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# **Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development**

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**EVIDENCE**

**Thursday, April 18, 2013**

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**Chair**

**Mr. Scott Reid**



## Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development

Thursday, April 18, 2013

•(1310)

[English]

**The Vice-Chair (Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP)):** Good afternoon. I'm Wayne Marston, the vice-chair of the Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development. This is meeting number 76. We're doing a study on the human rights situation in Honduras.

We have a number of guests with us. We'd like to start with your testimony in the order you prefer. We usually have 10 minutes for the testimony. Will you be testifying separately?

**Voices:** Yes.

**The Vice-Chair (Mr. Wayne Marston):** Okay. If you could keep it to six to eight minutes, it would be better for us, leaving more time for the members to ask questions. We have to be out of here by two o'clock to get over to the House. Is there a preference as to which one of you would like to begin?

**A voice:** I'm flexible.

**The Vice-Chair (Mr. Wayne Marston):** Perhaps you could introduce yourself and begin at your leisure.

**Mr. Peter Iliopoulos (Senior Vice-President, Public and Corporate Affairs, Head Office, Gildan Activewear Inc.):** Thank you.

I'd like to begin by expressing my gratitude for the invitation to appear today before the subcommittee. We have tremendous respect for the work that's being done by the committee and we're excited to contribute to the examination you're conducting with respect to human rights in Honduras.

[Translation]

My name is Peter Iliopoulos. I am the Senior Vice-President, Public and Corporate Affairs at Gildan. Today I am accompanied by Geneviève Gosselin, who is the Director of Corporate Communications within our company.

[English]

I'd like to start by giving you a brief overview of Gildan and our operations in Honduras. The company was founded in 1984 by the Chamandy family. We're a publicly traded company, listed on both the Toronto Stock Exchange and the New York Stock Exchange in 1999. Our headquarters are in Montreal. We have over 31,000

employees working for us worldwide, distributing our product in over 30 countries. We pride ourselves on our leading social and environmental practices and Canadian corporate governance profile.

In terms of our manufacturing, we're a vertically integrated apparel manufacturer. We have manufacturing hubs in Central America and the Caribbean basin. These are our two primary hubs that service our large replenishment markets and wholesale distribution and retail networks in North America and other parts of the world.

We also recently acquired a vertically integrated manufacturing facility in Bangladesh, which is intended to service the Asia-Pacific region and Europe. Over and above that, we also have our yarn-spinning operations, which are located in the United States.

We service our product into two primary markets. The printwear market sells T-shirts, sport shirts, and golf shirts on the wholesale distribution channel. We have the largest market share in Canada and in the United States, something in the range of over 70% in each of these countries.

A secondary market and newer market for us is selling our product into the retail channel: selling directly into a Walmart or a Target, for example. We've expanded our product line to encompass socks and underwear to service the retail channel as well.

With respect to our operations in Honduras specifically, we operate four textile manufacturing facilities in the country. We also have two integrated sock manufacturing facilities and four sewing facilities for all our activewear and underwear products. In total this represents capital investment of over \$500 million, which we've done over the last five years alone. We have over 20,000 employees in the country.

Why did we decide to set up manufacturing operations in Honduras? It's strategically located to service our primary markets in the United States and Canada. In our experience there, we found they have a very skilled workforce, which has allowed us to develop a decentralized local management team to run our operations in the country. It also allows us to effectively leverage trade agreements.

The United States, which is our largest market, has a free trade agreement with Central America. Our operations in Honduras have allowed us to leverage that agreement. With Canada recently signing a free trade agreement with Honduras, we're looking forward to the ratification of that agreement, which will allow us to effectively service the Canadian market, particularly in competing against Asian imports.

I want to take a couple of minutes to talk about our corporate social responsibility practices, what we call our "Gildan genuine stewardship commitment". It is based on four pillars: people, environment, community, and product. We really believe, particularly in the apparel industry, that we are leaders in each of these areas.

With respect to people, we have a very strong and strict code of conduct that's based on internationally recognized standards. We conduct a very thorough audit process, both independently and through third parties, auditing our social compliance program at each of our facilities. Audits have been occurring over the last eight years on a regular basis. Each of our facilities will be audited by third parties and through us in an independent manner.

Our labour compliance program has been accredited by the Fair Labor Association based in Washington, D.C. We were the first vertically integrated basic apparel manufacturer that was accredited by the FLA. Each of our sewing facilities has also been certified by WRAP, Worldwide Responsible Accredited Production. Gildan has been recognized by Jantzi-Macleans since 2009 as one of the top 50 best corporate citizens in Canada.

I'll talk a little bit about the working conditions that we offer our employees in each of the countries in which we operate, including our competitive compensation significantly above the industry minimum wage. Benefits that we offer include, for example, 24-hour access to medical clinics on site at our facilities staffed in Honduras. There we have 16 doctors and 28 nurses who are on the payroll to deal with any needs that our employees may have.

We offer free transportation to and from work for our employees, subsidized meals, and we're also in the process of implementing a "best in class" ergonomics program in collaboration with The Ergonomics Center of North Carolina, which right now has a five-level program, with five qualifying as world class. We're currently at level three and we expect to achieve, by working with them, level-five, world-class status by the end of 2014.

Most recently, in the past year, 2012, we've also inaugurated three schools for back health in Honduras. As I say, the working conditions that we offer our employees are of paramount importance to us.

Very briefly, from an environmental perspective, we have a strict environmental policy, an environmental code of practices, an environmental management system, the same as we do from a social compliance perspective. We have conducted environmental audits for the last 10 years.

There are two things to highlight. We have biomass steam generation at our facilities, which is allowing us to produce energy. It has resulted in a reduction of greenhouse gas emission intensity by 14% since 2010. We continue to reduce our reliance on bunker fuel

consumption, with a reduction of 40% since 2010. I would say that over 35% of our energy comes from renewable sources.

The other area with respect to the environment that I would like to highlight is that we have also treated our waste water biologically since 2002. We have a Biotop system, a series of lagoons that treat the water that's discharged from our facilities to remove all dyes and chemicals over a 30- to 40-day process, so that the water that's ultimately discharged into the public river is clean. This year, for the first time, we've established environmental targets that we are looking to achieve over the next few years, and we will continue to update those.

From a community perspective, our emphasis really has been on training and developing our employees and on partnering in the communities where we operate to develop well-educated, highly motivated local management teams. That really has been the pillar of how we have been conducting our operations.

Our donation policy has been focusing on youth education and humanitarian aid. There is one thing to highlight here in particular. In 2005 we spearheaded the development of an industry-wide initiative for the creation of a technical school in Honduras, the Central American Polytechnic Institute. Gildan has invested over \$1.5 million in the IPC since its inception in 2005. We've seen 6,000 students graduate from this school. Over 1,000 students have graduated from the full-year program. There are both short-term programs and full-year programs, with a 90% job placement rate resulting in the country. Since its inception, we've sponsored 320 scholarships at this school.

These are numerous examples of what we have done from a community perspective, and I'll throw one other one out there. Recently we've invested with the local community in Rio Nance, where our manufacturing complex is located, to create a police station to ensure the safety of our employees who are working in the area.

Finally, from a product perspective, essentially, we ensure all of our products are OEKO-TEX Standard-100 certified, by ensuring that they are safe, such that no harmful chemicals or materials are found in their composition. Essentially, all of the cotton that we use in our manufacturing operations is sourced from the United States. Mostly recently we acquired a company in the United States, Anvil Knitwear, which is one of the largest purchasers of U.S. organic and transitional cotton, and we've added an eco-collection line to our entire product line.

That's a brief summary of Gildan and our CSR practices.

● (1315)

I again want to thank the committee for this invitation to appear before you. I'd be happy to answer any questions you may have.

**The Vice-Chair (Mr. Wayne Marston):** Thank you for that.

Just before we go to Mr. Blackwell, I just want to recognize the fact that Her Excellency the Ambassador of Honduras is here with us today in the back.

Thank you for joining us.

Mr. Blackwell.

**Mr. Adam Blackwell (Ambassador, Secretariat for Multidimensional Security, Organization of American States (OAS)):** Good afternoon. Thank you, Mr. Chair, *Embajadora*, and other members of the commission. My name is Adam Blackwell. I'm the secretary for multidimensional security and the senior Canadian at the OAS, the Organization of American States.

I'd like to thank you for inviting me to appear before you today. Honduras is one of the countries that we follow most closely. I have been travelling there, on average, about once a month since the OAS general assembly in June 2009, literally weeks before the June 28 coup that toppled the elected government of Manuel Zelaya and replaced it with a de facto government headed by Roberto Micheletti.

The OAS immediately condemned the coup, and they were soon followed by the entire international community. At a special general assembly on July 4, 2009, the member states adopted by acclamation a resolution that formally suspended the membership of Honduras to the OAS. The same document urged the Inter-American Commission on Human Rights, a subsidiary body of the OAS, to continue to take all necessary measures to protect and defend human rights and fundamental freedoms in Honduras.

For decades, structural issues have affected the human rights of Hondurans, particularly in the areas of security, justice, marginalization, and discrimination. This situation became much worse following the 2009 *coup d'état*. The inter-American human rights commission has observed human rights violations that have gravely affected the population, the effects and repercussions of which have continued and made the situation in the country more complex.

This list of violations includes deaths; arbitrary declaration of a state of emergency; suppression of public demonstrations through disproportionate use of force, criminalization of public protest; arbitrary detentions of thousands of persons; cruel, inhumane, and degrading treatment; grossly inadequate conditions of detention; militarization of the Honduran territory; a surge in incidents of racial discrimination; violation of women's rights; serious and arbitrary restrictions on the right of freedom of expression; and grave violations of political rights.

I, and many OAS delegations, some led by Minister Peter Kent, travelled regularly to Honduras to try to resolve the issues that led to the coup. While these visits were not successful in the short term, they did allow us to meet with all key stakeholders in Honduran society, which would prove essential in the establishment of truth and security commissions, of which I will speak in a minute.

On one occasion when I was trying to enter Honduras as part of an OAS mission in September 2009, I was deported. I mention this to demonstrate more the use of the heavy hand by the de facto government rather than any personal discomfort.

Following several months of domestic political crisis and international isolation, Mr. Porfirio Lobo Sosa was sworn in as the new democratically elected president on January 27, 2010. Fortunately, the primary elections had taken place before the coup, which brought some degree of legitimacy to the general elections for

the presidency as well as to the parliamentary and local elections on June 29, 2009, and the eventual swearing in of President Lobo.

On June 1, 2011, the OAS general assembly lifted the membership suspension on Honduras, and in April 2010 President Lobo established a truth and reconciliation commission to investigate the ouster of President Zelaya and make recommendations to prevent similar events from occurring in the future. The OAS assisted in the establishment of the truth commission, providing seed funding for it to begin.

One month after being accepted back into the OAS on July 7, 2011, the truth and reconciliation commission issued its final report, under the title, "So that Events Are Not Repeated".

Canadian official Michael Kergin was one of the five members of this commission. In the sections on findings and recommendations, the truth commission confirmed the disproportionate use of force by the military and the police during the coup and the time of the de facto government.

In an effort to avoid similar crises in the future, the report provided a number of recommendations, reforming the constitution to establish clear impeachment criteria, and investigations that would try and punish those responsible for the human rights abuses that took place in the aftermath of the ouster.

The truth and reconciliation commission also recommended that the government and national congress establish a national reparation plan to ensure full redress for the victims of human rights violations that stem from the political crisis, and take measures to publicly acknowledge violations and apologize to its victims.

In this area, the Government of Canada has provided funding to the Unidad de Seguimiento or their unit to follow up on the recommendations of the truth commission, which is housed in the new Ministry of Human Rights and Justice—one of our recommendations that President Lobo implemented. They're working on dealing with all of the issues affecting human rights in Honduras.

● (1320)

In May 2012, the members of the truth commission asked this follow-up committee to present a report to the president, as they were concerned that only 26 of the 84 recommendations had been implemented. To this day, we are still working with the Honduran government to further implement the recommendations of the truth and reconciliation commission.

The lack of citizen security, Mr. Chair, is one of the most serious problems affecting Honduran society, a situation that has a profound impact on the protection of human rights. Honduras has long struggled to address high levels of crime and violence, but the deterioration of the security situation has accelerated in recent years.

In the UNODC's or the UN's 2011 "Global Study on Homicide" report, Honduras had the highest homicide rate in the world at 82.1 per 100,000 population. In 2012, another report was published titled "Transnational Organized Crime in Central America in the Caribbean: A Threat Assessment", in which it reported *inter alia* that Honduras has the highest homicide rate in the world, a rate that is now 92 per 100,000 people. Just to put this in perspective, Mr. Chair, this would translate to 30,000 homicides per year in Canada, and last year we had 598.

There are a number of interrelated factors that likely contribute to these worsening trends; one of the most urgent is the presence of organized crime. Honduras is geographically located in the corridor between the supply and demand for drugs, and is an important trafficking corridor. Due to the disruption of shipping routes in other areas like Colombia and Mexico, many of the areas of Honduras have been replaced.

There is also an issue of the local gangs or *maras*, who are youth who really do not have economic opportunity or education, and unfortunately all too often fall into the ambit of narco-trafficking.

There is also a serious issue of institutional weaknesses and corruption in the government and this has contributed to the deteriorating security and human rights conditions. In 2012, my office at the OAS published a report on citizen security in the Americas, underscoring the principal institutional weaknesses of Central American countries, Honduras included—politicization of the judicial authorities, threats to judges and prosecutors, budgets too small to enable the administration of justice to function properly, the judicial authorities lack of independence, weaknesses within the legal framework, prison overcrowding, and serious problems with efficiency of the criminal justice system. The report also highlighted the importance of regional coordination when attacking problems that are regional in scope like drug trafficking and widespread violence.

In January of 2012, to help Honduras deal with some of these issues, my office was asked to do an evaluation of the security sector in Honduras. I will skip through the details of that report, but let me say that President Lobo accepted this evaluation of those recommendations and created, through the Honduran congress, a commission to reform the public security sector. This agreement was ratified in May 2012 and is composed of five commissioners. I was sworn in as one of the commissioners in June of 2012.

Through our agreement with the Government of Honduras, the OAS seeks to assist the Honduran government fulfill its mandate by offering it technical and political support, both local and international, through this commission. The OAS understands that the creation of the commission was no easy task and that the fulfilment of the mandate will be even more challenging with high levels of corruption and impunity in Honduran society.

Support for this initiative may not resonate with some of those who have other interests. To address this, the OAS created and implemented a strategic outreach plan to engage various sectors of society, as well as the international and donor community.

In 2012, the commission to reform the security sector started to carry out an evaluation of the dependency of the Attorney General's

office in charge of anti-corruption issues. This is one of the recommendations of the truth and reconciliation committee. In December 2012, the investigation was completed and a final report was delivered to the general accountability office and to the national security council in Honduras. The report contains, amongst other things, 14 recommendations, and overall it suggests a complete restructuring of the Attorney General's office.

● (1325)

The technical team in Honduras is also responsible for the creation of seven bills to reform the national security system. The proposed bills are framed within the mandates of the commission. They are:

The Amendment to the National Police Act, Police Career Act, Amendment to the Administrative Litigation Jurisdiction Act, Amendment to the Public Prosecutor Act, Amendment to the Public Prosecutor Office's Career Service Act, Amendment to the Judicial Council Act, and the Amendment to the Judicial Career Act.

The bills related to the forms of the national legislation are framed within the constitutional reform proposal, which includes the creation of an evaluation system for the officials in charge of Honduras' security and accountability offices.

Just yesterday, the national congress voted to suspend Attorney General Luis Alberto Rubi and Deputy Attorney General Roy Urtecho for a period of 60 days. The suspension was initially recommended by the commission in December of 2012 to reform the security sector and it helped set the stage for the reform in these offices.

I want to say in closing that, while the situation in Honduras remains difficult, we at the OAS have to give credit to the government of President Lobo and to the three candidates for the political parties who are working with us on a political pact to try to find a sustainable systemic solution to the problems of human rights and insecurity in Honduras.

Thank you.

● (1330)

**The Vice-Chair (Mr. Wayne Marston):** Thank you.

Ms. Gosselin, do you have anything to add?

**Ms. Geneviève Gosselin (Director, Corporate Communications, Head Office, Gildan Activewear Inc.):** No, thank you.

**The Vice-Chair (Mr. Wayne Marston):** We'll move now to members' questions.

Mr. Sweet.

**Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC):** Thank you, Mr. Chair.

**The Vice-Chair (Mr. Wayne Marston):** Sorry, Mr. Sweet, we'll go with five-minute rounds so that we can make it to the House for question period.

**Mr. David Sweet:** Thank you, Mr. Chair.

I appreciate both parties being here for your testimony.

Mr. Blackwell, you have an extraordinary CV. I say that not only because I am impressed by but also because you don't seem to be a person who would waste time on any initiative that wasn't going to be successful. Yet there are over 50 recommendations that haven't really been attended to yet.

To judge by your closing remarks, you obviously feel that the goodwill is there. Is there a lack of resources? Is it simply a lack of legislative and regulatory rigour? Is the crime situation out of control? Is it all of the above? What's delaying the progress? Is there any way some of the human rights violations can be rectified?

**Mr. Adam Blackwell:** I share my colleague from Gildan's enthusiasm for Honduras. It is a country that is very endearing despite the difficulties.

I think there are a couple of issues that make this more complex. The first is the political uncertainty following the coup. There are grave and deep divisions in Honduran society that still need to be resolved. I think some of the recommendations from the Truth and Reconciliation Commission were more technical and relatively simple to implement. In other words, they were within the mandate of the president to act alone. Those recommendations he has carried out.

Others that require either an amendment to the constitution or a broader political base have been very difficult to do. We are now in an electoral cycle in Honduras. The election will be in November of this year. President Lobo only has nine months left in his mandate. He had a very challenging environment, post-coup. It was an economically challenging environment, and I think he has achieved as much as he could in three and a bit short years.

I think it's up to us in the international community, the multi-lateral community that cares about Honduras, to work with the other political parties to build a broader political base and a broader political consensus to move forward.

**Mr. David Sweet:** That's quite an endorsement of the Lobo administration. The polarization really goes right to the grass roots, then, in Honduran community life.

**Mr. Adam Blackwell:** There are bottom-up and top-down societal divisions. One of the things that ails a lot of the Americas, a lot of Latin America, is the inequity in society. This is especially acute in Honduras. This is why I think it's so important that Canadian companies like Gildan are present and promoting best practices and CSR. They can become symbols of success and improve some of the traditional ways of doing business.

**Mr. David Sweet:** Thank you, Mr. Blackwell.

Mr. Iliopoulos, did I get that right? Is that how you pronounce your name?

**Mr. Peter Iliopoulos:** Yes.

**Mr. David Sweet:** Thank you for your testimony as well. With 20,000 employees, full-time medical clinics twenty-four hours a day, with doctors and nurses on staff, obviously your 20,000 employees are experiencing a great positive work environment, and their families are experiencing that benefit as well.

In the broader sense, how is your corporation dealing with the high degree of violence and crime there? You did mention funding a

police station, but are there other measures you are taking to make sure your employees stay safe, your properties stay safe and so on?

• (1335)

**Mr. Peter Iliopoulos:** Of paramount importance for us is the safety of our employees and the communities in which we operate, be it Honduras or any other country where we're present. We have very stringent safety measures that we've incorporated. We have a health and safety committee in Honduras comprising 39 people. We have very secure facilities to ensure the safety of our employees.

I mentioned during my presentation that we have subsidized transportation to ensure that we pick up our employees from secure locations and drop them off at a secure location. These are very strategic locations we've identified to ensure the safety of our employees, and all of our efforts are really focused from that perspective.

The police station investment is one example of that, trying as much as possible to ensure the safety of not only our employees, as I've said, but also of the communities in which we have operated. We were part of a community initiative to install a police station in Rio Nance, which is the area where our complex is located. We listen to our employees in terms of their needs and try to react in the best way possible, and this is an example of that.

**The Vice-Chair (Mr. Wayne Marston):** Mr. Sweet, your time is up.

Monsieur Jacob.

[*Translation*]

**Mr. Pierre Jacob (Brome—Missisquoi, NDP):** Thank you, Mr. Chair.

I would like to thank the witnesses for being here with us this afternoon.

My first question is for Mr. Iliopoulos, and Ms. Gosselin if she would like to answer as well.

You said that safety was a top concern in your company. Does Gildan Activewear Inc. hire staff from a private security agency? If so, what specific training did this staff receive? For example, did they receive training on human rights or on international standards pertaining to the use of force?

[*English*]

**Mr. Peter Iliopoulos:** As I mentioned, we do have departments focused specifically on health and safety. We have 39 people in that department. We have security personnel who look after our entire employee base. It's based on training with reputable third parties. It's based on the strictest of international standards. We have a very strict code of conduct encompassing everything from working conditions to safety, environment, etc., and all of our underlying principles with respect to our code of conduct are based on the strictest of international standards.

I can't underscore enough the paramount importance we attach to the safety of our employees and the communities in which we operate, which is why irrespective of where we're operating, we make a very concerted effort to partner with the communities we are operating in, what their needs are, and what role we can play in servicing those needs.

[Translation]

**Mr. Pierre Jacob:** Thank you, Mr. Iliopoulos.

I have another question for you.

We have talked about street gangs, drug trafficking and growing corruption. I would like to hear your opinion on the extent of the corruption that exists in Honduras.

[English]

**Mr. Peter Iliopoulos:** Our focus is really on our employees. We recognize that there are issues of corruption and violence in the country. We have always focused our practices to ensure that our employees and communities are protected, and that's been the paramount focus of our company in how we've conducted our operations.

In working with government institutions, we probably believe there is a need for those institutions to be strengthened in Honduras to help them ensure that best practices are implemented in the country.

[Translation]

**Mr. Pierre Jacob:** Thank you.

If I still have some time, my next question is for Mr. Blackwell.

Do I still have some time, Mr. Chair?

[English]

**The Vice-Chair (Mr. Wayne Marston):** Two minutes.

**Mr. Pierre Jacob:** Two minutes. Okay.

[Translation]

I still have a bit of time left.

The Government of Canada has made the Americas a priority on their foreign policy agenda. In your opinion, how could Canada optimally promote human rights in Honduras?

**Mr. Adam Blackwell:** That is a good question and there is no easy answer to it. I believe that if we want to help these countries, especially those in Central America, it is essential to focus on creating sound and reliable state institutions. This is a process that will take years. Without these reliable institutions, it would be impossible to resolve the problems of impunity or corruption.

• (1340)

**Mr. Pierre Jacob:** What action could Canada and the rest of the international community take in order to promote stability in Honduras and avoid a repeat of the events that took place during the coup of 2009?

**Mr. Adam Blackwell:** I think the only way to avoid a repeat of what happened in 2009 is to work with the political parties to come to a national consensus. I don't believe that any of the three parties

who have a chance of winning the elections next November want anxiety about insecurity, as is the case now.

**Mr. Pierre Jacob:** Thank you.

Do I have a minute left? You are telling me that my time is up.

Thank you, Mr. Chair. Thank you, Mr. Blackwell.

[English]

**The Vice-Chair (Mr. Wayne Marston):** We'll go now to Mrs. Grewal.

**Mrs. Nina Grewal (Fleetwood—Port Kells, CPC):** Thank you, Chair, and thank you very much to our witnesses for your time and your presentations here today.

My question is for Mr. Iliopoulos.

Mr. Iliopoulos, your business has located several plants in Honduras, and the country has become a kind of byword for instability and human rights abuses. It might also affect your ability to do business and, of course, the well-being of all those employees working in your business in Honduras. It is ranked as being one of the most corrupt countries by several prominent organizations. So how does this high level of corruption change how you do business there? How does it affect your ability to expand operations? Has Gildan Activewear ever been the subject of pressure from corruption or insecurity? Could you explain this in detail to the committee.

**Mr. Peter Iliopoulos:** Thank you.

We've had successful operations in Honduras dating back to 1997, so we've been in the country for an extremely long period of time. Our positive experiences there have really allowed us to expand our operations to the point we have built up, as I mentioned in my presentation, a \$500-million investment, with four textile facilities, two sock manufacturing facilities, and four sewing facilities.

We believe that one of the greatest methods to improve conditions in countries such as Honduras is to develop their economies. That's really what our focus has been. We employ 20,000 people in the country. We're the largest private sector employer in Honduras. We participate actively in the communities in which we operate. Again, we have made a significant investment in our CSR practices, in educating our employees, and in putting forward safety measures for our employees, including awareness campaigns to ensure their public safety in carrying out their day-to-day lives.

The working conditions that we offer—the on-site medical clinics, the subsidized meals, transportation, the overall benefits that we offer them to allow them to earn a living wage that is over and above the industry minimum standards—has made our experience positive. I think that's demonstrated by the rapid increase in the investment we've had in the country since we opened our first facility there in 1997.

**Mrs. Nina Grewal:** While Honduras nominally subscribes to the International Labour Organization's standards, in many countries they have serious issues with enforcement and implementation. To what extent is the labour standards situation compliant with ILO standards, both at Gildan and other factories in that country?

**Mr. Peter Iliopoulos:** We have a very strict code of conduct that's based on ILO principles. We're accredited by the Fair Labor Association, which is a strict NGO that accredits social compliance programs, and based in Washington, D.C. We conduct regular audits, including internal audits, external audits, third-party independent audits, of our social compliance program on a regular basis every year in each of our facilities. That's something that's been, as I said, both from our perspective and third-party perspectives, customers'.... The apparel industry, specifically in Honduras, is really held accountable to a higher standard through the local maquila associations that exist in Honduras through the various brands that source product from Honduras. Our focus, really, is on our strict code of conduct in ensuring that the principles that we stand for and stand behind are paramount and present in each of our operations and facilities.

•(1345)

**Mrs. Nina Grewal:** Do I have time left?

**The Vice-Chair (Mr. Wayne Marston):** You have 45 seconds.

**Mrs. Nina Grewal:** I'm fine. That's okay.

**The Vice-Chair (Mr. Wayne Marston):** We'll go now to Professor Cotler, please, of the Liberal Party.

**Hon. Irwin Cotler (Mount Royal, Lib.):** Thank you, Mr. Chairman.

I'd like to also welcome the witnesses and put a question, if I may, to Mr. Blackwell.

Mr. Blackwell, this committee was established as the result of the murder of some 74 lawyers in the three years prior to October of 2012, and in the wake of the report of the UN High Commissioner for Human Rights, Ms. Pillay, who described what she called a situation of "chronic insecurity" in Honduras, which you made reference to as well, that was specifically targeting lawyers, human rights defenders, and journalists.

In February 2013, José Trejo, the brother of human rights lawyer Antonio Trejo Cabrera, who himself was killed in September 2012, was also shot and killed. He had been in the Honduran capital the day before his murder to inquire about his brother's death.

I have several questions related to this. One, do you have any update on the investigation into the death of José Trejo, who was killed looking into the investigation re his brother's death? Secondly, has there been an independent, impartial, and effective investigation into the murder of the 74-plus lawyers who have been killed?

**Mr. Adam Blackwell:** Again, that's a very good question. I'm not aware of an update on the February 13 murder, so I will have to get that information.

One of the things that we are doing at the OAS is trying to work with the local authorities. This is why we were so concerned about the Attorney General's office and the various *fiscalías*, the various sub-Attorneys General, who may not have had the tools or the interest, if you know what I mean, to investigate some of these trials. We see the removal of Attorney General Rubí as a sign that the government and the congress are serious about ensuring that there are clean, clear, crisp investigations of all of these crimes.

Now, as for how to build the institutional capabilities so that the police and the Attorneys General, who have investigative powers in Honduras, have the institutional capability and capacity to do that, this is part of another process of work: of reforming the police and of trying to reform the public ministry and the Attorney General offices so that they have the tools with which to do this work.

**Hon. Irwin Cotler:** You're a member of the commission to reform the public security sector. Would that commission have any investigative authority or any oversight with regard, let's say, to the issue of the murder of some 74 lawyers or with regard to the impunity that may have attended their murder?

**Mr. Adam Blackwell:** We do have investigative authority. What we are trying to do is to build the institutional capability so that the Hondurans themselves can do those investigations. There is a purge law, a *depuración*; a law was passed in the congress recently to purge the police. That's a terrible word; I didn't translate very well from Spanish. Essentially, this gives the authority to eliminate corrupt authorities in the police. There's a similar kind of structure to try to remove those who are corrupt, who are inefficient or ineffective, from the judicial sector.

There is a very courageous process under way right now to get at many of these issues of which you speak. It takes time. It does take courage. It takes leadership. We are very hopeful that this news that just yesterday congress acted to remove the Attorney General from power is a very good signal from the government and the political parties, because it took an act of congress, of which the three political parties are members. There was an overwhelming vote of 106 to 14, I think, to do this. I can get the numbers. It's a very, very good sign.

•(1350)

**Hon. Irwin Cotler:** I'm not sure—

**The Vice-Chair (Mr. Wayne Marston):** You have five seconds.

**Hon. Irwin Cotler:** Okay. In the decision to remove her, was any reference made to the lack of any investigations into the murder of lawyers?

**Mr. Adam Blackwell:** Yes, that was one of the factors.

**Hon. Irwin Cotler:** Thank you.

**The Vice-Chair (Mr. Wayne Marston):** Thank you, Mr. Cotler.

Mr. Schellenberger, go ahead, please.

**Mr. Gary Schellenberger (Perth—Wellington, CPC):** Thank you, and thank you for coming today to update us.

When you are the last person to ask questions, a lot of the questions you wanted to ask have already been answered.

Mr. Iliopoulos, your employees have health care, an on-site medical centre. Does this include their families or is it just for your employees?

**Mr. Peter Iliopoulos:** It's primarily for the employees. It's based at our facilities, but families can have access to that as well, as the need arises.

**Mr. Gary Schellenberger:** And is part of the reason you have pick-up and delivery services for your people from and to safe places is because of the high unemployment? These people are employed and they might be attacked, maybe by some people who don't have jobs.

**Mr. Peter Iliopoulos:** The reason we do that is to offer the best possible working conditions for our employees and, at the same time, we want to ensure as much as possible their safety and try to implement best practices in safety measures.

**Mr. Gary Schellenberger:** Are your tradespeople who work on your infrastructure from the local community or are they also employees of your company?

**Mr. Peter Iliopoulos:** They're employees of Gildan. We have a very strong, local, decentralized and highly skilled workforce that we trained and developed over the ten-plus years we've been in the country.

**Mr. Gary Schellenberger:** Do these people then maybe leave your company somewhere along the line, to go out on their own?

**Mr. Peter Iliopoulos:** Typically in areas such as these we have a high retention rate of our employees. Our focus, again, is providing the best possible conditions for our employees, where we're seen as an employer of choice in the country, and every time.... I could give you an example from a couple of months ago. We had a fair where we were looking to employ a couple of hundred people at one of our facilities, and we literally had hundreds or thousands of people lined up outside our gates to come to work for Gildan. I think that's a testament to the reputation we have in Honduras and how we treat our employees and the conditions we offer them.

**Mr. Gary Schellenberger:** I do know a little bit about the OAS—a couple of years ago, I was in Washington.

We have a theatre in my riding called the Stratford Shakespeare Theatre that started a theatre project in El Salvador quite a number of years ago. They developed a theatre company that took kids off the street who were destined for trouble and gangs, and brought them in not only to be actors but also to be carpenters, electricians, set people, to sew and learn a trade. They come in there, and there are performers as well.

So all of these people get trained to do things. Why I asked if some of these people go on from your company is that in this particular theatre company I mentioned, people who maybe learned the carpentry trade, for example, end up leaving and going out and starting their own business and teaching other people. Now people come from Stratford, come from the theatre, usually in the off season and go to help train some of these people. It has worked wonderfully.

Mr. Blackwell, I see you nodding your head a little. I think you understand. I can't remember the place exactly.

•(1355)

**Mr. Adam Blackwell:** Suchitoto.

**Mr. Gary Schellenberger:** Yes, and it was a wonderful time. To see these young people going out then.... And I guess they have a lineup of people at the door who want to get in and do some of this. So I applaud you for that.

I know that the rule of law is very important in getting people out of poverty. If there's no rule of law, it's very tough to get those people up the ladder and out of poverty.

This question is open to everyone. Do you feel—

**The Vice-Chair (Mr. Wayne Marston):** You have 15 seconds, Mr. Schellenberger.

**Mr. Gary Schellenberger:** Okay, that's long enough for me to ask the question.

Do you feel that the Canada-Honduras free trade agreement is a positive move that may help to advance the rule of law in Honduras?

**Mr. Peter Iliopoulos:** Absolutely. I think I mentioned earlier that one of the greatest ways to improve conditions in a country is by developing its economy, and a free trade agreement between Canada and Honduras will really open the doors for additional future Canadian investment that will help create jobs and infrastructure and will bolster the economy. I think absolutely, without question, that is imperative and will play a very positive role in terms of continuing to develop the country.

**The Vice-Chair (Mr. Wayne Marston):** We'll move to Mr. Jacob again for the second round for the NDP and following that, we're going to have a short question from Mr. Sweet.

[Translation]

**Mr. Pierre Jacob:** Thank you, Mr. Chair.

My question is for Mr. Iliopoulos.

According to the U.S. Department of State, labour legislation in Honduras is practically identical to the International Labour Organization's standards. However, this legislation is not always in force efficiently and effectively. I would like to know if there are labour laws and standards in Honduras. Is there a minimum wage? For example, are workers unionized in your country, and so on?

[English]

**Mr. Peter Iliopoulos:** Our code of conduct is based on the ILO principles. We have very strict standards. We do regular monitoring to ensure that each of the underlying principles of our code of conduct is respected at each of our locations. That's a regular audit monitoring that we do on an annual basis at each of our facilities.

That monitoring is also done by external third parties in an independent manner as well, so we're very confident that each of the standards that we base our code of conduct on is respected in each of the countries in which we operate and in each of the facilities in the various countries in which we operate.

[Translation]

**Mr. Pierre Jacob:** Thank you, but you did not answer my question. Are your workers unionized?

[English]

**Mr. Peter Iliopoulos:** In Honduras we actually have two. Not all of our facilities are unionized. We're very pro-freedom of choice and we recognize our employees' rights to freedom of association. We work very collaboratively with unions and with NGOs in Honduras. One of our facilities in Honduras is in fact unionized and governed by a collective bargaining agreement. We also have a facility in Nicaragua that's unionized and governed by a collective bargaining agreement. We also have unions at our facilities in the Dominican Republic.

So we definitely work in a very collaborative manner with NGOs and unions to ensure that our employees are looked after in the best possible manner.

[Translation]

**Mr. Pierre Jacob:** All right.

Do I still have some time left, Mr. Chair?

[English]

**The Vice-Chair (Mr. Wayne Marston):** You have a couple of minutes, if you want.

[Translation]

**Mr. Pierre Jacob:** All right.

Honduras ratified five of the International Labour Organization's fundamental conventions. In your opinion, Mr. Iliopoulos, do Gildan Activewear Inc. factories comply with best practices and international labour standards? Have there been concerns about the way workers are treated in the company's factories? If so, what action has been taken to rectify the situation?

[English]

**Mr. Peter Iliopoulos:** We follow the strictest of standards. Our code of conduct is based on the highest standards not just in the industry but also from the highest level of organizations, be they the ILO, the Fair Labor Association, the Worldwide Responsible Apparel Production. We conduct regular monitoring audits to ensure that these standards are maintained at the highest levels.

In the results of the audits, if there are ever items that are identified with respect to there being issues, no matter how minor the issues are, there is always a remediation plan that's put in place immediately by the company to ensure that any issues are in fact rectified in a timely manner. There's a follow-up with respect to those remediation items to ensure that everything was properly implemented and there are always follow-up audits to ensure that the issues no longer exist once they've been identified. That's something that we do on a regular basis at each of our facilities.

This is a staple and a pillar as part of our operations in whichever country in we operate in, not just Honduras.

• (1400)

[Translation]

**Mr. Pierre Jacob:** You say that you are doing audits and that some independent organizations carry out audits. Could you tell us the names of these organizations?

[English]

**Mr. Peter Iliopoulos:** The Fair Labor Association would be one. As an accredited member, our facilities are subject to regular audits by the Fair Labor Association. Every year we certify our facilities with WRAP, Worldwide Responsible Apparel Production, so they will conduct a regular audit. There are NGOs that we deal with as well, and the Worker Rights Consortium has conducted audits of our facilities and reviewed the labour conditions.

We are very open to all of this and work very practically with each of these organizations to ensure the highest level of standards are met and respected.

[Translation]

**Mr. Pierre Jacob:** Thank you, Mr. Chair.

[English]

**The Vice-Chair (Mr. Wayne Marston):** Mr. Sweet, you had one more question.

**Mr. David Sweet:** Yes, just briefly, Chair, I wanted to ask Mr. Iliopoulos exactly what the free trade agreement between Canada and Honduras would mean to Gildan.

But I notice that Mr. Blackwell had a comment regarding Mr. Schellenberger's last question on the rule of law and the free trade agreement. If you would like, please make that comment.

**Mr. Adam Blackwell:** Having worked to help negotiate free trade agreements, I was going to say that it's not just about trade. There are many components of these agreements that help establish the rule of law and level playing fields, including common standards, such as FIPAs, foreign investment protection agreements, for example, which are fundamentally important in establishing the rule of law. I think trade is just the tip of an iceberg in a free trade agreement.

**Mr. David Sweet:** If the agreement were in place, Mr. Iliopoulos, what would that mean exactly to Gildan?

**Mr. Peter Iliopoulos:** It would allow us to compete more effectively in our home market here in Canada. The biggest threat that we see is imports from Asia, from countries that might not necessarily have, for example, the same strict social compliance standards that we employ.

A free trade agreement between Canada and Honduras will allow us to compete more effectively against Asian imports and our primary competition, meaning companies in the United States. We're the only Canadian company in this market, and this, in addition to developing the economy in Honduras, as I mentioned earlier, would also allow us to compete more effectively in our home country.

**Mr. David Sweet:** Thank you.

Thank you, Mr. Chair.

**The Vice-Chair (Mr. Wayne Marston):** Thank you, Mr. Sweet.

I want to thank our guests for their testimony. This concludes the time we have—in fact, we're a couple of minutes over—but again, thank you for coming and offering us your perspectives. It was very interesting.

We are adjourned.





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