

Fair Labor Association
Statement Regarding Third Party Complaint Against Gildan
7/26/04

In December 2003 Maquila Solidarity Network and others filed a Third Party Complaint with the FLA alleging noncompliance with certain FLA Workplace Standards in this factory, which is owned by Gildan. At the request of FLA, ALGI, an FLA Accredited Monitor, performed an inspection of the factory and determined that there was noncompliance with the FLA Workplace Standards as alleged in the Third Party Complaint, as well as noncompliance with respect to certain additional Workplace Standards not addressed in the Third Party Complaint. ALGI's findings are itemized in the Tracking Chart the FLA posts on its website following each Independent External Monitoring event.

After being informed of the ALGI findings, Gildan began developing a remediation plan, as required by FLA procedures. However, as of July 12, Gildan had not provided an acceptable remediation plan to the FLA. Instead, on July 12, Gildan announced that it was closing the factory. In response, the FLA has attempted to convince Gildan to take a different course of action; or, failing that, FLA has encouraged Gildan to take appropriate steps to lessen the damage to the approximately 1800 workers affected by its decision to close the factory. In addition it is still necessary for Gildan to address any harm caused to workers as a result of noncompliance with the Workplace Code. FLA has specifically informed Gildan that a company's decision to close a factory in which there has been a finding of noncompliance with regard to the FLA Workplace Standard on Freedom of Association is an indicator in and of itself of possible noncompliance, as specified in FLA's Workplace Standards benchmarks.

The decision by Gildan to close the factory has jeopardized the prospects of remediating the main findings in the complaint and the FLA has therefore decided to suspend the Third Party Complaint process in this matter, effective as of July 12. The FLA will continue to assess the situation and will determine what action, if any, should be taken in response to Gildan's decision to close the factory. Despite its decision to suspend this particular Third Party Complaint process, the FLA will continue working with Gildan to implement adequate remediation of noncompliance issues that can meaningfully be addressed given the current situation.

In the Tracking Chart, items in the column labeled "Proposed Remediation as of July 6" reflect the Gildan remediation plan that was being discussed up until July 12. Information in columns dated later than July 6 reflect subsequent efforts agreed to by Gildan and FLA to address the causes and effects of the original noncompliance that was verified by the monitor.

The Tracking Chart will be posted as soon as possible on Monday, July 26.