

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

17 Aug 2023



Factory Information

FLA Affiliates	Gildan Activewear Inc
Country	Honduras
Number of Workers	502

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

Compensation (C)	3
Employment Relationship (ER)	4
Health, Safety And Environment (HSE)	8
Nondiscrimination (ND)	3

Assessment Information

Assessor	VeLar International
Assessment Date	17 Aug 2023
Assessment Purpose	

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.12.1
Benchmark Details	All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc.
Finding Details	Calculations for the social insurance payment consider only the minimum salary and do not include other employees' incomes (such as overtime payment, incentives, or any amount over the minimum salary).
Recommendation for Immediate Action	Ensure to include all incomes to calculate the quotes to the social insurance.
Compliance Classifications	Immediate Action Required
Local Law	Article 3rd subsection a) of the Social Security Law.
Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.
Finding Details	The company does not provide a nursery/day care for the children of female workers. Under current local law, employers with more than 20 female workers must provide adequate space for mothers to leave their children when the mothers are at work.
Recommendation for Immediate Action	Ensure to provide nursery/day care for the children of female workers.

Compliance Classifications	Immediate Action Required
Local Law	Article 142 of the Labor Code; Article 59 of the Law on Equal Opportunities for Women; Article 138 of the Code for Children and Adolescents
Benchmark ID	C.21.1
Benchmark Details	Employers shall provide all legally mandated benefits, including holidays, leave, bonuses, severance payments and 13th month payments to all eligible workers within legally defined time periods.
Finding Details	When the employment contract ends for any reason, the factory does not provide its settlement immediately, nor is any agreement signed to establish the payment date. Workers can wait up to 60 days (45 days on average) to receive their settlement. Although local law does not expressly establish a fixed period for paying the severance payment, the above is a too-long period that affects the former worker economically and has no justified cause.
Recommendation for Immediate Action	Ensure to deliver the termination payout under the regular payment periods.
Compliance Classifications	Immediate Action Required
Local Law	

Employment Relationship (ER)

Benchmark ID	ER.1.1
Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.

Finding Details	There is no retrenchment procedure; and there is no other protocol to ensure employees' representatives are informed, neither involved in the process.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.1
Benchmark Details	Employers shall have written disciplinary rules, procedures and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).
Finding Details	The Internal Rules Handbook that is published do not clearly indicate the current work shifts of the company. The current working shift is reduced to four working days per every four days of rest. Which means that the 44 hours a week are divided in working shifts of eleven hours.
Recommendation for Immediate Action	Ensure to update the Internal Rules Handbook and keep it with the information required by law.
Compliance Classifications	Immediate Action Required
Local Law	Article 92 subsection d) of the Labour Code
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.
Finding Details	There is no evidence that employees are consulted in the policies and procedures development or revision processes.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.3.2
Benchmark Details	Workers have the right to participate and be heard in any disciplinary procedure against them.
Finding Details	The factory does not have an internal appeal process within the factory, as required by the FLA Benchmarks
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.1
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	Emergency exit #1 with poor signage of the evacuation route and leading to stairs

Recommendation for Immediate Action	Ensure to keep all emergency exist with clear signage; and ensure they lead to a secure meeting point.
Compliance Classifications	Immediate Action Required
Local Law	Article 61 subsection 1 of the Honduras General regulation of preventive measures STSS-05304
Benchmark ID	HSE.5.1.4
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following: ensuring aisles/exits are not blocked and that workers are not blocked within their workstations
Finding Details	A corridor was found on the outside of the factory building with disused cardboard boxes, plastic containers, metal cans and garbage that could obstruct the evacuation of workers in the event of evacuation or generate some accident time such as a fall or slip.
Recommendation for Immediate Action	Ensure to keep evacuation routes free from obstruction.
Compliance Classifications	Immediate Action Required
Local Law	Article 205 subsection a) of the Honduras General regulation of preventive measures STSS-05304
Benchmark ID	HSE.19
Benchmark Details	All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.

Finding Details	1.- The external areas specifically the shipping area and the entrance were not clean, assessors noted scrap, drinks bottles, wastes and trash bags. 2.- Auditors noted employees' lunch boxes, stored outside the refrigerator and in disorder in the cafeteria. This situation can not only affect food safety, it also can generate rats, cockroaches, and other type of plagues.
Recommendation for Immediate Action	Ensure to keep all areas clean. Ensure to have sanitized and ordered spaces for food storage.
Compliance Classifications	Immediate Action Required
Local Law	1.- Article 62 subsection 1 of the Honduras General regulation of preventive measures STSS-05304. 2.- Article 67 subsection 1 and 2 of the Honduras General regulation of preventive measures STSS-05304.
Benchmark ID	HSE.13
Benchmark Details	All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.
Finding Details	An electrical box was found in the production area with its identification sign detached and placed on it; it was also full of dust and fluff.
Recommendation for Immediate Action	Ensure to keep all electrical boxes identified and free from dust and fluff.
Compliance Classifications	Immediate Action Required
Local Law	Article 62 subsection 5, of the Honduras General regulation of preventive measures STSS-05304
Benchmark ID	HSE.6.1

Benchmark Details	All safety and medical equipment (e.g. fire fighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.
Finding Details	Within the pressure vessels area were found 10 fire extinguishers that are no longer in use, this should not be the storage place.
Recommendation for Immediate Action	Ensure to keep all fire extinguishers in the correct place and in good condition.
Compliance Classifications	Immediate Action Required
Local Law	Article 220 subsection 1 of the Honduras General regulation of preventive measures STSS-05304
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	The factory packages the antiseptic soap in smaller containers without sanitary conditions, exposing it to contamination, and labels the elements to be used incorrectly.
Recommendation for Immediate Action	Ensure to keep the first aid kits with the necessary supplies stored in sanitized conditons and labeled in accordance with the law.
Compliance Classifications	Immediate Action Required
Local Law	Article 73 subsection 1 of the Honduras General regulation of preventive measures STSS-05304
Benchmark ID	HSE.23.1
Benchmark Details	Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature. The means to drink water (e.g. cups) must be safe and sanitary and available in an appropriate number.

Finding Details	The bottles of water for consumption are stored outside where they receive the sun directly
Recommendation for Immediate Action	Ensure to keep drinking water in proper conditions.
Compliance Classifications	Immediate Action Required
Local Law	Executive Agreement No. STSS-053-04 General Regulations on Preventive Measures for Workplace Accidents and Occupational Illnesses Article 68 -and the benchmark:HSE.23.1
Benchmark ID	HSE.17.1
Benchmark Details	Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.
Finding Details	During the documents review, it was detected that the company does not have a manual load handling procedure, including training to carry out loading work. At the same time, it was noticeable that all work areas carried out cargo handling. During the interviews, it was confirmed that the employees lack proper training.
Recommendation for Immediate Action	Ensure to develop a manual for loads handling and train relevant employees.
Compliance Classifications	Immediate Action Required
Local Law	Article 197 of the Honduras General regulation of preventive measures STSS-05304
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	During the documentary review, it was detected that the "Employment Application" format includes the question of "Marital Status" of the applicant.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ND.6.3
Benchmark Details	Employers shall not, on the basis of a worker's marital, partnership, or family status (including pregnancy), make any employment decisions that negatively affect employment status, including decisions concerning dismissal, demotion, loss of seniority, or deduction of wage.
Finding Details	During the documentary review, it was detected that during the selection process, the company performs medical examinations with the "Physical Examination" format, which includes questions on gynecological issues for women. These questions allow detecting a possible pregnancy.
Recommendation for Immediate Action	Ensure to avoid asking any information not related to the aspirant experience, knowledge and development, specially those related to the pregnancy status.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	ND.3

Benchmark Details	Recruitment and employment policies and practices, including job advertisements, job descriptions, application and interview questions and job performance/evaluation policies and practices shall be free from any type of discriminatory bias.
Finding Details	During the document review, it was detected that the company does not hire aspirants under 18 years of age; this is reflected in the child labor policy and the selection and hiring procedure. However, no risk analysis justifies why the company does not recruit juvenile workers when the law allows it.
Recommendation for Immediate Action	Ensure to respect the law considerations and avoid discriminatory practices.
Compliance Classifications	Immediate Action Required
Local Law	Article 32 of the Labour Code Article 60 of the Constitution of the Honduras Republic.

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