2010

Fair Labor Association
Independent External Monitoring Report

COMPANY: Russell Corporation
COUNTRY: Honduras
FACTORY CODE: 2600291118I
MONITOR: Independent Monitoring Group of El Salvador (GMIES)
AUDIT DATE: May 26-28, 2010
PRODUCTS: Socks
PROCESSES: Knitting, Sewing, Whitening, Dyeing, Finishing, Packaging, Shipping
NUMBER OF WORKERS: 917

For an explanation on how to read this report, please visit the FLA website here.

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*Denotes a notable feature

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Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Notable Feature

Explanation: The follow additional benefits (further than the law) are provided to the employees:

1. Free transportation for employees;

2. It is a factory practice to voluntarily pay annual severance to all workers;

3. Factory provides a "Quality Bonus" to those workers who comply with the cleanliness and order rules;

4. The program [program name], which helps workers to continue their studies up to high school. This program is coordinated with the Ministry of Education, and workers receive free education. They just pay for the materials they use.

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Wages, Benefits and Overtime Compensation: Deposit of Legally Mandated Deductions

WBOT.13 All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc. The employer shall not hold over any of these funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g., monthly deposits, weekly pay). If the law does not specify, then deposits shall be made before the next pay period in all cases. (S)

Noncompliance

Explanation:	It was corroborated that in April 2010 there was a 2-day delay of payment of the social security payroll. It could have affected workers who required health care services. There is no evidence that it is a general and systematic noncompliance.
Plan Of Action:	The factory will review the flow of documents and HR will set monthly dates to check this process in order to assure all areas have the necessary time for payment to be done on time. Those dates will range around the middle of each month.
Deadline Date:	12/17/2010
Action Taken:	Factory management has initiated monthly follow ups as scheduled. No issues have been identified.
Plan Complete:	Yes
Plan Complete Date:	07/16/2010

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Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation:	There is a legal benefit that the factory does not accomplish: factory does not have a childcare facility, when it is mandatory by law to have one (Article 140 of the Code of Labor and Article 59 of Law for Equal Opportunities for Women).
Plan Of Action:	The factory will visit the Ministry of Labor (MOL) to obtain a note from this entity that establishes that the Law of Infant and Adolescents states that it is the government's sole responsibility to have childcare centers. This law was passed in 1990, after our labor code that was made in the 1950s.
Deadline Date:	07/30/2010
Action Taken:	Visit to the MOL has been delayed due to change in the Ministry officers. October 20, 2010: The Company visited the MOL and the Chief of Labor issued a document that stated that it was the Government’s responsibility to have child care centers
Plan Complete:	Yes
Plan Complete Date:	10/20/10

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Wages, Benefits and Overtime Compensation: Voluntary Wage Deductions

WBOT.14 Voluntary wage deductions for savings clubs, loan payments, etc. can only be made with the express and written consent of workers and shall be documented in employee files. All such voluntary deductions shall be credited to proper accounts and funds shall not be held illegally or inappropriately by employers. (S)

Notable Feature

Explanation: Factory provides workers with loans without interest.

Wages, Benefits and Overtime Compensation: Voluntary Wage Deductions/Worker Access to Information

WBOT.15 Workers shall have access to regular and full information concerning the status of relevant accounts and the status and level of their payments thereto. (P)

Notable Feature

Explanation: Each pay period, factory provides all workers with a pre-form pay slip. In such a way, employees are able to check if the weekly payment they will receive is correctly calculated.

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Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Notable Feature

Explanation: Factory has designated effective grievance procedures:

1. "Open doors policy" allows workers to go directly to the management to report any situation;

2. Factory periodically has meetings with randomly selected workers in order to talk about possible noncompliances or grievances they have. These meetings are called "Coffee days."

Harassment or Abuse: Discipline/Review of Disciplinary Action

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

Noncompliance

Explanation: The disciplinary system does not include the ability of workers to appeal or question any disciplinary action against them. It also does not include the ability for the worker to have a 3rd party of their choice present at the time the disciplinary action is imposed.

Plan Of Action: The company currently has in place an open door policy as well as grievance and employee resolution procedures. These processes will be reviewed and updated, if necessary, to ensure that they include the proper employee appealing systems for disciplinary actions.

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Deadline Date: 07/30/2010

Action Taken: The company has completed the review process of the current grievance procedures and determined that the current open door policy offers employees opportunities to appeal disciplinary actions at different management levels. If the issues are not resolved through the open door policy, employees have the hotline process as an option to further appeal disciplinary actions.

Plan Complete: Yes

Plan Complete Date: 08/16/2010

Non-Discrimination: Protection and Accommodation of Pregnant Workers and New Mothers

D.9 Employers shall abide by all protective provisions in local laws and regulations benefiting pregnant workers and new mothers, including maternity leave/benefits, prohibitions regarding night work, temporary reassignments away from work that pose risk to the health of women and their children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities. Where such legal protective provisions are lacking, employers to take reasonable measures to ensure the safety and health of pregnant women and their unborn children. Such measures shall be taken in a manner that shall not unreasonably affect the employment status, including wages and benefits of pregnant women. (P)

Noncompliance

Explanation: Factory does not have protective provisions for temporary adjustment of working hours during pregnancy. It becomes necessary considering the 12-hour shift; for example, it was corroborated from the observation tour that some pregnant women are standing all the time. Evidence gathered indicated that, in fact, these women are standing all 12-hours of the shift.

Plan Of Action:	The company documents and tracks pregnancies through the employees' clinic. Each case is reviewed by the factory managers, including interviews with the pregnant employee and factory health care providers, to determine if changes in working conditions are necessary. We will review the current process and work on Standard Operating Procedure (SOP) to formalize the procedures and ensure that they are properly communicated.
Deadline Date:	08/16/2010
Action Taken:	The factory management has completed and implemented SOP to formalize procedures to properly document and track pregnant employees and adjust the working conditions if necessary.
Plan Complete:	Yes
Plan Complete Date:	08/25/2010

Non-Discrimination: Other - Non-Discrimination

Other

Noncompliance

Explanation:	Factory doesn't have the legal number of workers with disabilities. According to the Article 2 of the Law of Employment Promotion for People with Disability, there must be 1 disabled worker for each 100. Therefore, factory must hire, at least, 3 more workers with a disability.
Plan Of Action:	The factory will create SOP to ensure that the hiring of disabled workers is included as part of the regular factory recruiting practices. Considering the challenges in recruiting disabled employees in the country, factory management will maintain records of all efforts made towards this goal.

Deadline Date:	08/16/2010
Action Taken:	The factory management has completed and implemented SOP to formalize the procedures to hire disabled employees.
Plan Complete:	Yes
Plan Complete Date:	08/19/2010

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation:	Lines and arrows for the evacuation routes in the warehouse and in the knitting department need to be repainted. It is a legal compulsory based on the Article 208 of the General Rules about Preventive Measures of Industrial Accidents and Occupational Diseases.
Plan Of Action:	The factory will review what needs to be painted and define the dates when it will be done.
Deadline Date:	07/16/2010
Action Taken:	The factory management has completed and implemented SOP to ensure that evacuation signs are properly maintained. Evacuation routes in the warehouse and knitting department will be repainted by September 1, 2010.

Plan Complete:	Yes
Plan Complete Date:	09/01/2010