

## **ACTION ALERT: Keep the Pressure on Gildan**

*A flurry of recent developments has increased the pressure on Gildan to ensure that their Honduran workers' rights are respected. Institutional purchasers are playing a significant role in this struggle. While acknowledging a few steps in the right direction, institutional purchasers should keep the pressure on Gildan to make real improvements in the lives of the workers.*

*The reports below tell institutional purchasers that their letters to the company are having an effect. Yet, there is more to be done before workers reap any substantial benefits from this campaign.*

Please find below:

- Summary of Recent Events
- Evaluation of Gildan's Responses and Action Request
- Maquila Solidarity Network update
- National Labor Committee investigation
- Solidarity Fund pulls out of Gildan
- Organizational Information

\*\*\*\*\*  
**SUMMARY OF RECENT EVENTS**  
\*\*\*\*\*

Gildan has long been under pressure from the Maquila Solidarity Network (MSN) and the Honduran Independent Monitoring Team (EMIH) over worker rights violations in both wholly owned and contracted factories in Central America and Mexico. Gildan's November, 2002, illegal firing of 40 union members just 10 days after they filed the application for a union at the El Progreso, Honduras, factory has been at the center of the controversy. The Solidarity Fund of the Quebec Federation of Labor, a significant Gildan investor, has also been pressuring Gildan over freedom of association issues in Honduras.

In recent months, a number of U.S. institutional customers have joined the campaign, expressing concern over the firing of union members and calling for Gildan to: offer to reinstate fired workers; guarantee workers in writing that they are free to organize a union without retaliation; accept an independent investigation of their Honduras facilities to determine if the problems documented in the MSN/EMIH report continue to exist or have been rectified.

In response to U.S. institutional pressure, Gildan has:

- Continued to deny that they have impeded workers' right to organize, asserting that the November, 2002, layoffs of 40 union members resulted from a "seasonal slowdown."
- Said that written communication to workers would not be effective because of workers' "low educational levels."

- Said that a new management-worker verbal communication system will encourage workers to raise questions and concerns without, to our knowledge, providing any details on how this communication system works in practice.
- Supplied a thick three-ring binder detailing responses to MSN’s allegations of worker rights violations. Unfortunately, these responses are confidential and not available for our review.
- Provided copies of a review of the MSN/EMIH report by the Canadian International Development Research Centre which, far from refuting the findings of the report, states that: “...it is not possible for IDRC to assess the validity of [the substantive claims made in the Report], even with the help of additional information provided by Gildan.” The IDRC suggests that it would “provide support for an independent review” of unresolved questions.
- Announced that they have been accepted for membership in the Fair Labor Association, a U.S.-based factory monitoring organization that attempts to verify that supplier factories adhere to international fair-labor standards.

Citing Gildan’s unwillingness to deal with the illegal firing of union members, the Solidarity Fund of the Quebec Federation of Labor has announced that they will withdraw their representative to Gildan Board of Directors and sell their shares in the Gildan Company.

Finally, the National Labor Committee has reported serious human rights violations at the AAA/Alejandro Apparel contract factory in Honduras that produces mostly for Gildan. This report also describes an incident, involving the firing of some 40 union supporters in July 2003, which casts doubt on the factory’s commitment to respect workers’ legal right to organize a union and bargain collectively.

\*\*\*\*\*  
**EVALUATION AND ACTION REQUEST**  
 \*\*\*\*\*

Gildan is clearly concerned about its U.S. institutional market. In addition to extensive written communication with institutional purchasers, Gildan has offered to meet with several of these customers and has even suggested flying them to Honduras so they can observe the working conditions for themselves.

However, Gildan’s concrete actions to this point are at best steps in the right direction and fall short of what would be required to seriously address worker rights violations in Honduras.

- Gildan’s membership in the Fair Labor Association is a clear step up from their earlier reliance on WRAP (Worldwide Responsible Apparel Production) inspections. In contrast to WRAP, the FLA publishes public report summaries of external factory audits and allows for a third-party complaints process. However, the FLA is not requiring Gildan to take immediate action to address worker rights violations, and

may perform its first audit of an as yet unspecified Gildan factory only sometime in the next 12 months.

- If Gildan really could not communicate in writing with workers because of their illiteracy, the posting of their Code of Conduct in the factory would have little value. The fact is that Gildan should communicate both verbally and in writing since a written statement always constitutes a better guarantee of freedom of association than a mere verbal assertion.
- Gildan's verbal communication system cannot be evaluated without a detailed description how it is implemented.
- Gildan has failed to seriously address the firing of union members one year ago, and now there are new reports showing that workers in Honduran factories producing for Gildan cannot organize to improve conditions without facing the very real possibility of losing their jobs.

Institutional purchaser pressure is, however, opening up space for real improvements especially in the context of the recent high-profile National Labor Committee campaign. For example, the union registration for the El Progreso factory is now moving through the Labor Ministry. But if workers continue to feel intimidated about organizing, the union may not have enough support to establish itself.

Therefore, we urge that institutional purchasers continue to voice their concerns to Gildan. While acknowledging FLA membership as a step forward, institutional purchasers should again:

- 1) **Urge Gildan to cooperate with an independent investigation of their Honduras facilities** to determine if the problems documented in the MSN/EMIH report continue to exist or have been rectified. The investigation should be followed by a public report. Note that the International Development Research Centre, in its review of the MSN/EMIH Gildan report, itself suggests that an independent investigation is in order. We cannot wait until and if there is a Fair Labor Association audit.
- 2) **Urge Gildan to communicate both verbally and in writing** to their Honduran employees and management personnel their commitment to respect their workers' right to form or join a union of their choice and bargain collectively.
- 3) **Request that Gildan offers to reinstate fired union members** at both the El Progreso factory and the AAA/Alejandro Apparel factory and takes immediate steps to create a climate friendly to worker organizing in its Honduran facilities.

**Again: it is extremely important that institutions do not threaten boycotting Gildan or cutting Gildan contracts.** We want Gildan to remain in Honduras to provide jobs, but to improve conditions so that workers have jobs with dignity.

Please notify SweatFree Communities of any letters from local institutions to Gildan. If possible, we would love copies of those letters.

**Write to:**

Edwin B. Tisch, Executive Vice President  
Gildan Activewear  
725 Montee De Liesse  
Montreal, Quebec  
Canada H4T 1P5

\*\*\*\*\*  
**UPDATE FROM MAQUILA SOLIDARITY NETWORK**  
\*\*\*\*\*

The Maquila Solidarity Network has posted a November campaign update at:  
[www.maquilasolidarity.org](http://www.maquilasolidarity.org)

Key points:

- **Gildan joins a new monitoring group**, the Fair Labor Association (FLA), but the FLA is not requiring Gildan to immediately address worker rights violations in Honduras. The FLA will only monitor 5% of factories (that means only one factory) making Gildan products per year. The first audit could take place anytime in the next 12 months.
- **Continued controversy on blood testing:** Gildan says they are checking shipping and receiving workers only for drug use; workers interviewed by the Honduran Independent Monitoring Team believe they are for pregnancy.
- **Gildan has met with at least one leader of a Honduran trade union association, but has still not offered to reinstate union members fired one year ago**, or provided employees with a written assurance that the company will respect their right to form a union and bargain collectively.
- **Gildan has offered a number of institutional customers the opportunity to visit its Honduran factories.** But a brief walk-through accompanied by management personnel will not reveal the true working conditions, and is no substitute for a third-party auditor by a trained monitor who has the trust of the workers.

\*\*\*\*\*  
**INVESTIGATION BY NATIONAL LABOR COMMITTEE**  
\*\*\*\*\*

The National Labor Committee has published a report on AAA Honduras/Alejandro Apparel, a Honduran contract factory that produces 75% for Gildan. The 60+ page report is available at: <http://www.nlcnet.org/campaigns/ca03/aaa/aaa.pdf> (it takes a long time to download).

Key findings:

- **The factory's drinking water is dangerously contaminated** and contains bacterial levels more than 1,400 percent in excess of Honduran and international standards.

- Workers' bathroom visits are monitored.
- The **women are body-searched** when they enter and leave the factory.
- The production quotas are so high that supervisors stand over workers shouting at them to go faster. Each module of 15 workers must sew 3,456 t-shirts in a 10 hour shift; each worker 22 shirts per hour, **forcing many workers to skip lunch to reach the production goal.**
- Working conditions on high-quality Gildan and Nike shirts are actually worse than working conditions on other brands. While the high production goals and the low piece rates remain the same, supervisors increase quality control checks and apply more pressure on workers. As a result, **production drops and workers earn less while working on Gildan and Nike shirts.**
- The average wage is 86 cents an hour or \$37.70 per week. But the cost of just rent, food, and transportation to work for a typical worker with three young children comes to over \$60 per week. Other expenses include day care, school fees, medical costs, and clothing. **Workers must borrow money each week to pay for very basic necessities,** while living in one-room huts without plumbing.
- Producing 22 shirts per hour for 86 cents, workers' wages amount to just 3/10ths to 6/10ths of one percent of the shirt's retail price.
- Wages are so low that when workers lost a mere 34 cents/week in pay in July 2003 as a result of a switch from cash wages to direct bank transfers, they staged a sit-down strike and shut down production in order to get a meeting with the factory owner. Forty-two production line leaders negotiated a verbal agreement with the owner to reinstate cash payments. Afterwards, **all 42 workers were fired, suspected of organizing a union. The owner has said that if they form a union he would close the factory.**

\*\*\*\*\*  
**SOLIDARITY FUND PULLS OUT OF GILDAN**  
 \*\*\*\*\*

On November 12, the Solidarity Fund of the Quebec Federation of Labor announced that it will remove its representative from the Gildan Board of Directors and will sell all its shares in the company. The fund currently holds close to 2.5 million Gildan shares with a market value of close to \$90 million.

The Fund cited Gildan's unwillingness to address the firing of the 40 union members in November of last year, and their refusal to offer to reinstate those workers. The Fund reportedly presented Gildan with detailed proof, based on their own investigations, showing that the firings were for union organizing. In response, Gildan continued to deny that they have done anything to impede union organizing.

\*\*\*\*\*  
**ORGANIZATIONAL INFORMATION**  
 \*\*\*\*\*

***The Maquila Solidarity Network*** (MSN) is a Toronto-based labor rights and solidarity network and also the secretariat for the Ethical Trading Action Group which advocates with Canadian companies on issues related to labor standards, codes of conduct, monitoring, and verification. For more information about MSN or to order their report on Gildan, go to: [www.maquilasolidarity.org](http://www.maquilasolidarity.org)

***The Honduran Independent Monitoring Team*** (EMIH) is a joint project of the Honduran Women's Collective (CODEMUH) and ERIC, a Jesuit reflection, research and communications team. Both organizations provide legal support and education on human rights to maquila workers in Honduras. EMIH was created to monitor and verify labor conditions of the workers in the maquilas. Their mission is to contribute to the well being of maquila workers by promoting respect for their labor and human rights.

***The National Labor Committee*** (NLC) is a human rights advocacy group, dedicated to promoting and defending the rights of workers. Through establishing long standing working relationships with non-governmental, human rights, labor and religious organizations, primarily in Latin America, the NLC puts a human face on the global economy. The NLC educates and actively involves the public in actions aimed at ending labor abuses, improving living conditions for workers and their families and promoting the concept of a living wage and true independent monitoring. For more information: [www.nlcnet.org](http://www.nlcnet.org)

***SweatFree Communities – A Network for Local Action Against Sweatshops*** is a U.S. national network of activists working in their own communities to pass initiatives against sweatshops. SweatFree Communities seeks to assist sweatshop workers globally in their struggles to improve working conditions and to form strong, independent unions through campaigns to convince school districts, cities, counties, states, and other institutional purchasers to adopt “sweatfree” purchasing policies. For more information: [www.behindthelabel.org/campaigns/sfc](http://www.behindthelabel.org/campaigns/sfc)

\*\*\*\*\*  
**SAMPLE INSTITUTIONAL LETTER TO GILDAN**  
\*\*\*\*\*

Edwin B. Tisch, Executive Vice President  
Gildan Activewear  
725 Montee De Liesse  
Montreal, Quebec  
Canada H4T 1P5

Dear Mr. Tisch:

I am writing on behalf of \_\_\_\_\_, a [potential] purchaser of your company's products, to inquire about reports that on November 24, 2002, 38 Gildan employees at your El Progreso factory in Honduras were fired 10 days after seeking registration of a union. We understand that Honduran labor law prohibits the dismissal of workers during the period they are seeking union representation, and that Gildan's Code of Conduct affirms workers' freedom of association. Despite the fact that you have stated that the firings were unrelated to the workers' organizing, we remain concerned.

We appreciate the steps you have taken to begin a dialogue with the Honduran trade unions and your commitment to ensure that workers' right to association is respected in your facilities in Honduras.

But we urge you to go beyond these steps and commitments to create an environment in which your workers themselves feel that their rights are respected. As an ethical [potential] purchaser of Gildan products, we want verifiable assurances that Gildan is translating its own commitment to worker rights into reality.

Two immediate steps you could take to provide assurances to Gildan customers that your company respects workers' rights are: (1) offering to reinstate the union members who were fired on or around November 24, 2002; and (2) communicating to your employees and management personnel in Honduras, verbally and in writing, your company's commitment to respect your workers' right to join or form unions of their choice and to bargain collectively without management retaliation or interference.

Another step you should consider taking is to agree to cooperate with an independent investigation on labor practices and working conditions in your Honduras plants, the results of which would be made public. An authoritative report, followed by an ongoing monitoring program, would be helpful in determining what steps may still be warranted to continue to improve conditions in your sewing facilities. We would urge the use of local non-governmental independent monitoring organizations and human rights groups

whom workers trust, and who know the local language and culture, financial auditing practices, health and safety standards, international labor conventions, and local laws and regulations.

We appreciate your cooperation in the resolution of our concerns, and look forward to your positive response to this letter. Our goal is to be able to [continue to] purchase Gildan products, secure in the knowledge that you are taking positive steps to ensure that those products are manufactured in accordance with our Code of Conduct.

Thank you for your prompt attention to this important matter.

Sincerely,

\*\*\*\*\*  
**BACKGROUND – FROM MAQUILA SOLIDARITY NETWORK**  
\*\*\*\*\*

The Maquila Solidarity Network's (MSN's) first discussions with Gildan took place in January 2002 shortly after the CBC television program *Disclosure* aired an exposé on Gildan's labour practices in Honduras. At that time, Gildan denied all charges made by workers interviewed for the program concerning compulsory pregnancy testing, low wages, long hours and violations of freedom of association.

At that time, MSN and EMIH [the Independent Monitoring Team of Honduras] were carrying out research on Gildan's labour practices in Central America, Mexico and the Caribbean. In November 2002, MSN shared the results of our research with Gildan. Gildan denied that any of the findings in the report on working conditions and labour practices, which were largely based on off-site interviews with Gildan workers, were accurate. While Gildan did provide a detailed written response to the report, it did not provide documentation to prove that its claims were correct.

In December 2002, MSN received reports from Honduras, which indicated that 38 workers who had applied for registration of a union at a Gildan plant were fired on the same day. When Gildan was confronted with this information it denied that the firings had anything to do with union activity. It also refused to consider our recommendation that it offer to reinstate the fired union members. For that reason, MSN drew public attention to this situation, and called for an independent investigation.

In its attempts to discredit MSN's report, Gildan often refers to a "prestigious award" it has received for corporate social responsibility in Honduras. The award to which the company is referring is the Canadian Awards for International Cooperation, which is a joint initiative of the Canadian International Development Agency (CIDA) and the Canadian Manufacturers and Exporters Association. The award was sponsored by Nexen Inc., a Calgary-based energy and chemicals company, which praised Gildan for its factory certifications under the Worldwide Responsible Apparel Production Certification Program (WRAP). WRAP is an industry-dominated factory certification program

initiated by the American Apparel and Footwear Association. Over the past year, MSN has repeatedly communicated to Gildan that WRAP certifications are viewed by many labour rights organizations around the world as lacking credibility because of its low labour standards and lack of transparency.

The Ethical Trading Action Group (ETAG) and the Canadian Labour Congress have since written letters to International Cooperation Minister Susan Whelan, questioning the criteria for the award, and inquiring as to which organizations in Canada and Honduras were consulted prior to the decision, as well as what sources of information were used to conclude that Gildan is deserving of the award.

MSN has communicated with Gildan our willingness to meet with the company to discuss our differences and the steps Gildan is taking or could take to provide assurances to customers, shareholders and stakeholder that its products are made under humane conditions.

To date, Gildan has confirmed that it is applying for membership in the Fair Labor Association (FLA), a US-based code monitoring initiative. The FLA Board will not consider such an application until at least October, and FLA audits of one or more Gildan factories might not take place until sometime in 2004. If Gildan actually carries through on its commitment to join the FLA, MSN will publicly acknowledge this as a positive step. At the same time, we will continue to press the company to immediately address reported violations of freedom of association and other workplace issues in Honduras and elsewhere. We also believe an independent investigation is needed within the next few months, and that the results of that investigation should be made public. If and when MSN receives written confirmation from Gildan Activewear that it is taking positive action regarding freedom of association and other issues in its Southern factories, we will publicly acknowledge the positive steps the company is taking. However, we are not willing to suppress our report because Gildan is not happy with the findings or recommendations.

MSN, in collaboration with our Southern partners, is continuing to monitor Gildan's labor practices and will provide fair and balanced reports on any positive or negative developments.

In November 2002 Honduran women's organizations and unions contacted the Maquila Solidarity Network (MSN) urging solidarity with workers illegally fired at the El Progreso Gildan Activewear (Gildan) T-shirt plant. Some 40 workers who had signed the registration papers for a union were fired just ten days after they filed the application at the Labor Ministry. MSN launched a campaign together with their Canadian partners and unions calling for Gildan to reinstate fired workers and take steps to guarantee workers' freedom of association in Honduras. A report on Gildan's business and labor practices, based on a joint research project carried out by MSN and the Honduran Independent Monitoring Team (EMIH), is available from the MSN. You can order the report by contacting MSN at: [info@maquilasolidarity.org](mailto:info@maquilasolidarity.org).

Based in Montreal, Gildan is the #1 blank T-shirt manufacturer in the world, employing about 5,000 workers in Honduras alone, and 1,100 union workers in textile plants in Quebec. Gildan owns the El Progreso plant, as well as two other sewing factories and a textile plant in Honduras.

To date, Gildan has responded to the Maquila Solidarity Network (MSN) with denials. On their Website, the company states that: *"Accusations of 'union-busting' and of Gildan's products being 'sweatshop made' are completely untrue and without foundation."* In letters to purchasing institutions Gildan alleges that the firing of the union members was a result of the normal ebb and flow of demand, and that their management in Honduras was *"[not] aware of any union certification activities."*

According to the Quebec Federation of Labor (Fédération des travailleurs et travailleuses du Québec – FTQ) and the Quebec Labor Solidarity Fund (Fonds de Solidarité FTQ, an important investor and key stakeholder in Gildan), Gildan has taken the following steps in response to Quebec union pressure:

- Begun to dialogue with the Honduran trade unions, the Independent Federation of Honduran Workers (Federación Independiente de Trabajadores de Honduras – FITH,) and the Unitary Confederation of Honduran Workers (Confederación Unitaria de Trabajadores de Honduras - CUTH).
- Agreed to limit blood and urine testing (believed by workers to be for pregnancy, while Gildan claims they are for drug use) to workers in shipping and receiving only;
- Changed top management of the El Progreso plant and hired a new person in charge of human resources for Honduras.

In addition, Gildan has announced to the Quebec unions that they plan to inform workers in Honduras of their right of association and Gildan's commitment to respect it. In response to union and bulk purchaser inquiries, Gildan has also confirmed that they are

applying for membership in the Fair Labor Association (FLA), a US-based code monitoring initiative.

However, Gildan has not yet seriously addressed the firings of the 40 union members in November 2002 or other issues raised in the MSN/EMIH report. These issues include:

- High production targets, long working hours, and intensive pace of production, leading to health and childcare problems.
- Low wages.
- Unjust firings of union supporters.

The State of Maine, a Gildan purchaser, has also been pressuring Gildan on freedom of association and found that the company is offering more openings for negotiation than anticipated. Gildan has offered to meet face-to-face with the state's Division of Purchases officials to discuss the state's suggestions for independent third party monitoring. *More pressure from U.S. institutions, Gildan's largest market, would be very helpful at this time.*

Ask your local sweatfree purchasing institution to write a letter of concern to Gildan. The letter can be gentle and diplomatically worded. It should:

- Express concern about the firings of union members at the El Progreso Gildan plant.
- Urge an independent investigation of Gildan's Honduras facilities to determine if the problems documented in the MSN/EMIH report continue to exist or have been rectified. The investigation should be followed by a public report.
- Request that Gildan offers to reinstate fired union members and takes immediate steps to create a climate friendly to worker organizing in its Honduran facilities. These steps include communicating verbally and in writing to their Honduran employees and management personnel their commitment to respect their workers' right to form or join a union of their choice and bargain collectively.

**IT IS EXTREMELY IMPORTANT THAT INSTITUTIONS DO NOT THREATEN BOYCOTTING GILDAN OR CUTTING GILDAN CONTRACTS.**

We do not want sales to go to Gildan's main competitors (e.g., Fruit of the Loom, Hanes, and Jersee) companies that have similar or worse worker rights records according to local human rights and independent monitoring groups. Nor do we want Gildan workers, whether in Honduras, Quebec, or elsewhere to be hurt by this campaign.

Any actual or potential Gildan institutional customer can participate in this campaign; for example, schools, city and state governments, religious institutions, sports teams, or wholesalers.

***If your institution is currently buying Gildan:*** the letter can state that they will continue buying on good faith while monitoring Gildan's progress in addressing worker rights issues.

***If your institution is not currently buying Gildan:*** the letter can state that they are monitoring the situation, and that Gildan's actions to protect workers' right to organize will influence their future T-shirt purchasing decisions.

Please notify SweatFree Communities of any letters from local institutions to Gildan. If possible, we would love copies of those letters.

Any actual or potential Gildan institutional customer can participate in this campaign; for example, schools, city and state governments, religious institutions, sports teams, or wholesalers.

***If your institution is currently buying Gildan:*** the letter can state that they will continue buying on good faith while monitoring Gildan's progress in addressing worker rights issues.

***If your institution is not currently buying Gildan:*** the letter can state that they are monitoring the situation, and that Gildan's actions to protect workers' right to organize will influence their future T-shirt purchasing decisions.