

FLA Audit Profile		Independent External Verification	
Country	El Salvador	El Salvador	
Factory name	46002203D	46002203DV	
IEM	GMIES	GMIES	
Date(s) in facility	October 26 - November 7, 2005	August 24 - 26, 2010	
PC(s)	M.J Softe	M.J Softe	
Number of workers	632	650	
Product(s)	Apparel	Apparel	
Production processes	Sewing/Packing	Sewing/Packing	

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings					Remediation				[Status]	Updates		[Status]	Third-Party Verification		Remediation		[Status]	
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/Documentation Used for Corroborating	PC Remediation Plan	Target Completion Date	Company Follow Up	Documentation	Completed, Pending, Ongoing	Company Follow Up	Documentation	Completed, Pending, Ongoing	External Verification (August 24-26, 2010)	Documentation	Company Remediation Plan	Target Completion Date	Completed, Pending, Ongoing	
1. Code Awareness																					
Workers/Management Awareness of Code		FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Factory has posted codes of conduct and its internal regulations in visible places, such as the plant's main entrance. However, during the interview, none of the workers knew anything about the codes of conduct.			Interviews with the workers and observation.		7/21/2006	Supervisors were trained. Copy of code of conduct was given to employees. Code of conduct was explained over the microphone. The initial training, completed July 21, is continuing with each new hire.	Management and worker interview.	Completed and ongoing as new hires come in.	Completed and ongoing as new hires come in.	Training records, management and worker interview. Follow up 1/4/06	Completed and ongoing as new hires come in.	PENDING: Management said that workers are explained about the code during the recruitment process, but no documentary evidence of this was provided. Besides, 85% of interviewed workers assured they are not aware of the company code.	Interviews with workers.	Factory management will have meetings every 6 months, starting February 17, they will explain the code of conduct to workers. Every employee that attends will sign detail document of what has been spoken of; this document will be filed under their personnel records. [Employee name] is the person responsible for executing the trainings in the factory. M.J Softe sponsored a two-day training in El Salvador in December 2010.	February 17, 2011			
Confidential Noncompliance Reporting Channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	Although management said that the factory has a suggestion box through which workers are able to report their grievances or suggestions to the HR Manager or other management representatives, according to the worker interviews, this channel has been hardly ever used. Most workers said that they are not aware of the existence of this mechanism; the few who said they knew of it did not know how to use it. However, according to the interview with the union representative, this suggestion box is reviewed weekly by the Union's General Secretary and the findings are discussed with the management.			Interviews with the management, the union representative and the workers.		In Place	The suggestion boxes are checked on a weekly basis, suggestions with their responses filed. There are 3 suggestion boxes in different areas: main entrance, women's restroom, men's restroom. The suggestion boxes will be opened weekly and management responses will be given within a week.	Inspection, checking with management on suggestions received and if answers were given.	Completed	January 4, 2007: Observation, while visiting.	Inspection and workers interview.	Completed	PENDING: According to the management workers are orally informed of the phone number and email account they can use to contact the brand. However, 90% of interviewed workers do not know these channels.	Interviews with workers.	Factory management will have meetings every 6 months, starting February 17, to explain a) the code of conduct and b) the channels for how to contact the brand by email or telephone number included in the posters to workers. Will be sending a signed document by the employee. [Employee name] is the person responsible for executing the trainings in the factory.	February 17, 2011			
2. Forced Labor																					
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.																					
3. Child Labor																					
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																					
4. Harassment or Abuse																					
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.																					
Verbal Abuse		Employers will prohibit screaming, threatening, or demeaning verbal language.	One person who telephoned GMIES said that during the monitoring processes they are pressured by one of the management representatives to avoid talking about negative aspects of the factory. Moreover, after these monitoring processes, the employees who were interviewed are threatened and humiliated in public. On the other hand, this person also stated that the employees are continuously insulted throughout the speakers. Besides, when the workers express to management their intentions to sue the factory, the response is that they are "asking to be sent to jail," as management can say that they stole something from the plant. Also, two of the workers interviewed stated that, in previous monitoring processes, some employees had been admonished by management because they reported some factory irregularities, one of the reasons why the workers prefer to lie about some of the factory conditions.			Through a phone call and through interviews with the workers held inside the factory's facilities.							January 4, 2007: By observation		COMPLETED: There was no evidence of verbal abuse or intimidation actions against workers.	Interviews with workers.					
5. Nondiscrimination																					
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																					
Pregnancy Discrimination		Information arising from pregnancy testing undertaken voluntarily will not be used as a factor in involuntarily reassigning, firing or making any other employment decision that disadvantages a pregnant woman.	A pregnant woman that GMIES interviewed stated that if a new worker finds out in the first month of being at the factory that she is pregnant, there is a risk that management would fire her. Another worker said that when she found out about her pregnancy condition and informed the factory's management, they told her that because of her past history of illnesses, her condition could be a problem; consequently, for that reason, they would probably have to suspend her.			Interviews with pregnant women.		Ongoing when needed	January 4, 2007: 84 days of maternity leave and 75% of their salaries are given by social security during their leave. Factory abides and follows doctors' notes, along with instructions given by doctors.	Discussions with Management	Completed	January 4, 2007	Discussions with management.	Completed	COMPLETED: No issues relating to pregnant women were found.	Interviews with pregnant women and observation tour.					
Pregnancy Accommodation		Reasonable accommodation will be made in the event of pregnancy, in a manner that will not unreasonably disadvantage the pregnant woman.	3 of the pregnant women that GMIES interviewed stated that although they have requested some changes related to their actual accommodations, (i.e., chairs that have some back support, change of operations or machinery) factory management has not attended to their requests.			Interviews with pregnant women.		Now and ongoing	January 15, 2007: Factory management has assured us that they do help pregnant women when they encounter problems during pregnancy by changing their jobs if requested.	Will set up interviews with pregnant women to see how they are doing.	Completed	Next visit down February 2007	Will have interview with pregnant women.	Completed	COMPLETED: No issues relating to pregnant women were found.	Interviews with pregnant women and observation tour.					
Other	The Law of Equal Opportunities for Disabled Persons; on its article 24 the law mentions that "Every private employer has the obligation to hire, as a minimum, for each 25 workers under his service, 1 disabled person with formal education and suitable to develop the position that is in demand."	Company has hired only 6 disabled people and, according to the law, based on the number of workers (650), factory should employ 26 disabled workers. The law that establishes this situation is "Ley de Equiparación de Oportunidades para personas con Discapacidad" (Law of Equal Opportunities for Disabled Persons). GMIES spoke to the factory about this situation. They stated that the main problems they have in complying with this issue are related to the procedures established by the Ministry of Labor on hiring disabled persons and the capacity of these people to develop the activities carried out by the factory.				Document review and interview with the management.		Present and continuing	January 8, 2007: The factory understands and knows the law concerning the hiring of disabled persons. There is an agreement of readapting and recommendations between government and companies, for every 100 employees, 4 disabled must be hired.	Review employment files	Completed	January 8, 2007	Employment files	Completed	COMPLETED: Factory has now the legal required number of workers with disability.	Records review, worker and management interviews and observation tour.					
6. Health and Safety																					
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.																					
Fire Safety, Health and Safety Legal Compliance		Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.	Although the factory has the environmental permit required by the law (MARN-DAL- 297-2002) GMIES verified that the Environmental Adjustment Program has not been fully applied by the factory.			Interviews with the management and document review									COMPLETED: Environmental Program is being implemented.	Interview with management and observation tour.					
Document Maintenance/ Accessibility		All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.	There is no information posted at visible places regarding the risks of mishandling the chemical substances used at the cleaning department.			Observation									COMPLETED: There is posted information on the safe handling of chemicals in the relevant areas.	Observation tour.					
Evacuation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	In the production area it is difficult to follow the evacuation route because machines and materials, a) in some occasions, make access to the evacuation route difficult and, b) in other cases, block the exits.			Observation and worker interview			The workers at the factory had participated in several evacuation procedures and also have received courses on first aid procedures and fire control.						COMPLETED: Evacuation routes were found unblocked.	Observation tour.					
PPE		Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Although the factory provides the adequate equipment to their employees, some of them do not use it.			Observation			On the spot remover tables there's a way out, employees use this way out to remove stains from garments, that way chemicals are disposed of through a vacuum system venting them to the outside.						PENDING: By observation tour, it was corroborated that most workers in the sewing department production lines do not use masks. During the interview, workers explained that they refuse to use the masks because either they cause difficulties with breathing and/or allergies or are uncomfortable. Other workers said they do not use them because of the heat. There is no posted information requiring the use of masks in sewing department, where there is try spotted fabric in the environment. By records review, there was evidence that management explained to workers the importance of relevant PPE usage during the recruitment process. However, gathered information shows that during regular employment, workers are not continuously talked to about this.	Observation tour and interviews with workers.	Factory management will conduct periodic meetings every 6 months to educate, train and enforce the use of PPE starting February 17, 2011. During these meetings an attendance document will be filed for future reference. Factory will post PPE signs in all required areas. [Employee name] and Health and Safety Committee are responsible for enforcing this requirement. M.J Softe recommends the introduction of positive incentives to the workers to improve and maintain the use of PPE.	February 17, 2011			

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Chemical Management		All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	There is no information posted in visible places regarding risks of mishandling chemical substances used in the cleaning department. Substances used in cleaning department are not adequately disposed of because workers in this area sprinkle these substances on some of the discarded clothes; later, these clothes are placed inside some of the cabinets in the factory.			Observation										COMPLETED: Factory has now posted information required and there was no evidence of problems with handling chemicals.	Observation tour and interviews with workers.				
Ventilation/Electrical/Facility Maintenance		All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.				Observation										NEW FINDING: In production area (sewing), temperature was 30° Celsius; workers complain because lamps which increase the heat, are so close to them. Fans are insufficient for the sewing department, considering that there is not an air flow system.	Observation tour (temperature taken with relevant instrument) and workers interviews.	Factory repaired 3 fans that were not working when the inspection was conducted. Factory checked that all fans are in working condition in order to decrease the ambient temperature inside of the factory. Also, factory installed automatic oasis system, so that workers can drink cold water at anytime. [Employee name] (maintenance) will be responsible for checking that the fans are working properly. The placement of the lamps was under supervision of the labor department, to comply with the illumination requirements in the factory. A thermometer was installed in order to monitor the temperature during working hours. MU Sofie recommends to perform regular ambient temperature testing throughout the year. Engage local authorities to lead the testing and make the results available.	February 10, 2011		
Sanitation in Facilities		All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	The toilets were unclean at the time the monitoring process was being conducted.			These findings were verified by observation.										PENDING: Toilets conditions in restrooms were not appropriate. Some toilets have broken levers to let water go away and some doors don't close properly. Despite the fact that there is a cleanliness personnel, toilets were dirty with urine and feces. Some toilets have also leaks.	Observation tour.	Factory has repaired broken levers, toilets and doors that do not close properly. Factory will implement a schedule, and signage sheet for maintenance in the bathrooms. Factory has improved the cleanliness of the restrooms. [Employee name] is responsible for keeping both the women's and men's bathrooms clean at all times according to the cleaning schedule.	November 5, 2010		
7. Freedom of Association and Collective Bargaining																					
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.																					
Employer Interference in Registration		The employer will not interfere, to the detriment of workers' organizations, with government registration requirements regarding the formation of workers' organizations.	Union affiliation is mandatory, because if employees do not sign the affiliation book at the moment that they sign their labor contracts, they are not hired by the company.			Interviews with the workers and the union representative.										PENDING: Gathered information showed that the management continues promoting employee affiliation to one of the unions: SITIAS, which is the one with more affiliations in place. Management support SITIAS and provide this union more opportunities than SITS. During the 3 day audit, GHIES could verify that the leader of SITIAS has time to work on union activities in working hours at the factory, while no member of SITS has such advantage. Besides, some workers interviewed confirmed that management allows SITIAS board members to approach new employees in order to affiliate them to the trade union, while management tries to keep new employees away from SITS members. This is a clearly interference in the union registration.	Interviews with workers and union leaders of both trade unions. Observation tour.	Factory management to enhance its FOA policy by including the following elements: 1) ensure employees will not be subject to intimidation or harassment in exercising their right to join or to refrain from joining any organization; 2) no interference and/or favoritism to any active union at the workplace; 3) define the disciplinary process should any violation to this policy occur; and 4) define the communication protocols of enhanced FOA policy to parties involved. [Employee name], HR Manager, responsible for policy implementation and/or enforcement. Factory management to create FOA procedures that provide guidance on the following: a) relationship management; b) consultation/negotiation with active unions; c) dispute settlement; and d) communication of procedures to parties involved. [Employee name], HR Manager, responsible to ensure their implementation. MU Sofie recommends that factory management consider a neutral 3rd party for ongoing policy and/or procedures training.	August 30, 2011		
Unfair Dismissal		The employer will not dismiss, discipline, or otherwise coerce or threaten workers seeking to form, join or participate in workers' organizations.	Although there are already 2 unions at the factory, some of the workers interviewed stated that they think that the factory would not allow a different union at the plant. Some time ago workers tried to form another union; management did not allow them and even fired some people.			Interviews with the workers.										UNCORROBORATED NONCOMPLIANCE: Gathered information shows that factory has fired unionized workers in past, arguing retrenchment. Members of the SITS board that were interviewed confirmed this. In writing, factory does not have any record demonstrating that these workers were fired, their names are not included in the records of fired workers for the past 12 months.	Interviews with workers and union leaders of both trade unions. Pre-audit information gathered.	MU Sofie recommends the factory to maintain a better record of employees. (Some workers were fired and they claimed being officials from the union committee. HR requested their IDs, but were not available. Weeks later they returned with their IDs and they were rehired).	June 30, 2011		
Employer Interference/Formation of Alternative Organizations		In cases where a single union represents workers, the employer will not interfere in any way in workers' ability to form other organizations that represent workers	Although there are already 2 unions at the factory, some of the workers interviewed stated that they think that the factory would not allow a different union at the plant. Some time ago workers tried to form another union; management did not allow them and even fired some people.			Interviews with the workers.										UNCORROBORATED NONCOMPLIANCE: Gathered information shows that management support SITIAS and provide this union more opportunities than SITS. For example, from the observation tour, it was corroborated that the leader of SITIAS has time to perform union activities in working time at the factory, while no member of SITS has such advantage. Besides, according to SITS leaders, management allows SITIAS Board members to approach new workers in order to affiliate them to the trade union, while management tries to keep new employees away from SITS Board members. For that reason, management is hindering the affiliation activities of SITS.	Interviews with workers and union leaders and members and observation tour.	Factory management to enhance its FOA policy by including the following elements: 1) ensure employees will not be subject to intimidation or harassment in exercising their right to join or to refrain from joining any organization; 2) no interference and/or favoritism to any active union at the workplace; 3) define the disciplinary process should any violation to this policy occur; and 4) define the communication protocols of enhanced FOA policy to parties involved. [Employee name], HR Manager, responsible for policy implementation and/or enforcement. Factory management to create FOA procedures that provide guidance on the following: a) relationship management; b) consultation/negotiation with active unions; c) dispute settlement; and d) communication of procedures to parties involved. [Employee name], HR Manager, responsible to ensure their implementation. MU Sofie recommends that factory management consider a neutral 3rd party for ongoing policy and/or procedures training.	August 30, 2011		
Compliance to Local Collective Bargaining Laws		Employers will comply with all national and local laws and regulations concerning collective bargaining and free association. Where conflicts are known to exist, employers will use the standard that provides the greatest protection for workers.	According to the percentage established in labor code for collective bargaining, both unions have the right to negotiate a collective bargaining agreement (CBA) with management. However, the union representative interviewed stated that they would rather negotiate individual cases with Ministry of Labor. On this issue, it is necessary to point out that the reasons argued by both unions to abstain themselves in initiating the negotiation of a collective bargaining agreement with management were contradictory. At the beginning they said that management was not willing to initiate the negotiation, but later on they said that union had decided that it was not necessary.			Interviews with the union's representative.										ONGOING: The biggest union at place has begun talks with management in order to negotiate a Collective Bargaining Agreement. The problem is that this union is so close to the management and it does not have independence.	Interviews with management and union leader.				
Other/No Interference Policy			It is important to mention that union affiliation is mandatory. Some of the workers interviewed stated that they think that the factory would not allow a different union at the plant, because some time ago the workers tried to form another union; the management did not allow them and even fired some people. Also, factory does not hire workers who are affiliated to other unions. Besides, none of the workers interviewed knew any of the unions' names, the activities they carry out, the procedure by which the union representatives are elected or if they held meetings with the workers. One worker said that both unions continuously pressure the employees to reach their goals.			Interviews with the workers.										PENDING: As it was mentioned above, management promotes the affiliation of workers to the biggest union at place (SITIAS), which constitutes an interference.	Interviews with workers and union leaders and members.	Factory management to enhance its FOA policy by including the following elements: 1) ensure employees will not be subject to intimidation or harassment in exercising their right to join or to refrain from joining any organization; 2) no interference and/or favoritism to any active union at the workplace; 3) define the disciplinary process should any violation to this policy occur; and 4) define the communication protocols of enhanced FOA policy to parties involved. [Employee name], HR Manager, responsible for policy implementation and/or enforcement. Factory management to create FOA procedures that provide guidance on the following: a) relationship management; b) consultation/negotiation with active unions; c) dispute settlement; and d) communication of procedures to parties involved. [Employee name], HR Manager, responsible to ensure their implementation. MU Sofie recommends that factory management consider a neutral 3rd party for ongoing policy and/or procedures training.	August 30, 2011		
8. Wages and Benefits																					
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																					
Timely Payment of Benefits		All legally mandated deductions for taxes, social insurance, or other purposes will 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. Employer will not hold any of these funds over 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 will be made before the next pay period in all cases.	The factory has a different payroll which includes the persons that are hired as apprentices and deducts neither their social security quota nor their pension plan quota.			Payroll review		Employees have to sign a new agreement when they have completed their apprenticeship (after 30 days), then they become a permanent employee; then, social security and pension plan quotas are taken out of their pay. Will check files to make sure the policy is being followed. February 2007	Now and continuing	The training wage is paid for 30 days now with neither social security quota nor pension plan quota taken out during that 30 days. Beyond the 30 days, normal deductions are taken out.	Document review	Completed	February 2007	Employee file, and document review.	Completed	COMPLETED: Factory does not have double payroll any more.	Records review.				
Deduction for Services	According to the Salvadorian Labor Law deductions made to employees' gross salary will not exceed 20% of it.	Deductions for services to employees will not exceed the cost of the service to employer. If questioned, employers will demonstrate the reasonableness of these charges.	Several workers presented a higher withholding than what is permitted by the law.			Payroll review		Via discussions with management, they only take out the standard deductions unless there is an allowance for bank payment. Will check employee pay files on next visit. February 2007	July 2006	Article 132 of the law allows the company to deduct 20% of their salaries. Article 136 (Flexible) from Labor Code allows the company to deduct 20% of their salaries if they have, for example, a bank allowance.	Employee pay files	Completed	February 2007	Employee pay files	Completed	COMPLETED: Factory does not apply withholding in excess of the legal limits.	Records review.				

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Payroll Reporting		Accurate and reliable payroll reporting, including pay stubs, will be provided.	The factory maintains double payrolls.					Situation was verified through payroll review and worker interviews; when GMIES verified workers payroll, we noticed that there were some employees who were not listed on the official payment record. When we asked for an explanation from HR management, she showed another payroll, which did not show any social security or pension plan deductions. Coincidentally, it was with the list of persons hired as apprentices. When GMIES verified workers payroll, we noticed that employees do not receive any bonuses or incentives when they reach their daily goals. However, during interviews workers stated that the factory gives them bonuses every time they reach their daily goals.									COMPLETED: Factory does not have double payroll any more.	Records review.				
Legal Benefits		Employers will provide all legally mandated benefits to all eligible workers.															NEW FINDING: Factory does not effectively guarantee the right of a nursing mother to breastfeed her baby (Article 312 of the Code of Labor). Considering she lives so far away from the factory, the best way to ensure she could exercise this right is to provide her the nursing hour at the beginning or the end of the working day, instead of at the lunch break.	Observation tour, workers and management interviews	Factory will ask the nursing mother what would be the best time for her to nurse her child, either in the morning, at noon or towards the end of her working day. After which, factory will create policy and procedures for nursing mothers to respect their chosen hour. (Employee name), HR manager, responsible.	June 30, 2011		
Payment of Legal Benefits		Legally mandated benefits will be provided or paid in full within legally defined time periods.						GMIES corroborated this situation throughout the payrolls.									NEW FINDING: There is a noncompliance regarding this benchmark, due to the following situations: 1) 4 cases of employees fired in May 2010 without receiving the relevant severance were found, as Article 69 of Code of Labor claims. Management did not provide explanation about the lack of severance payment. 2) Factory does not respect seniority while calculating Christmas bonuses of fired workers, there were 3 cases of fired workers who did not receive their complete Christmas bonus (as Article 198 of Code of Labor requires) when factory dismissed them. These cases correspond to a sample reviewed in the period of May 2009. 3) Factory does not take into account the average of salaries, which must include overtime and bonuses, in order to calculate legal benefits such as Christmas bonus, vacations and severance. Factory only applies the basic salary, excluding overtime and bonuses; this is an infraction of Articles 119, 183 and 199 of the Code of Labor.	Payroll and records review	1) Company recommends that factory considers paying severance to the 4 workers as required by local labor law. 2) Factory to include the seniority in Christmas bonus calculations. Payroll system was fixed in November 2010 (based on Article 198 of Code of Labor). In regards to 3 cases of fired workers, factory tried to locate them without any success. 3) Company recommends that factory management ensures payment for the mentioned benefits based on salary averages. For a more sustainable approach, the factory management to enhance or create Wages, Benefits and Overtime Compensation policy and procedures that: a) describe commitment to pay workers at least the minimum total compensation required by local law, including mandated wages, benefits, overtime compensation and additional payments in accordance with terms of employment; b) establish that overtime hours worked will be compensated at legal rate as set by legal requirements; c) commitment that all worked hours, including overtime and benefits, must be recorded in payroll and paid in accordance with local labor laws. Management to create procedures that: a) information regarding payroll calculation will be well defined, recorded and communicated to managers in charge, supervisors and workers; b) establish system to ensure workers will be compensated at least legally mandated wage, overtime, and benefits in accordance with local labor law; c) (Employee name), HR Manager, is responsible for assuring all hours worked, including overtime, and calculation of benefits are being tracked and paid in accordance to local labor law.	July 30, 2011		
Accurate Recording of Wage Compensation		All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately.	Factory does not pay time established for lunch break because they work 9 hours a day, instead of 8, which is the standard established by Salvadoran Labor Code.					This situation was corroborated by GMIES through interviews with workers and management, and was also verified through payroll review.	Provide clear guidelines on pay for lunch to all employees and inform employees of these guidelines.	July 21, 2009	According to Labor Code Art. 166, when day work is not divided, employer must give employees breaks within day work so employees can have their food time. These breaks shall be at least 30 minutes. Factory has provided clear guidelines on pay for lunch and has informed employees.	Document review, worker interview.	Completed	Copy of guidelines.	Document review	Completed	COMPLETED: Factory is paying employees for all the time performed.	Records review.				
Timely Payment		All compensation shall be paid in a timely manner.	Workers' salary is paid 5 days after payroll expiration date. GMIES considers this a very long period for workers, due to their low incomes.					GMIES corroborated this situation throughout the payrolls.	Employees are paid every other Friday, which allows time for payroll to be figured for the previous 2 weeks.		Factory has set pay schedules to be paid every 2 weeks.	Pay files review	Completed	January 4, 2007 Check pay files.	Pay files review	Completed	COMPLETED: Payments have been made in timely manner.	Records review.				
False Payroll Records		Employers will not use hidden or multiple payroll records in order to hide overtime, falsely demonstrate hourly wages, or for any other fraudulent reason.	The factory maintains double payrolls.					Situation verified through payroll review and worker interviews. When GMIES verified workers payrolls, we noticed there were some employees not listed on official payment records. When we asked for an explanation from HR management, she showed another payroll, which did not show any social security or pension plan deduction. Coincidentally, it was the list of persons hired as apprentices. When GMIES verified worker payroll, we noticed that employees do not receive any bonuses or incentives when they reach their daily goals. However, during interviews workers stated that factory gives them bonuses every time they reach their daily goals.									COMPLETED: At the present time, there is no evidence of double payroll.					
Record Maintenance		All legally required payroll documents, journals and reports will be available complete, accurate and up-to-date. (In United States terms, this would include W-4s, I-9s, green cards, 941s and supporting material.)	On worker files there is not an accurate date describing the day employees initiated their labor at factory, because both apprentice and definitive labor contracts were initiated in January 2005, along with the job applications; the factory has. Also, workers' files only contain a photocopy of local ID and the employees' picture.					GMIES corroborated this situation through reviewing the workers' files.									COMPLETED: Personnel files and contracts are in proper order.	Records review.				
Accurate Benefit Compensation	Labor Code Article 25 "establishes that contracts regarding labor that, due to its nature, is permanent in factory should be considered for an indefinite period, although in them is established a termination date. It also affects Labor Code Article 198, which says that the minimum quantity that should be paid to workers as an allowance for year-end bonus will be: 1) workers with a year or more or less than 3 years of service, the equivalent to 10 days salary, 2) workers with 3 years or more or less than 10 years of service, equivalent to 15 days salary, and 3) workers with 10 years or more of service, equivalent to 18 days salary.	All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled.	Factory has a policy establishing that their employees will sign a new labor contract each year; consequently, their severance payment will be paid annually, although workers continue working at factory. This severance payment is not accurate, because factory is only paying them 70% of total amount that corresponds to workers.					GMIES corroborated this situation through reviewing the workers' files.	Discussed vacation and bonus pay with factory management.	Factory has been going by schedule and paying vacation and bonus each December	Checked payroll file for employee vacation and bonus pay. Vacation pay after 1 year: *Total Vacation Pay: 15 days x rate of pay per day x 13% *Bonus: 1-3 years of service = 10 days pay, 3-10 years of service = 15 days pay, 10+ years of service = 18 days pay	Employee pay files.	Completed	January 4, 2007	Checked employees bonus and vacation pay files.	Completed	PENDING: Factory continues paying 70% of severance. Period reviewed goes from November 2009 to June 2010.	Payroll and records review	For severance payment, factory management will pay in accordance with local labor law. Factory will commit to pay employees 100% when they have been fired. (Employee name), HR Manager, responsible. MU Sofia's recommendation is that if any workers fired from November 2009 to June 2010, factory will try to locate those workers to pay the remaining 30%.	Under investigation, estimated completion August 30, 2011		
Other	Code of Labor Article 29, 6° letter b): claims that employers must provide workers with 2 paid working days per month, at a maximum, for them to attend to familiar issues related to emergencies (such as death or illness of relatives).																NEW FINDING: Factory does not provide the 2 paid working days per month that labor law requires for workers to attend to familiar issues (Code of Labor, Article 29, 6° literal b)). Factory only lets workers out of facilities for a maximum of 2 hours; if employees exceed this limit, factory deducts working day from the salary following. Despite this, it was not possible to identify any specific case of salary deduction. For this reason, management recognized that it is a factory practice and all workers were also aware of such practice.	Interview with management and workers.	Management will review the factory's policy. Procedures will be communicated to workers on fulfilling family obligations mentioned in Article 29 6 a) and b), to avoid any confusion to workers. (Employee name), HR Manager, responsible.	February 17, 2011		
8 Hours of Work																						
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.																						
Forced Overtime		Under extraordinary business circumstances, employers will make extensive efforts to secure voluntary overtime work prior to mandating involuntary overtime.	2 workers interviewed said that they feel pressured to work overtime.					GMIES corroborated this situation throughout interviews with the workers.									COMPLETED: No employee complaints of forced overtime.	Interviews with workers.				
Positive Incentives		Positive incentives will be utilized and known by the workers.	Some workers interviewed said that whenever they reach their goals, they receive bonuses that are better paid than the extra hours. However, in these cases, the extra hours are not paid. This means that workers receive either bonuses or overtime payment, but not both.					GMIES corroborated this situation throughout interviews with the workers.		\$5.04 per day; \$0.63 per hour; \$1.26 Overtime. Deductions: Social Security = 3%, Provisions. Present and ongoing.	Checked payroll files for hours worked and pay files were in order.	Payroll files	Completed	January 4, 2007 checked files.	Completed	COMPLETED: Workers receive the relevant payments of overtime and bonuses.	Payroll and records review.					

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings				Remediation				[Status]	Updates		[Status]	Third-Party Verification		Remediation		[Status]		
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/Documentation Used for Corroborating	PC Remediation Plan	Target Completion Date	Company Follow Up	Documentation	Completed, Pending, Ongoing	Company Follow Up	Documentation	Completed, Pending, Ongoing	External Verification (August 24-26, 2010)	Documentation	Company Remediation Plan	Target Completion Date	Completed, Pending, Ongoing	
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	In the period October 3 - 16, there were 3 people who worked more than 60 hours.				GMIES corroborated this situation throughout the payrolls.										PENDING: Found that 6 packaging department workers performed around 60 and 63 hours per week, in the period between May 17 - 30, 2010.	Payroll and records review	Factory management to define/enhance or create Hours of Work policy and procedures that: a) outline regular hours of work expected (employees shall not be required to work more than the lesser of 48 hours per week and 12 hours overtime, or the limits on regular and overtime hours allowed by the law of the country of manufacture); b) outlines when overtime will come into effect; c) outlines what constitutes extraordinary business circumstances and ensures that all overtime is performed voluntarily. Management shall create procedures that: a) describe how workers will be communicated to on their hours of work; b) how factory will ensure management on hours of work; c) (Employee name), HR Manager, is responsible or accountable for assuring that no worker exceeds the limits on regular and overtime hours as allowed by law.	July 30, 2011	
Reduced Mandated OT		The employer will demonstrate a commitment to reduce mandated overtime and to enact a voluntary overtime system to meet unforeseen situations.	GMIES found out that, Saturday's shift usually is extended until 4:00pm. Also, 2 workers interviewed stated that they are not allowed to leave factory until they reach their daily goal, which usually is around 6:30 to 7:00pm. One worker interviewed said that some employees start their shifts at 6:00am in order to finish their daily goal.				GMIES corroborated this situation throughout interviews with the workers.										COMPLETED: There is no evidence of forced working time on Saturdays.	Payroll and records review			
10. Overtime Compensation																					
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																					
OT Compensation		The factory shall comply with applicable law for premium rates for overtime compensation.	Some workers interviewed said that whenever they reach their goals and receive bonuses, the extra hours are not paid. This means that workers receive either bonuses or overtime payment, but not both.				GMIES corroborated this situation throughout interviews with the workers.	Discussed with management about the pay policy.	Now	January 4, 2007 Note: According to Labor Code Art. 126 Literal A: The employee can be hired by Time Unit and Literal C: Mixed System. By Time Units: Wage is adjusted to time units, without any special consideration to job result. Daily Wage: \$5.04, normal hour wage: \$0.60.	Review pay files for employees	Completed	Employee pay files.		Completed		COMPLETED: Workers receive the relevant payments of overtime and bonuses.	Payroll and records review			
Miscellaneous																					