate for the miscalculation.

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Time-recording system		Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards	Observation of time records, employees' interviews (all sections, including mechanics), payroll ledgers, documentation of retroactive payments.	
Legal benefits: Vacations	According to Art. 348 (Honduras Labor Law), the worker should not work while on vacation. Employees with 2 years of service are entitled to 12 days of vacation; employees with 3 or more years of service who are entitled to 15.	Employers will provide all legally mandated benefits to all eligible workers	Company policy and notification of policy change.	Effective January 1, 2005, all workers who have earned days of vacation that exceed the normal vacation shut-down period shall be allowed to take the additional time upon request and mutual agreement with the management of the facility in which they work.
Legal Compliance for holiday/leave	Art 339 states that holiday must be compensated computing the average of regular plus overtime earned during the immediate preceding week. Art. 340 states that if a holiday is worked, the payment must be at 200% over the regular rate and must receive an additional day off.	Workers will be paid for holidays and leave as required by law	Back wage computation analysis, holiday payments and management interviews.	This situation has been corrected and pay records were submitted to FLA (through ALGI) on September 24, 2004.

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Accurate recording of wage compensation		All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately	During the 2/16-2/18/04 visit, it was observed that mechanics and quality control personnel under the 4X4 system are required to work the 5th day for an extra three to five hours. While some employees log the time worked with their swipe system card and others do not, hours worked by employees do not appear in the payroll register. Although hours are recorded by employees, these hours are removed from the computer when payroll records are prepared and wages are paid. These hours are not compensated. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.	Interviews and payroll observation.		1) All hours of work are electronically recorded and will be compensated according to Honduran Labor law. 2) Factory management will ensure all employees who work a fifth day do so voluntarily. 3) Factory management will conduct an analysis to determine adequate compensation: these eligible individuals will be rewarded with remuneration retroactive to January 4, 2004.	1) Completed June 1, 2004. 2) Contracts' wording to be changed by July 15, 2004. 3) Completion date July 15, 2004. 4) Analysis completed. Retroactive pay checks to be issued by August 1, 2004 to all affected Gildan Honduran employees. RETROACTIVE CHECKS ISSUED AUGUST 10, 2004. COMPLETED	Observation Corrected: 1) As per records observation and employee interviews, there is no evidence suggesting off clock work. All hours are recorded on time keeping ledgers. 2) Interviews conducted revealed that at the present time all overtime hours are voluntary. 3) Mechanics, who in the past would come on the fifth day, are not providing additional services to the factory, beyond the regular schedule. 4) Gildan has retroactively paid all employees affected by off clock work, from January 2004 forward. Interviews and documentation confirmed payments.
Childcare facilities	Art 142, requires facilities with more than 20 employees to provide (child care facility) for working mothers with children under 3 years of age.		During the 2/16-2/18/04 visit, it was observed that Gildan does not have a childcare facility. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.	Visual observations, employee/management interviews.		Three options are currently under study for a childcare facility: 1) Gildan to subsidize a community group in neighboring areas of facilities. 2) Build a room for childcare in existing facilities. 3) Negotiate with the ZIP. At the present moment, lactating mothers are given the option of arriving 30 minutes later or leaving 30 minutes earlier.	Decision to be made by August 1, 2004 after further consultation with FLA. Implementation to begin after that date. Completion date to be determined based on decision; tentatively Q4, 04. (All Honduran sewing facilities)	Condition remains pending: As per management, although this issue has been discussed, Gildan feels that it would not be feasible to provide or create a day care facility within the time left before the closing of Gildan on Sept 30 2004.
9. Hours of Work								
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of								
Rest Periods	Art 326 mandates a 30 minutes (minimum) rest period between shifts		During the 2/16-2/18/04 visit, it was determined that employees work part of their lunch period (10 to 15 minutes) to achieve production goals scheduled for the day. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.	Employee interviews, observations.		1) Daily hours will be changed to 7:00 AM to 6:00 PM, as opposed to 7:00 AM to 6:30 PM. Workers will have two paid 15 minute breaks and a paid 30 minute lunch. 2) Worker's pay slip will reflect that Gildan pays all breaks and lunch breaks. 3) Company will encourage its employees to take advantage of both paid breaks and paid lunch to rest.	To be implemented in all Honduran sewing facilities in September, 2004.	Observation Corrected: This condition has been corrected by controlling the time the electricity is turned on and off. Line supervisors ensure that employees follow these requirements. Work schedule has been changed and breaks are part of paid time.

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FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Documentation	
Accurate recording of wage compensation		All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately	Observation of time records, employees' interviews (all sections, including mechanics), payroll ledgers, documentation of retroactive payments.	As for all other remediation items, this remediation has been implemented in the other sewing facilities at San Miguel and San Jose.
Childcare facilities	Art 142, requires facilities with more than 20 employees to provide (child care facility) for working mothers with children under 3 years of age.		Management interviews, employee interviews.	To our knowledge, no other company in our industry has been able to put in place a childcare facility in Honduras. Practically speaking, it is very hard to implement such a measure since parents would find it very difficult to bring their children with them on crowded buses to go to work. Most workers have a parent taking care of the children while they are at work. Also, security for the children in the free zone parks where there is a lot of traffic (mostly trucks) and dangerous equipment is a critical issue. On October 13, 2004, a group of representatives from Gildan met with a local NGO to discuss the issue of childcare for workers at Gildan. This NGO provided information on current efforts on this complex topic by groups working in Honduras, including UNICEF. They also cautioned Gildan about the risk of failure as it was encountered by other companies. We asked the NGO to continue to engage with Gildan on an on-going basis to provide guidance and advice on compliance to this requirement. Gildan will also consult with other interested stakeholders. FLA staff has been made
9. Hours of Work				
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of				
Rest Periods	Art 326 mandates a 30 minutes (minimum) rest period between shifts		Observations of facility during beginning and end of shifts, and during lunch time. Employees' and line supervisors' interviews.	

FLA Monitoring Visit Profile	
Country	Honduras
Factory code	29002930C [Please note the factory code has changed from 27002901C]
IEM	ALGI
Date of audit	2/16/04-2/18/04 & 3/11/04-3/18/04 & 8/23/04-9/01/04
Days in the facility	2/16-2/18/04 (6days) 3/11-3/18 (5 days) 8/23-9/1 (4 days)
PC(s)	Gildan Activewear
Number of workers	1900
Product(s)	t-shirts, tank tops
Production processes	sewing, packing

In December 2003 Maquila Solidarity Network and others filed a Third Party Complaint with the FLA alleging noncompliance with certain FLA Workplace Standards in the El Progreso factory, which is owned by Gildan. At the request of FLA, ALGI, an FLA Accredited Monitor, performed an inspection of the factory and determined that there was noncompliance with the FLA Workplace Standards as alleged in the Third Party Complaint, as well as noncompliance with respect to certain additional Workplace Standards not addressed in the Third Party Complaint. ALGI's findings are itemized in this Tracking Chart under the column Monitor's Findings. After being informed of the ALGI findings Gildan began developing a remediation plan, as required by FLA procedures. However, as of July 12, Gildan had not provided an acceptable remediation plan to the FLA. Instead, on July 12, Gildan announced that it was closing the factory. The decision by Gildan to close the factory jeopardized the prospects of remediating the main findings in the complaint and the FLA therefore decided to suspend the Third Party Complaint process, effective as of July 12.

At its July 27 meeting, the FLA Board placed Gildan on a 90-day period of special review. According to the FLA Charter, a company may be placed on special review if it fails to achieve or maintain compliance with the FLA's standards. This is the first time that the special review period has been imposed by the FLA. The FLA has informed Gildan that it must carry out at least the following steps in order to be removed from the special review status:

1. Develop a satisfactory remediation plan for the non-compliance found by an FLA-accredited monitor in Gildan's El Progreso factory, and implement that plan in a timely manner.
2. Issue clearly-worded public statements that: a. acknowledge that there were restrictions in the El Progreso factory on workers' rights to freedom of association; and b. acknowledge that Gildan accepts and agrees to adhere to the Freedom of Association standard in the FLA Workplace Code of Conduct in its business operations; and c. implement effective communication to Gildan's Honduran employees ensuring them of Gildan's commitment to their associational rights, with documentation describing that communication sent to FLA for public availability.
3. Based on a list provided by FLA, send written notice to media that have misrepresented FLA's position, or have misrepresented Gildan's position relative to the FLA, during the recent Third Party Complaint Process, with copies of those notices sent to FLA.

In August 2004 the FLA contracted ALGI to conduct a verification visit to assess the progress at El Progreso, the findings from which are listed in the External Verification column. The verification reveals progress has been made in certain areas while other issues remain pending. The progress made by Gildan regarding the three requirements of Special Review will be assessed at the FLA's October 26th Board Meeting.

Findings						Proposed Remediation as of July 2004	Completed; Pending; On-going	Verification Status as of
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC follow up	Target Completion Date	External Verification
Rest Periods	As per Art. 130, within a normal work schedule, women and minors must receive a break equivalent to 2 hours per day		During the 2/16-2/18/04 visit, it was observed that Gildan provides 30 minutes of unpaid meal break and two 15 minutes coffee breaks to all employees, totaling only one hour. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.	Employee, employer interviews, observations.		Women will be advised of this right during orientation. Please refer to PC Comments.	Completion date September 2004 in all Honduran sewing facilities.	Condition remains pending: As per findings on 2.16/04, this information has not been provided to workers, nor has been granted.
Overtime Limitations	As per Art 333 it is forbidden for the same employee to work more than 4 overtime days within the same week.		During the 2/16-2/18/04 visit, it was determined that production employees on the 4X4 schedule work overtime on 4 days in the same week as employees work prior to the start of their regular work shift schedule and during lunch in order to meet production goals. Some of these employees (mechanics & quality control) come on the 5th day, accumulating 5 days of overtime, exceeding the limitation of the overtime provision in Honduras. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.	Employee interviews, observations.		1) Workers will not be permitted to work more than the Honduran legal limits and those outlined in the FLA workplace code of conduct. 2) Mechanics and Quality Control will no longer work the fifth day with no overtime compensation. 3) The Gildan VP of HR Honduras has been asked to assess number of employees affected and determine if additional hiring is required.	Completion date August 1, 2004. To be implemented in all Honduran sewing facilities. COMPLETED	Observation Corrected: 1) As per records observation and employee interviews, there is no evidence suggesting off clock work. All hours are recorded on time keeping ledgers. 2) Interviews conducted revealed that at the present time all overtime hours are voluntary. 3) Mechanics, who in the past would come on the fifth day, are not providing additional services to the factory, beyond the regular schedule. 4) Gildan has retroactively paid all employees affected by off clock work, from January 2004 forward. Interviews and documentation confirmed payments.
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	During the 2/16-2/18/04 visit, it was observed that employees working a 3X1 (working three days, resting 1) work schedule, work 66 hours per week once every four weeks. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.	Interviews, records review.		As the schedule is planned, once every four weeks the employees work 66 hours per week, which is a normal occurrence because of the cycle of the calendar. This has never been the subject of any internal complaint. However, the company will from this point on limit working hours to no more than 60 per week per employee and will determine if additional hiring is required.	Completion date August 1, 2004. To be implemented in all Honduran sewing facilities. COMPLETED	Observation corrected: Gildan has restructured shifts to maintain hours of work under 60 per week.
10. Overtime Compensation								
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at								

FLA Monitoring Visit Profile	
Country	Honduras
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IEM	ALGI
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Number of workers	1900
Product(s)	t-shirts, tank tops
Production processes	sewing, packing

			9/1/04	Gildan Update as 10/21/04
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Documentation	
Rest Periods	As per Art. 130, within a normal work schedule, women and minors must receive a break equivalent to 2 hours per day		Interviews with both management and employees.	Gildan has met with a local NGO to discuss the issue of compliance to the two hour rest period for women. It is Gildan's understanding that this NGO does not support this requirement and that the law, enacted in 1959, is discriminatory towards women, especially for those in the maquila industry that receive a compensation which includes a performance bonus. The restriction on hours of work would result in lower pay for women compared to men. FLA staff has been made aware of the situation and discussions will continue between Gildan, the NGO and the FLA staff to try to find an appropriate solution. It is worth noting that, to our knowledge, no other company in our industry in Honduras has implemented this measure, which appears to be discriminatory.
Overtime Limitations	As per Art 333 it is forbidden for the same employee to work more than 4 overtime days within the same week.		Observation of time records, employees' interviews (all sections, including mechanics), payroll ledgers, documentation of retroactive payments.	
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	Interviews with both management and employees. Payroll ledgers and time records.	
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Findings						Proposed Remediation as of July 2004	Completed; Pending; On-going	Verification Status as of
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC follow up	Target Completion Date	External Verification
Accurate recording of OT hours worked		Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work	During the 2/16-2/18/04 visit, it was determined through employee interviews and payroll observations that mechanics and quality control personnel under the 4X4 system are required to work the 5th day, an extra three to five hours. These hours are not recorded and not compensated. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.	Records review and employee interviews		SEE SECTION "OVERTIME LIMITATIONS"	Completion date August 1, 2004. To be implemented in all Honduran sewing facilities. COMPLETED	Observation corrected: As per employee interviews and payroll ledger analysis, employees in question do not come on the fifth day.
OT Compensation	Art 330 of the Honduran Labor Law, all hours worked in excess of the normal work schedule (8 hours per day) are considered overtime and be compensated at rates (25.50 or 75% higher over the regular rate). As per Gildan Activewear company manual a) the work schedule is from 7am to 6:30pm, b) all employees are mandated to be at the factory 15 minutes prior to the beginning of the daily shift (@6:45am), c) any hours worked outside the work schedule shall be considered overtime.	The factory shall comply with applicable law for premium rates for overtime compensation	During the 2/16-2/18/04 visit, it was observed that to meet production goals, some employees start work before 7:00 AM (one hour before the beginning of the regular shift). The extra time is not included in calculation of wages. These hours, if calculated would be applied as overtime. Additionally, it is written on Gildan's internal policy (manual) that employees must be at the factory 15 minutes prior to the beginning of the regular shift. Another section of the manual states that any hours worked outside the regular shift must be compensated at the overtime rate. In addition, production workers who work on an extra day, usually to cover for an absent worker in the next shift, are paid on a production basis and not at the premium rate. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.	Observation of company payroll records, interviews of employees, physical surveillance at Gildan earlier than 7 am.		1) If employees are asked to arrive 15 minutes prior to their shift to prepare for the day, they will be compensated for this time, and paid overtime when warranted. 2) All time recorded will be integrated into calculation of wages and benefits. 3) Any hourly employee who works more than his or her regular shift will be compensated as per the conditions of Honduran labor law. 4) Employee contracts will reflect these changes.	Completion date August 1, 2004. To be implemented in all Honduran sewing facilities. COMPLETED	Observation corrected: 1) Employees stated hours of work are accurate and if they are asked to come earlier, they will be compensated at the overtime rate. 2) No substitution work or off clock work was uncovered. 3) Employee's work contract reflects proper compensation for regular and overtime hours worked.
Mandatory Overtime	Art 330 of the Honduran Labor Law, all hours worked in excess of the normal work schedule (8 hours per day) are considered overtime and be compensated at rates (25.50 or 75% higher over the regular rate).	Overtime hours worked in excess of code standard will be voluntary.	During the 2/16-2/18/04 visit, [worker interviews revealed that some employees] (mechanics and quality control personnel) complained that as employees under the program of 4X4 they are obligated to come the fifth day without pay to brief the second shift. This process involved sometimes as long as 4 hours. Employees also complained that although these hours are logged, they are not compensated, they have been told by their immediate supervisor that in order to maintain their present job description or even their employment, they must cooperate. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.			SEE SECTION "TIME RECORDING SYSTEM"		Observation corrected: As per employee interviews and payroll ledger analysis, employees in question do not come on the fifth day.
Miscellaneous								
Insufficient lockers			During the 2/16-2/18/04 visit, it was observed that the cafeteria has only 192 lockers for a work staff of 1900 employees. Gildan is recommended to add additional lockers to satisfy the needs of all employees. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.			A survey will be conducted to evaluate the present need and additional lockers will be provided if the desire/need exists.	Completed June 30, 2004. It was determined at the EP plant that no additional lockers were requested by employees.	Observation corrected: Gildan work force has decreased as the factory will be closing operations at el Progreso facility by the end of Sept. Additionally, Gildan has conducted an inquire and the results revealed that present lockers are sufficient for the workers who desire to have one.
Other	As per Chapter V, Art. 88,89,90,91,92 and 93 relating to company's internal manual / regulations indicating the company policies in reference to the labor code.		During the 2/16-2/18/04 visit, it was observed that Gildan Activewear has an internal company manual, but it needs to be updated since it has instituted new policies such as: work structure of weekly employees, monthly employees and categories of staff. At present, factory practices in the above mentioned selections are not mentioned in their Internal Company manual. The observations of the 3/11-3/18 follow up revealed no changes in the aforementioned circumstances.			The company manual will be updated to include code of conduct policies, work structure of weekly and monthly employees, and categories of staff, as well as any other relevant changes. This will be distributed to all employees as well as communicated to them verbally by their supervisors.	Completion date for all Honduran sewing facilities August 1, 2004. COMPLETION DATE CHANGED TO AUGUST 31, 2004.	Pending status: This condition is still in process.

FLA Monitoring Visit Profile	
Country	Honduras
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IEM	ALGI
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Days in the facility	2/16-2/18/04 (6days) 3/11-3/18 (5 days) 8/23-9/1 (4 days)
PC(s)	Gildan Activewear
Number of workers	1900
Product(s)	t-shirts, tank tops
Production processes	sewing, packing

			9/1/04	Gildan Update as 10/21/04
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Documentation	
Accurate recording of OT hours worked		Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work	Interviews of both employees and management, also review of payroll ledgers and time record keeping.	
OT Compensation	Art 330 of the Honduran Labor Law, all hours worked in excess of the normal work schedule (8 hours per day) are considered overtime and be compensated at rates (25,50 or 75% higher over the regular rate). As per Gildan Activewear company manual a) the work schedule is from 7am to 6:30pm, b) all employees are mandated to be at the factory 15 minutes prior to the beginning of the daily shift (@6:45am), c) any hours worked outside the work schedule shall be considered overtime.	The factory shall comply with applicable law for premium rates for overtime compensation	Interview of both employees and management. Payroll, time records and work contract review.	
Mandatory Overtime	Art 330 of the Honduran Labor Law, all hours worked in excess of the normal work schedule (8 hours per day) are considered overtime and be compensated at rates (25,50 or 75% higher over the regular rate).	Overtime hours worked in excess of code standard will be voluntary.	Interviews of both employees and management, also review of payroll ledgers and time record keeping.	
Miscellaneous				
Insufficient lockers			Interviews with employees and inquire performed by management.	
Other	As per Chapter V, Art. 88,89,90,91,92 and 93 relating to company's internal manual / regulations indicating the company policies in reference to the labor code.			A new draft of the company manual has been submitted to the Honduran Ministry of Labor, as required by the law, for their review and approval. This revised manual reflects changes to the policies that are posted for workers in the facilities to explain the internal operations. This re-writing was necessary, as explained in the findings of ALGI, to align the manual with the actual operations of each facility (e.g. hours of work, job classifications, overtime pay, etc). The next step is to obtain formal approval from the Ministry of Labor and to subsequently post the new manual in the plants. This process is expected to be completed by the end of November.