



COMPANY: **Gildan Activewear Inc**
COUNTRY: **Haiti**
ASSESSMENT DATE: **11/13/12**
MONITOR: **FLA Assessor Team (Americas)**
PRODUCTS: **Apparel**
PROCESSES: **Sew**
NUMBER OF WORKERS: **1446**
ASSESSMENT NUMBER: **AA0000000034**

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Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

Glossary

De minimis: a de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of the facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

Facility performance: how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

Fair labor standards: the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

Employment life cycle: all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

Code violation: failure to meet standards outlined in the FLA Workplace Code of Conduct in the workplace implementation of employment or management functions.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

Employment functions: The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

Management functions: violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

Finding: indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

Finding type

- *Immediate action required:* discoveries or findings at the workplace that need immediate action because they not only

constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

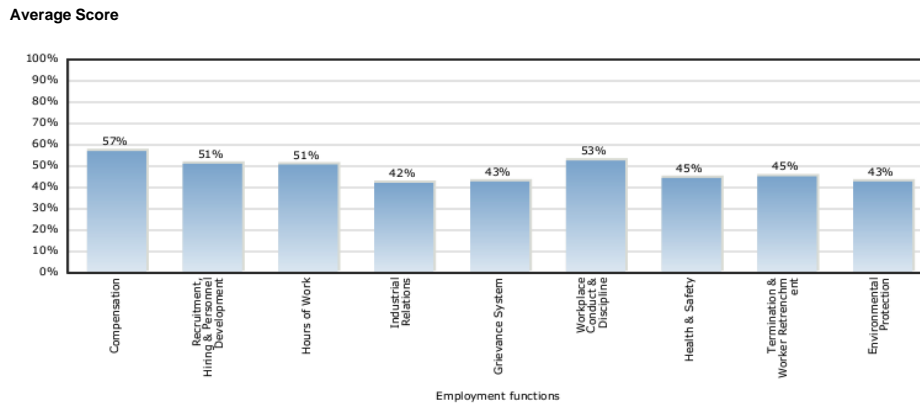
Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection, but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Uncorroborated Risk of Noncompliance: indicates a serious issue that has surfaced during the assessment, but one which the assessors were not able to corroborate through additional sources of information (e.g., allegation of retaliation against a worker by the factory management for participating in the assessment).

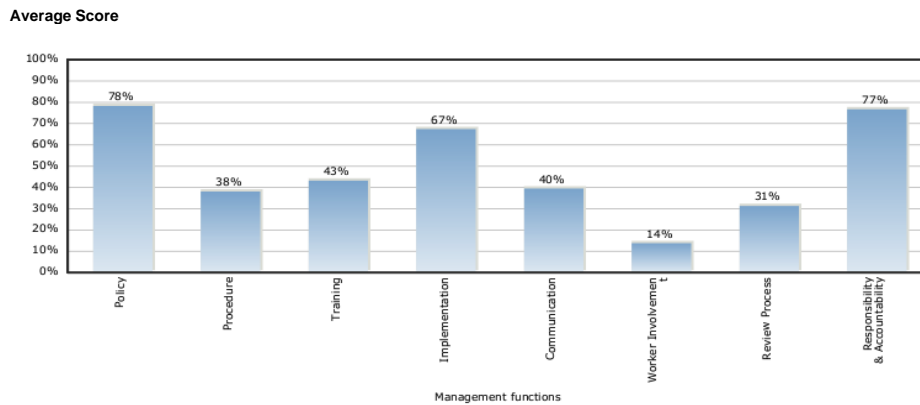
Score by Employment Function

Scores indicate a factory's performance related to a specific employment function based on an FLA assessment. A score of 100 percent indicates flawless operation of an employment function. A score of less than 100 percent indicates need for improvement.



Score by Management Function

Scores indicate a factory's performance related to a specific management function based on an FLA assessment. A score of 100 percent indicates flawless operation of a management function. A score of less than 100 percent indicates need for improvement.



Score Summary

Scores indicate the strength of management functions as they relate to different elements of the employment relationship (employment functions). For example (reading left to right), a score of 100 percent in the cell on the top left corner would indicate the existence of appropriate policies related to recruitment, hiring and personnel development.

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection	Aggregate Score
Policy	71.43%	87.5%	100%	55.67%	35.71%	75%	100%	83.33%	66.67%	75.03%
Procedure	59.38%	56.82%	33.33%	50%	65%	83.33%	33.33%	12.5%	25%	46.52%
Responsibility & Accountability	64.29%	70%	78.57%	37.5%	63.4%	63.4%	70%	52.83%	63.4%	62.6%
Review Process	45%	40%	40.91%	40.91%	36.36%	40%	45.45%	40%	29.17%	39.76%
Training	39.71%	72.5%	57.69%	0%	0%	0%	0%	46.93%	22.22%	26.56%
Implementation	77.95%	67.13%	57.08%	71.43%	77.78%	93.75%	74.71%	66.1%	55.9%	71.31%
Communication	50%	75%	38.89%	100%	33.33%	31.25%	0%	41.67%	0%	41.13%
Worker Involvement	0%	N/A	N/A	0%	0%	N/A	N/A	45.83%	0%	9.17%
Aggregate Score	50.97%	66.99%	58.07%	44.44%	38.95%	55.25%	46.21%	48.65%	32.79%	

Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element
Compensation
Employment Relationship
Forced Labor
Harassment and Abuse
Hours of Work
Health, Safety and Environment
Non-Discrimination

Findings and Action Plans

FINDING NO.1

RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

The factory has neither created nor implemented policy and procedure related to personnel development that includes the requirement of periodic performance reviews and defines how these reviews are linked to promotions.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.1, ER.28.1, ER.29.1, and ER.30.1)

Root Causes

- i) In the case of most workers on the production floor, promotion and personnel development opportunities are very limited; therefore, workers and managers do not see the need to have written policies and procedures;
- ii) Since local labor law does not mandate these policies and procedures, management does not feel that they need them;
- iii) Worker reviews or performance reviews are tied with reaching production goals, but not related to promotion opportunities;
- iv) Management's lack of awareness of FLA Benchmarks on Personnel Development.

COMPANY ACTION PLANS

1. i) The factory created a "Promotions Policy", "Performance Policy," and a "Performance Procedure". Training on the

Performance Policy and Procedure was conducted for supervisors and administrative employees. The Human Resources manager will be responsible for the implementation and ongoing training on these polices and procedures.

Action plan status: In Progress

Planned completion date: 09/30/14

Progress update: 07/23/14 : '

FINDING NO.2

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

As per Haitian Law CL-09-2009-010 piece rate employees are entitled to earn the legal minimum wage (300 daily Gourdes, equivalent to USD \$7.14) during an 8-hour workday. However, the factory does not comply; its production planning is based on 9.5 daily hours, which is the time that piece rate employees need to work in order to earn the legal minimum wage.

Local Law or Code Requirement

Haitian Law CL-09-2009-010, Article 2.2; FLA Workplace Code (Compensation benchmark ER.22.1 and Compensation benchmarks C.1 and C.2)

Root Causes

- i) Management is saving on additional production costs by not paying the proper legal minimum wage;
- ii) Factory has not adjusted its daily production planning to the new legal requirements on legal minimum wage;
- iii) Workers are not aware of how to properly calculate the new legal minimum wage.

Recommendations for Immediate Action

Adjust the production planning, which is currently based on 9.5 daily hours, to 8 hours a day so that piece rate employees are able to earn the legal minimum wage in 8 hours.

COMPANY ACTION PLANS

1. i) The factory implemented a new production salary. Based on their efficiency, piece-rate workers will now be paid 300 Daily Gourdes. The factory has given trainings to employees on how to calculate their salaries. The calculation form is posted on bulletin boards for employee reference. In consistency with the Haitian decree on legal minimum wage, the factory will monitor 8-hour work shifts.

Action plan status: In Progress

Planned completion date: 09/30/14

Progress update: 07/23/14 : '

FINDING NO.3

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

During the last 6 months, there was a systematic delay in the payment of the pension fund contributions to the relevant governmental carrier (O.N.A). The average payment delay within the last 6 months was 1 – 2 months.

Local Law or Code Requirement

FLA Workplace Code (Compensation benchmark C.1.3).

Root Causes

- i) Payments on the pension fund contributions are not a priority for factory management;
- ii) Non-payment of pension funds or delayed payments is an endemic noncompliance in the Haitian apparel industry;
- iii) Due to the absence of governmental oversight, there is hardly any enforcement of compliance with the mandated pension funds payment.

Recommendations for Immediate Action

Factory management is to ensure that pension fund carrier contribution payments are made on time for all workers.

COMPANY ACTION PLANS

- i) ONA payments are up to date. The factory created an ONA Payment Procedure.

Action plan status: Completed
Planned completion date: 01/31/14
Progress update: 07/23/14 : '
Completion date: 01/31/14

FINDING NO.4

COMPENSATION

FINDING TYPE: Uncorroborated Risk of Non Compliance

Finding Explanation

Based on workers' perception, their salary is not enough to cover all basic needs and provide a discretionary income.

Local Law or Code Requirement

FLA Workplace Code (Compensation benchmark C.10.1)

Root Causes

- The Haitian apparel industry currently does not provide wages that allow for the fulfillment of basic needs plus a discretionary income;
- Management's lack of awareness of FLA Workplace Code and Benchmarks;
- This issue has never been brought to management's attention before;
- There is no wage structure in the factory that would enable workers to progressively earn a wage level that meets basic needs.

COMPANY ACTION PLANS

- i) The factory will take the online FLA Fair Wage Self-Assessment.

Action plan status: Planned
Planned completion date: 10/31/14

FINDING NO.5

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

- Factory does not have a reliable tracking system to register hours of work;
- Factory production planning includes 1.5 overtime hours per day; hence, as overtime is part of the regular daily shift, it is not performed on a voluntary basis;
- Employees do not rest for the entire 30-minute lunch time; from physical inspection, it was observed that employees take their lunch for approximately 15 – 20 minutes and then go back to their workstations to continue performing their jobs;
- Factory exceeds the legal limits for overtime. According to Haitian labor law, overtime shall not exceed 80 hours per quarter; however, the average overtime that production employees have performed for this period was 90 hours.

Local Law or Code Requirement

Haitian Labor Code, Articles 4, 95, 96, and 98; FLA Workplace Code (Hours of Work benchmarks Employment Relationship benchmarks ER.23.2, ER.23.3, and 23.35; Hours of Work HOW.1.1, HOW.3, HOW.7, HOW.8.1, and HOW.2)

Root Causes

- Inadequate preparation for dealing with current production orders means staffing levels may be out of sync with production

volumes;

- ii) Production and capacity planning is deficient and does not include safeguards to prevent employees from working more than 80 overtime hours per quarter and forced overtime;
- iii) Not enough buyer oversight to identify and address the possible reasons behind excessive overtime;
- iv) It is workers' perception that their regular shift is 9.5 hours a day;
- v) There are no monitoring mechanisms/internal procedures to ensure that all employees rest for the entire lunch break;
- vi) There are no adequate facilities available for employees to take their meals (lunches) and rest;
- vii) There is no regular analysis of the hours of work with a view to progressively reducing excessive hours.

Recommendations for Immediate Action

- i) Factory management is to ensure that all overtime is voluntary by communicating, to all employees: a) the proper regular workshift and b) that they have the right to refuse to work overtime;
- ii) Ensure that all employees rest during the whole 30-minute lunch time.

COMPANY ACTION PLANS

- 1. i) The factory installed time recording system to record all hours worked by the employees. In consistency with the Haitian decree on legal minimum wage, the factory will monitor 8-hour work shifts.

Action plan status: Completed

Planned completion date: 05/31/14

Progress update: 07/23/14 : '

Completion date: 05/31/14

- 2. iii) The factory now provides a one-hour lunch break. Management is to consider creating a campaign to encourage employees to take their full break time. In consistency with the Haitian decree on legal minimum wage, the factory will monitor 8 hour work shifts.

Action plan status: In Progress

Planned completion date: 10/31/14

Progress update: 07/23/14 : '

- 3. iv) In compliance with local law, the factory does not operate for more than one extra hour of overtime per day. Affiliated Company Sourcing and Compliance teams will use the FLA Principles of Fair Labor and Responsible Sourcing to work with the factory to identify and improve the production planning process in order to ensure no overtime work exceeds 80 hours per quarter. In addition, the factory will improve forecasting and production planning to be consistent with installed capacity and ensure that daily hours of work limits are not exceeded.

Action plan status: Completed

Planned completion date: 11/30/13

Progress update: 07/23/14 : '

Completion date: 11/30/13

- 4. ii) The factory is operating on schedule of 8 normal working hours. In consideration of local law, workers can voluntarily agree to do 1 additional of hour of overtime per day. In consistency with the Haitian decree on legal minimum wage, the factory will monitor 8-hour work shifts.

Action plan status: Completed

Planned completion date: 05/31/14

Progress update: 07/23/14 : '

Completion date: 05/31/14

FINDING NO.6

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

Factory has neither created nor implemented an industrial relations policy and the relevant procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmark ER.1.1)

Root Causes

- i) Management's lack of awareness of FLA Industrial Relations Code requirements and benchmarks;
- ii) Management has not seen the need to develop/implement industrial relations policy and procedures;
- iii) This issue has never been brought to the factory's attention before during previous external audits.

COMPANY ACTION PLANS

1. i) The factory's policies are announced via loud speakers twice a day, every day. These policies include: Freedom of Association, Non-Discrimination, Non-Forced Labor, Compensation, Child Labor, Hours of Work, Communication Mechanisms, Environment, Health and Safety and Pregnant Women Policies. The factory will conduct annual training sessions for all employees. In addition, the Industrial Relations Policy will be included in this training.

Action plan status: In Progress

Planned completion date: 09/30/14

Progress update: 07/23/14 : '

FINDING NO.7

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i) There is no written policy on workplace conduct/discipline;
- ii) There is no mechanisms in place for workers to appeal against disciplinary actions. In addition, the disciplinary system does not include a provision for: a) the presence of a third-party witness during disciplinary inquiries or b) a review of the disciplinary actions by a senior manager;
- iii) There is no training on workplace conduct and disciplinary practices for supervisors.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.1, ER.17.1, ER.17.2, ER.27.2, ER.27.2.1, and ER.27.4)

Root Causes

- i) Management's lack of awareness of FLA Workplace Code and Benchmarks;
- ii) Management does not see the need to formalize workplace/discipline policies and procedures;
- iii) This issue has never been brought to the factory's attention before during previous external audits;
- iv) The factory's progressive discipline system is not part of the training for workers, supervisors or those in managerial positions.

COMPANY ACTION PLANS

1. i) The factory created a Disciplinary Policy. The Human Resources Manager will be responsible for the implementation of Disciplinary Policy and Procedure.

Action plan status: Completed

Planned completion date: 09/30/12

Progress update: 07/23/14 : '

Completion date: 09/30/12

2. iii) The factory is providing ongoing training to all employees and supervisors on the disciplinary system and its practices.

Action plan status: In Progress

Planned completion date: 09/30/14

Progress update: 07/23/14 : '

3. ii) The factory will consider adding an Appeal Disciplinary Process to the existing workplace conduct/discipline policy.

Action plan status: In Progress

Planned completion date: 10/31/14

Progress update: 07/23/14 : '

FINDING NO.8

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i) There is no grievance channel that would ensure confidentiality when a worker complaint is submitted;
- ii) Factory grievance procedures do not include the ability for workers to ask for a senior manager review and consideration if the direct settlement with the immediate supervisor has failed or is inappropriate.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.25.2, ER.25.3, and ER.25.3.1)

Root Causes

- i) Lack of management understanding of how a grievance system functions and how it is implemented;
- ii) Management's lack of awareness of FLA Workplace Code and Benchmarks;
- iii) Management does not see the need for a formal grievance system;
- iv) This issue has never been brought to the factory's attention before during previous external audits;
- v) Lack of appreciation and awareness of the benefits of a sound grievance system on the part of both managers and workers.

COMPANY ACTION PLANS

1. i) The factory created Round Tables and Suggestions Boxes Procedures. The factory is now conducting ongoing grievance training for employees, supervisors and managerial staff. The HR Manager will be responsible for implementing grievance procedures that allow workers to ask for a senior management review and consideration (in the event that settlement with the immediate supervisor has failed or is inappropriate).

Action plan status: Completed

Planned completion date: 01/31/14

Progress update: 07/23/14 : '

Completion date: 01/31/14

2. ii) The factory created an Open Door Policy. This policy is available for employee use when needed.

Action plan status: Completed

Planned completion date: 09/30/12

Progress update: 07/23/14 : '

Completion date: 09/30/12

FINDING NO.9

ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

Factory's environmental protection policy does not include a commitment to minimize environmental impacts with respect to the

conservation and use of energy.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmark HSE.31.3)

Root Causes

The revised FLA Workplace Code and Benchmarks now include environmental protection requirements, which are new for Companies and their supplier base.

COMPANY ACTION PLANS

1. i) The factory created an Environmental Policy. Workers are now provided with ongoing environmental training. This policy includes a commitment to minimize impacts with respect to the conservation and use of energy. The Health & Safety Officer will be responsible for the implementation of this policy.

Action plan status: Completed

Planned completion date: 05/31/14

Progress update: 07/23/14 : '

Completion date: 05/31/14

FINDING NO.10

HEALTH AND SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

- i) Most sewing machine operators and some employees in the stain removal area do not wear the relevant personal protective equipment (PPE), e.g., masks;
- ii) Maintenance employees do not wear the relevant hearing protection while they are working at the boiler or in surrounding areas where the noise level is higher than 85dB (91.2dB);
- iii) A pregnant worker was found working in the stain removal area, exposed to chemical fumes;
- iv) A forklift was found without the fire extinguisher and without a backup alarm system.

Local Law or Code Requirement

Haitian Labor Code, Article 439 #8; FLA Workplace Code (Health, Safety & Environmental benchmarks HSE.7, HSE.8, and HSE.11.1)

Root Causes

- i) Lack of an oversight mechanism to ensure: a) the effective usage of the relevant PPE and b) that all forklift and other devices are equipped with all relevant safety devices;
- ii) No system in place that protects pregnant workers from any occupational risks;
- iii) Absence of consideration for and understanding of working women's needs;
- iv) No effective training on PPE usage.

Recommendations for Immediate Action

- i) Relocate pregnant worker to a new position where there is no exposure to chemicals;
- ii) Ensure that all employees performing stain removal tasks are provided with the relevant PPE.

COMPANY ACTION PLANS

1. i) Employees in the stain removal area now wear all required the PPE. The factory has also created PPE procedures.

Action plan status: Completed

Planned completion date: 05/31/14

Progress update: 07/23/14 : '

Completion date: 05/31/14

2. ii) Maintenance employees are now wearing required hearing protection. The factory has also created PPE Procedure.

Action plan status: Completed

Planned completion date: 05/31/14

Progress update: 07/23/14 : '

Completion date: 05/31/14

3. iii) A policy for pregnant women was created. This policy includes relocation for pregnant women to new positions where they are not exposed to chemicals. Training is now given to employees on an ongoing basis.

Action plan status: Completed

Planned completion date: 05/31/14

Progress update: 07/23/14 : '

Completion date: 05/31/14

4. iv) The factory created a Forklift Maintenance Procedure. This procedure includes a list of all required safety devices. All forklift operators received training on this procedure.

Action plan status: Completed

Planned completion date: 05/31/14

Progress update: 07/23/14 : '

Completion date: 05/31/14

FINDING NO.11

HEALTH AND SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

20% of sewing machines are not properly guarded.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environmental benchmarks HSE.7 and HSE.14.1)

Root Causes

- i) Low worker understanding about the benefits of proper machine guarding;
- ii) Mechanics do not effectively and regularly oversee that all sewing machines have proper guarding;
- iii) Absence of training to ensure that employees understand the importance of machine guarding.

Recommendations for Immediate Action

Retrofit all sewing machines with proper machine guarding.

COMPANY ACTION PLANS

1. i) All sewing machines have been fitted with the required eye-guards. A procedure was created for machine guards. All sewing operators were trained the safe use of sewing machines. The Health & Safety Officer will be responsible for the implementation of this procedure.

Action plan status: Completed

Planned completion date: 05/31/14

Progress update: 07/23/14 : '

Completion date: 05/31/14

FINDING NO.12

HEALTH AND SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

During physical inspection, it was observed that some air extractors and fans do not properly work on floors 1, 2 and 3.

Local Law or Code Requirement

Haitian Labor Code, article 439 # 4; FLA Workplace Code (Health, Safety & Environmental benchmark HSE.13).

Root Causes

- i) No written procedure on ventilation system maintenance in place;
- ii) Lack of an effective oversight system to ensure the proper functioning of the entire ventilation system.

Recommendations for Immediate Action

Ensure that all air extractors and fans are working properly.

COMPANY ACTION PLANS

1. i) The factory created a Extractor Maintenance Procedure and Extractor Inspection Format for maintenance purposes. Extractors were installed in all needed areas. The Health & Safety Officer will be responsible for the implementation of this procedure.

Action plan status: Completed
Planned completion date: 05/31/14
Progress update: 07/23/14 : '
Completion date: 05/31/14

FINDING NO.13

HEALTH AND SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

- i) Not all employees in standing positions have been provided ergonomic mats;
- ii) No ergonomic breaks are provided to employees.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environmental benchmark HSE.17.1).

Root Causes

- i) Management's lack of awareness on the possible benefits of ergonomic improvements, such as increasing productivity and attendance levels, while reducing risk of accidents and Musculoskeletal Disorders (MSDs);
- ii) Health and Safety Department does not cover ergonomics as part of their risk assessments; iii) No management awareness on FLA standards on ergonomics.

Recommendations for Immediate Action

Factory management is to ensure that all employees performing standing operations are provided with floor mats.

COMPANY ACTION PLANS

1. i) The factory provided ergonomic mats to all employees who work while standing.

Action plan status: Completed
Planned completion date: 11/30/13
Progress update: 07/23/14 : '
Completion date: 11/30/13

2. ii) The Sustainable Manufacturing Performance Brand Department will conduct a Risk Assessment and provide training on ergonomic procedures and awareness.

Action plan status: In Progress
Planned completion date: 10/31/14

FINDING NO.14

HEALTH AND SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

- i) Factory does not have the legally required number of nurses in place; currently, there are only 2 nurses, when the factory should have at least 7 based on the size of the workforce;
- ii) Under Haitian law, there should be at least 1 toilet for every 25 men and 1 toilet for every 15 women. The factory has only 13 toilets for men and 30 toilets for women. According to the current size of the workforce, the factory needs to install 20 toilets for men and 68 for women;
- iii) There is not a sufficient number of seats for employees to take their lunch, as per the local law.

Local Law or Code Requirement

Haitian Labor Code, Articles 439 #7, 469, 470, and 479; FLA Workplace Code (Health, Safety & Environmental benchmarks HSE.18.1, HSE.18.2, HSE.19, and HSE.20)

Root Causes

- i) It is not a priority for factory management to provide employees with all medical resources and premises for taking meals;
- ii) Management avoids additional costs by not building a rest area for workers and hiring additional nurses.

Recommendations for Immediate Action

- i) Hire the legally required number of nurses;
- ii) Install the legally required number of toilets for both men and women;

COMPANY ACTION PLANS

1. i) Based on Haiti's legal requirements, management is considering increasing the number of nurses.

Action plan status: In Progress

Planned completion date: 09/30/14

Progress update: 07/23/14 : '

2. ii) The factory is in the process of the construction of new employee bathrooms.

Action plan status: In Progress

Planned completion date: 09/30/14

Progress update: 07/23/14 : '

3. iii) The factory is in the process of constructing a new space for employees to take lunch breaks.

Action plan status: In Progress

Planned completion date: 09/30/14

Progress update: 07/23/14 : '

FINDING NO.15

TRAINING

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

Based on an in-depth review of the factory's training practices, with respect to nearly all employment functions, training activities are not being adequately carried out. There are some focused training exercises targeting some specific groups of workers.

Additionally, administrative staff, supervisors, and managerial staff (HR and production) do not receive follow-up training. In addition, topics related to the SCI Employment Functions have not been included in the factory's training program.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.2, ER.28.1, and ER.28.2)

Root Causes

- i) Lack of comprehensive training program to address all training needs;
- ii) Lack of awareness about the benefits of effective training;
- iii) Factory has not seen the need to expand the list of training topics already covered;
- iv) Attendance at training is optional and not mandatory for workers; their participation is dependent on the supervisor's or chief's decisions;
- v) Absence of a mechanism to harmonize production needs with training needs.

COMPANY ACTION PLANS

1. i) Workers are provided with general ongoing basis over the factory's speakers on the following subjects: Freedom of Association, Non-Discrimination, Non-Forced Labor, Compensation, Child Labor, Hours of Work, Communication Mechanisms, Environment, Health, and Safety and Pregnant Women Policies. The factory will provide annual trainings to supervisors on Workplace Conduct/Discipline.

Action plan status: In Progress

Planned completion date: 09/30/14

Progress update: 07/23/14 : '

FINDING NO.16

COMMUNICATION & WORKER INVOLVEMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

In spite of the existence of some communication efforts, it was corroborated that the information available for employees in some specific areas is not sufficient. Communication needs to be reinforced on some Employment Functions, which are critical for the factory, such as Hours of Work and Grievance System. In addition, there is no planned follow-up to communicate updates and legal changes to workers on salary increases. Also, communication is unidirectional, meaning that it is from management to workers and not vice versa.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.2, ER.16.1, and ER25.2)

Root Causes

- i) Management is not appreciative of the benefits of having informed staff and workers; ii) Top-down communication without worker feedback is culturally acceptable for management;
- iii) The FLA Sustainable Compliance Initiative (SCI) methodology includes "Communication" as a Management Function, which is a new requirement for Companies and their supplier base;
- iv) Management has not seen the need for ongoing and periodic communication with the workforce, other than orientation/induction and some sporadic training activities.

COMPANY ACTION PLANS

1. i) The factory created a Communications Policy, Open Doors Policy, and a Round Table Procedure to receive feedback from employees. Trainings on Communications Policy are given on an ongoing basis over the factory's loudspeakers. The factory will also provide annual training sessions for all employees.

Action plan status: Completed

Planned completion date: 05/31/14

Progress update: 07/23/14 : '

Completion date: 05/31/14

FINDING NO.17

COMMUNICATION & WORKER INVOLVEMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

The worker integration is overall deficient in the factory. Workers are not systematically integrated or consulted on the decision-making processes, especially with respect to Recruitment, Hiring & Personnel Development, Grievance System, Industrial Relations and Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmark ER.25.2)

Root Causes

- i) Lack of management understanding of what integration implies and how to implement this management function;
- ii) Management's lack of awareness of FLA Workplace Code and Benchmarks;
- iii) Management has not seen the need to formalize a worker integration process.

COMPANY ACTION PLANS

1. i) In the event that direct settlement with the immediate supervisor has failed or is inappropriate, the factory created a Communications Policy, Open Doors Policy, and a Round Table Procedure to receive feedback from workers and allow the workers the ability to ask for a senior management review and consideration. Trainings on Communications Policy are broadcast on an ongoing basis over the factory's loudspeakers. In addition, the factory will provide training for all employees. The factory will also provide annual training for supervisors and managers. The Human Resources Manager will be responsible for the implementation of grievance procedures.

Action plan status: Completed

Planned completion date: 05/31/14

Progress update: 07/23/14 : '

Completion date: 05/31/14

FINDING NO.18

REVIEW PROCESS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

Factory does not conduct periodic reviews of its policies and procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.3, 30.2, and 31.2)

Root Causes

- i) Management has not seen the need to update policies and procedures, unless a legal change has come into effect;
- ii) Absence of staff members with the specific responsibility for reviewing and updating policies and procedures;
- iii) This issue has never been brought to management's attention during previous external audits before;
- iv) Management's lack of awareness of FLA Workplace Code and Benchmarks.

COMPANY ACTION PLANS

1. i) The factory is considering a review policies and procedures in September 2014. The Human Resources Manager will be responsible for the review process of factory's policies and procedures.

Action plan status: Planned

Planned completion date: 09/30/14