Fair Labor Association: Independent External Factory Assessment

Assessment Date :   **08 Sep 2021**

Factory Information

FLA Affiliates	Gildan Activewear Inc
Country	Honduras
Number of Workers	521

Understanding this Report

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

FLA Code Element	Number of Violations
Employment Relationship (ER)	3
Forced Labor (F)	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	1
Nondiscrimination (ND)	2

Assessment Information

Assessor	Francisco Chicas
Assessment Date	08 Sep 2021

Assessment Purpose	Factory Assessment (Virtual Compliance Check)

ASSESSMENT RESULTS

Employment Relationship (ER)

Benchmark ID	ER.1.2
Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.
Finding Details	Orientation training and ongoing/annual training have not been sufficiently effective, as workers lack knowledge on the following topics: i) the right to freedom of association and collective bargaining; ii) the right to appeal disciplinary actions, and right to present witness during the imposition of disciplinary actions; iii) rules to calculate the monthly salary adjustment paid by the factory to ensure workers are receiving the monthly legal minimum wage; iv) rules applicable to payment of work on Holidays; and, v) rules applicable to vacation (annual leave). The facility includes these topics in trainings, but workers lack knowledge on these topics.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.2

Benchmark Details	Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, probationary workers, home workers, and pregnant or disabled workers, are implemented. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	1) The factory has not hired the legally required number of workers with disabilities. Currently there are five workers with disabilities, although local requirements state that the general workforce should be comprised of at least 20 disabled workers (4 disabled workers for every 100 workers). 2) The factory does not have a legally required childcare facility on site for workers' children below the age of seven. The legal requirement states that a childcare facility is required if there are more than 30 female workers; currently there are around 585 workers and around 41% are women. However, the affiliate has joined the a national pilot program in partnership with the AHM that carries out investments for Community Child Care Program, including the infrastructure of two buildings and donating equipment and improvements to about 20 child care centers in the communities of Choloma, Villanueva and Santa Barbara. These efforts have not impacted workers at this particular facility. In addition, the affiliate participates and supports the initiatives of the Americas Group that focus on childcare in Honduras and other Central American countries.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	1) Law of Employment Promotion for People with Disability, Article 2. 2) Honduran Law of Equal Opportunities for Women, Article 59; Labor Code, Article 140, Section 4.
Benchmark ID	ER.7.1

Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
Finding Details	The factory does not conduct performance reviews for production workers, who are around 54% of total workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Forced Labor (F)

Benchmark ID	F.7.1.3
Benchmark Details	Employers shall not utilize, nor shall they use employment agencies or intermediaries that utilize, practices that restrict any worker's freedom of movement, or ability to terminate their own employment, or that create a threat of penalty. Examples of such practices include, but are not limited to imposing financial penalties.
Finding Details	The factory has a policy that they will use monetary deductions when workers do not show up to work with a just cause or when they show up late to work. Specifically, the factory deducts payment of the weekly rest day, in addition to deducting the time workers were not present at the factory. Based on payroll review and worker interviews, the assessors did not find any specific instance where this policy was implemented.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	

Harassment Or Abuse (H/A)

Benchmark ID	H/A.2
Benchmark Details	Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies.
Finding Details	It is the factory's policy to implement monetary deductions when workers do not show up to work with a just cause, or when they show up late at work. For further finding details, please review finding F.7.1.3.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	The rolling steel shutter at the chemical warehouse does not allow for proper ventilation, as required by the Material Safety Data Sheets (MSDS) of products stored and considering this is a flammable environment. The current shutter is partially open, which provides some ventilation. However, the factory has not assessed whether the ventilation level is sufficient.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	General Regulations on Preventive Measures of Work Accidents and Occupational Diseases, Art. 210 section e).

Nondiscrimination (ND)

Benchmark ID	ND.4
Benchmark Details	Employers may not request the disclosure of any personal, non-job related information during the application, recruitment, or hiring process, including but not limited to gender, race, religion, disability, sexual orientation, nationality, political opinion, social group, ethnic origin, or marital status.
Finding Details	Based on worker interviews, the factory's doctor asks whether new workers are pregnant or not during the hiring process, which can be a risk of discrimination.
Recommendation for Immediate Action	Work the factory doctor to understand how medical checks and interviews are being conducted to ensure to ensure no questions on pregnancy status are asked to the new workers.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	ND.6.2
Benchmark Details	Employers shall not threaten workers with dismissal or any other employment decision that negatively affects their employment status in order to prevent them from changing their marital, partnership, or family status (including getting married or becoming pregnant.)

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Finding Details	See finding in ND.4
Recommendation for Immediate Action	
Compliance Classifications	Immediate Action Required
Local Law	

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