



WORKER RIGHTS CONSORTIUM

To: WRC Contacts
From: Scott Nova
Date: January 21, 2005
Re: WRC Agreement with Gildan Activewear

As I have reported to you in recent weeks, the failure of Gildan Activewear to commit to corrective action with respect to its decision to close its production facility in El Progreso, Honduras left the company in ongoing violation of university codes of conduct. The WRC has continued to work with Gildan in recent weeks to achieve a resolution of this issue.

I am pleased to report that as of January 19, Gildan has agreed to a corrective action plan that addresses this problem in a manner that is satisfactory to the workers and concerned NGOs in Honduras and that is consistent with Gildan's code of conduct obligations as a supplier to university licensees. Specifically, Gildan has agreed to a series of steps, involving multiple factories in Honduras, which will provide reasonable re-employment opportunities for a substantial majority of the former employees of the El Progreso facility. Of particular importance, these opportunities will be granted to those workers dismissed from the factory in late 2002 and 2003 and who the WRC determined were dismissed in retaliation for the exercise of their lawful rights of association.

The plan to which Gildan has agreed is attached to this document. It improves upon previous proposals made by Gildan in several respects. Most importantly, Gildan has agreed to:

- 1) Provide first-hire opportunities for former El Progreso employees at its facility in San José, which is located in reasonably close proximity to El Progreso, and to cover the travel costs of workers who accept jobs at this facility, and
- 2) Cover relocation expenses for any former El Progreso employee who wishes to relocate to the town of Choloma, where Gildan is opening a new production facility and where it will provide first-hire opportunities to the El Progreso workers. Since Choloma is more than an hour, each way, by ground transportation from El Progreso, the opportunity to relocate makes employment at this facility a far more realistic prospect for former El Progreso employees than if the only option were a daily commute.

Also, Gildan has agreed to cooperate with EMIH, an independent NGO in Honduras, which will act on behalf of the WRC and the Canadian NGO Maquila Solidarity Network to provide independent verification of Gildan's fulfillment of its first-hire commitments and the other elements of the agreement.

Given the circumstances surrounding the closure of the El Progreso facility, the provision of meaningful employment opportunities to former El Progreso employees was essential to any meaningful remediation plan. It is a substantial achievement for the university code of conduct enforcement process that this goal has been attained and it is to Gildan's credit that they have proposed a comprehensive plan that will open the door to re-employment for large numbers of former El Progreso employees.

Assuming adequate follow-through, which the WRC will continue to monitor, this corrective action plan, in combination with previous steps take by Gildan, fulfills the company's remediation obligations arising from the complaint concerning the El Progreso facility that was presented to the WRC in January 2003. This brings Gildan into compliance with its code of conduct obligations.

Please contact me if you have any thoughts or questions about this message.

Scott Nova
Worker Rights Consortium