

FLA Statement Regarding Gildan
July 27, 2004

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.

The Third Party Complaint Process was initiated in December 2003 when two complainants alleged noncompliance with certain workplace standards in the El Progreso factory. Following a determination that there was noncompliance as alleged in the complaint, Gildan began developing a remediation plan. On July 12 Gildan announced that it was closing the factory. Since Gildan's decision to close the factory raised questions about its commitment to freedom of association, the FLA Board believed it was essential for Gildan to publicly reaffirm and communicate this commitment. The FLA Board will review Gildan's status at its next quarterly meeting in October.

The FLA Tracking Chart describing the findings of the FLA monitor, and the remediation proposed by Gildan to address the noncompliance found by the monitor as of the moment when Gildan informed FLA of its decision to close El Progreso, are posted on the FLA website. Please go to <http://www.fairlabor.org/all/transparency/reports.html> and as indicated on that page navigate to "Reports 2004."
