FLA Audit Profile Country	El Salvador		Independent Exter	rnal Verification													
Factory name	46002203D GMIFS		46002203DV GMIES														
Date(s) in facility	October 26 - November 7, 2005	5	August 24 - 26, 2010 MJ Soffe														
Number of workers Product(s)	632		650														
Production processes	Sewing/Packing		Sewing/Packing														
				IEM Finding		If Not		Remediation		[Status]	Upda	ates	[Status]	Third-Party Verification		Remediation	[Status] Complete
FLA Code/Compliand Issue 1. Code Awareness	Country Law/Legal Reference	e FLA Benchmark	Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated	Corroborating	PC Remediation Plan	Target Completion Date Company Follow Up	Documentati	on Pending, Ongoing	Company Follow Up	Documentation	Completed, Pending, Ongoing	External Verification (August 24-26, 2010)	Documentation	Company Remediation Plan	Target Completion Date Pending Ongoing
Worker/Management Awaren of Code	ness	well as contractors and suppliers inform their	regulations in visible places, such as the plant's main entrance. However, during the interviews, 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 microphone. The initial training, completed July 21, is continuing with each new hire.		d Completed and ongoing as new hires come in.	Completed and ongoing as new hires come in.	management and c	ongoing as new cod ires come in.	NDING: Management said that workers are explained about the le during the recruitment process, but no documentary evidence of was provided. Besides, 85% of interviewed workers assured the not aware of the company code.	of	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 personne records. [Employee name] is the person responsible for executing the trainings in the factory. MJ Soffe sponsored a two-day training in EL Salvador in December 2010.	February 17, 2011
Confidential Noncompliance Reporting Channel		situation, to enable Company employees and employees of contractors and suppliers to repor to the Company on noncompliance with the	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	s		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, wome restroom, men's restroom. The suggestion boxes will be opened weekly and management responses will be given within a week.	received and if	nt on	January 4, 2007: Observation, while visiting	Inspection and Cog. workers interview.	of the	NDING: According to the management workers are orally informence phone number and email account they can use to contact the nd. However, 90% of interviewed workers do not know these nnels.	d 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.	
2. Forced Labor There will not be any use of force	orced labor, whether in the form of prison labor,	, indentured labor, bonded labor or otherwise.															
		of the country of manufacture allows) or younger than t	the														
4. Harassment or Abuse																	
harassment of abuse. Verbal Abuse	eu with respect and algnity. No employee will be	Employers will prohibit screaming, threatening, o	One person who telephoned GMIES said that during the			Through a phone call and through interviews with					January 4, 2007: By		000	MPLETED: There was no evidence of verbal abuse or intimidation	on Interviewe with worker-		
		demeaning verbal language.	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.			the workers held inside the factory's facilities.					observation			ons against workers.			
		g, salary, benefits, advancement, discipline, termination nation, nationality, political opinion, or social or ethnic															
Pregnancy Discrimination		Information arising from pregnancy testing undertaken voluntarily will not be used as a facto in involuntarily reassigning, firing or making any other employment decision that disadvantages a pregnant woman.		A pregnant women that GMIES interviewed stated the anew worker finds out in the first month of being at 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 a informed the factory's management, they told her the because of her past history of illnesses, her condition could be a problem; consequently, for that reason, the would probably have to suspend her.	the at and at on	Interviews with pregnant women.	Talked with management again today for reassurance that pregnant women were helped if during their pregnancy they had problems doing their regular job. They again reassured me that they would move them to another job to help them.	needed. their salaries are given by social security during their leaver Factory abides and follows doctors' notes, along with instructions given by doctors.		n Completed	January 4, 2007	Discussions with management.	Completed	MPLETED: No issues relating to pregnant women were found.	Interviews with pregnant women and observation tour.		
Pregnancy Accommodation		event of pregnancy, in a manner that will not	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.	Factory will train supervisors to work with employees if they encounter problems during pregnancy.	Now and January 15, 2007: Factory management has assured us ongoing they do help pregnant women when they encounter proble during pregnancy by changing their jobs if requested.	that Will set up interviews with pregnant women see how they are doing.	to	Next visit down February 2007	Will have interviews with pregnant women.	Completed CO	MPLETED: No issues relating to pregnant women were found.	Interviews with pregnant women and observation tour.		
Other	The Law of Equal Opportunities for Disal Persons, on its article 24 the law mention that "Every private employer has the obligation to hire, as a minimum, for each workers under his service, 1 disabled pewith formal education and suitable to development that is in demand."	ns n 25 rson	Company has hired only 6 disabled people and, according to the law, based on the number of workers (652), factory should employ 26 disabled workers. The law that establishes this situation is "Ley de Equiparación de Oportunidades para personas con Discapacidades" (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.	Work with factory to help them comply with laws concerning the hiring of disabled persons. Will continue checking employmentiles to verify hiring process.	continuing on the hiring of disabled persons. There is an agreement	of files nd	nent Completed	January 8, 2007	Employment files C		MPLETED: Factory has now the legal required number of worker disability.	Records review, worker and management interviews and observation tour.	on	
6. Health and Safety Employers will provide a safe	e and healthy working environment to prevent ac	cidents and injury to health arising out of, linked with, or	r														
Fire Safety: Health and Safety Legal Compliance	ty	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) GMIE verified that the Environmental Adjustment Program not been fully applied by the factory.		Interviews with the management and document review							СО	MPLETED: Environmental Program is being implemented.	Interview with manageme and observation tour.	nt	
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 prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.	risks of mishandling the chemical substances used at the	e		Observation								MPLETED: There is posted information on the safe handling of micals in the relevant areas.	Observation tour.		
Evacuation Procedure		elements of safe evacuation (such as posting of	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.	d,		Observation and worker interview		The workers at the factory had participated in several evacuation procedures and also have received courses of first aid procedures and fire control.	on				СО	MPLETED: Evacuation routes were found unblocked.	Observation tour.		
PPE		Workers shall wear appropriate protective equipment (such as gloves, eye protection, hear protection, respiratory protection, etc.) to prever unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardo elements including medical waste.	nt t	ir		Observation		On the spot remover tables there's a way out; employees use this way out to remove stains from garments, that wa chemicals are disposed of through a vacuum system ven them to the outside.	у				wor Dur mas alle ther the fabi mar usa sho	NDING: By observation tour, it was corroborated that most kers in the sewing department production lines do not use masks ing the interviews, workers explained that they refuse to use the sks because either they cause difficulties with breathing and/or rgies or are uncomfortable. Other workers said they do not use in because of the heat. There is no posted information requiring use of masks in sewing department, where there is tiny spotted ric in the environment. By records review, there was evidence that hagement explained to workers the importance of relevant PPE ge during the recruitment process. However, gathered information ws that during regular employment, workers are not continuously ed to about this.	ıt n	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. MJ Soffe recommends the introduction of positive incentives to the workers to improve and maintain the use of PPE.	February 17, 2011
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				IEM Findings			Remediation	[Status] Upda	ites [Status]	Third-Party Verification		Remediation		[Status]
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance Cor	If Not Sources/Documentation Used for Corroborating	PC Remediation Plan Completic	on Company Follow Up	Completed, Documentation Pending, Company Follow Up	Documentation Completed Pending,	External Verification (August 24-26, 2010)	Documentation	Company Remediation Plan	Target Completion Date	Completed, Pending,
Chemical Management		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.	e 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.	(Uncorroborated) Ex	Observation Observation	Date		Ongoing	Ongoing	COMPLETED: Factory has now posted information required and	Observation tour and interviews with workers.			Ongoing
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.	(temperature taken with the relevant instrument) and workers interviews.	ctory repaired 3 fans that were not working when the inspection was aducted. Factory checked that all fans are in working condition in orderease the ambient temperature inside of the factory. Also, factory called automatic oasis system, so that workers can drink cold water a time. [Employee name] (maintenance) will be responsible for checking the fans are working properly. The placement of the lamps was underevision of the labor department, to comply with the illumination uirements in the factory. A thermometer was installed in order to more temperature during working hours. MJ Soffe recommends to performular ambient temperature testing throughout the year. Engage local horities to lead the testing and make the results available.	er to t ng er	
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.	pro ma re:	ctory has repaired broken levers, toilets and doors that do not close perly. Factory will implement a schedule, and signage sheet for intenance in the bathrooms. Factory has improved the cleanliness of trooms. [Employee name] is responsible for keeping both the women men's bathrooms clean at all times according to the cleaning sched	's	
7. Freedom of Association and Co Employers will recognize and respect	ollective Bargaining the right of employees to freedom of associ	ciation and collective bargaining.												
Employer Interference in Registration		worker's organizations, with government	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: STITAS, which is the one with more affiliations in place. Management support STITAS and provide this union more opportunities than SITS. During the 3 day audit, GMIES could verify that the leader of STITAS 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 STITAS 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.	and union leaders of both trade unions. Observation tour.	ctory management to enhance its FOA policy by including the following ments: 1) ensure employees will not be subject to intimidation or assment in exercising their right to join or to refrain from joining any anization; 2) no interference and/or favoritism to any active union at kplace; 3) define the disciplinary process should any violation to this cy occur; and 4) define the communication protocols of enhanced Focy to parties involved. [Employee name], HR Manager, responsible focy implementation and/or enforcement. Factory management to creat A procedures that provide guidance on the following: a) relationship magement; b) consultation/negotiation with active unions; c) dispute thement; and d) communication of procedures to parties involved. Inployee name], HR Manager, responsible to ensure their implementation of procedures to parties involved. The procedure of the following is involved. The following is invo	the OA or ite	
Unfair Dismissal		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.	and union leaders of both trade unions. Pre-audit co	Soffe recommends the factory to maintain a better record of employme workers were fired and they claimed being officials from the unionmittee, HR requested their IDs, but were not available. Weeks later urned with their IDs and they were rehired).	n	
Employer Interference/Formation of Alternative Organizations		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 STITAS and provide this union more opportunities than SITS. For example, from the observation tour, it was corroborated that the leader of STITAS has time to perform unio activities in working time at the factory, while no member of SITS has such advantage. Besides, according to SITS leaders, management allows STITAS 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 reasons, management is hindering the affiliation activities of SITS.	and union leaders and members and observation tour.	ctory management to enhance its FOA policy by including the following ments: 1) ensure employees will not be subject to intimidation or assment in exercising their right to join or to refrain from joining any anization; 2) no interference and/or favoritism to any active union at kplace; 3) define the disciplinary process should any violation to this cy occur; and 4) define the communication protocols of enhanced Focy to parties involved. [Employee name], HR Manager, responsible focy implementation and/or enforcement. Factory management to creat A procedures that provide guidance on the following: a) relationship nagement; b) consultation/negotiation with active unions; c) dispute thement; and d) communication of procedures to parties involved. Inployee name], HR Manager, responsible to ensure their implementation Soffe recommends that factory management consider a neutral 3rd ty for ongoing policy and/or procedures training.	the DA or late	
Compliance to Local Collective Bargaining Laws		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.				
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 (STITAS), which constitutes an interference.	and union leaders and members. has orgon po po po po EC masse [EI M.	ctory management to enhance its FOA policy by including the following ments: 1) ensure employees will not be subject to intimidation or assment in exercising their right to join or to refrain from joining any anization; 2) no interference and/or favoritism to any active union at kplace; 3) define the disciplinary process should any violation to this cy occur; and 4) define the communication protocols of enhanced Focy to parties involved. [Employee name], HR Manager, responsible focy implementation and/or enforcement. Factory management to creat A procedures that provide guidance on the following: a) relationship magement; b) consultation/negotiation with active unions; c) dispute thement; and d) communication of procedures to parties involved. Inployee name], HR Manager, responsible to ensure their implementations Soffe recommends that factory management consider a neutral 3rd ty for ongoing policy and/or procedures training.	the DA or late	
		ds. Employers will pay employees, as a base, at least or is higher, and will provide legally mandated benefits.												
Timely Payment of Benefits		All legally mandated deductions for taxes, social	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		and The training wage is paid for 30 days now with neither using security quota nor pension plan quota taken out during 30 days. Beyond the 30 days, normal deductions are out.	ng that	Employee file, and document review.	COMPLETED: Factory does not have double payroll any more.	Records review.			
de	ccording to the Salvadorian Labor Law eductions made to employees' gross salary ill not exceed 20% of it.		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	One Article 132 of the law allows the company to deduct 20 their salaries. Article 136 (Flexible) from Labor Code the company to deduct 20% of their salaries if they have example, a bank allowance.	e allows	Employee pay files Completed	COMPLETED: Factory does not apply withholding in excess of the legal limits.	Records review.			

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			IEM Findings	s			Remediation		[Status]	Updates	[Status]	Third-Party Verification		Remediation	[Status]
FLA Code/Compliance Country Law/Legal	Reference FLA Benchmark	Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)			Target mpletion Company Follow Up Date	Documentation	Completed, Pending, Ongoing	Company Follow Up Documentation	Completed, Pending, Ongoing	External Verification (August 24-26, 2010)	Documentation	Company Remediation Plan	Target Completed, Pending, Ongoing
Payroll Reporting	Accurate and reliable payroll reporting, including pay stubs, will be provided.	The factory maintains double payrolls.		(Oncorrosorated)	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.				Cingoling			COMPLETED: Factory does not have double payroll any more.	Records review.		
Legal Benefits	Employers will provide all legally mandated benefit to all eligible workers.	ts										NEW FINDING: Factory does not effectively guarantee the right of 1 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 o at the lunch break.	and management nurs interviews wor nurs	ory will ask the nursing mother what would be the best time for the her child, either in the morning, at noon or towards the end of ing day. After which, factory will create policy and procedures ing mothers to respect their chosen hour. [Employee name], lager, responsible.	of her for
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 59 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 benefit 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.	wor Chr (bas wor recc ben fact Cor wor incli pay ove requ ben laws pay mar ens ove nam ove	ompany recommends that factory considers paying severance ers as required by local labor law. 2) Factory to include the sestmas bonus calculations. Payroll system was fixed in Novemed on Article 198 of Code of Labor). In regards to 3 cases of ers, factory tried to locate them without any success. 3) Commends that factory management ensures payment for the notifits based on salary averages. For a more sustainable appropriate management to enhance or create Wages, Benefits and Copensation policy and procedures that; a) describe commitments at least the minimum total compensation required by local ding mandated wages, benefits, overtime compensation and anents in accordance with terms of employment; b) establish the time hours worked will be compensated at legal rate as set by irrements; c) commitment that all worked hours, including over the fits, must be recorded in payroll and paid in accordance with. Management to create procedures that: a) information regal coll calculation will be well defined, recorded and communicate agers in charge, supervisors and workers; b) establish system workers will be compensated at least legally mandated wages in charge, supervisors and workers; b) establish system workers will be compensated at least legally mandated wages in charge, is responsible for assuring all hours worked time, and calculation of benefits are being tracked and paid in ordance to local labor law.	eniority in ber 2010 fired pany mentioned ach, the Overtime of to pay law, additional eat legal time and local labor ording dito on to ge, oyee including
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.			through interviews with workers and management		uly 21, 2006 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.	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 review pay files.	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 record. 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	reports will be available complete, accurate and u to date. (In United States terms, this would include	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 "estable contracts regarding labor that nature, is permanent in factor considered for an indefinite p in them is established a terminalso affects Labor Code Article says that the minimum quantity paid to workers as an alloware bonus will be: 1) workers with or less than 3 years of service to 10 days salary, 2) workers more or less than 10 years of equivalent to 15 days salary, with 10 years or more of service to 18 days salary.	due to its / should be riod, although ration date. It e 198, which / that should be ce for year-end a year or more e, the equivalent with 3 years or service, and 3) workers 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.	factory management. beel sche payi and	tory has n going by edule and ng vacation bonus each sember 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 *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 = 18 days pay		Completed	January 4, 2007 Checked employees bonus and vacation pay files.		PENDING: Factory continues paying 70% of severance. Period reviewed goes from November 2009 to June 2010.	loca bee reco	severance payment, factory management will pay in accordar labor law. Factory will commit to pay employees 100% when a fired. [Employee name], HR Manager, responsible. MJ Soffe mmendation is that if any workers fired from November 2009 0, factory will try to locate those workers to pay the remaining	they have estimated completion August 30, 2011 to June
Other Code of Labor Article 29, 6° I that employers must provide to paid working days per month, for them to attend to familiar i emergencies (such as death relatives).	orker's with 2 at a maximum, sues related to or illness of											NEW FINDING: Factory does not provide the 2 paid working days permonth 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. Fo this reason, management recognized that it is a factory practice and all workers were also aware of such practice.	and workers. con 29 6 Mar	agement will review the factory's policy. Procedures will be municated to workers on fulfilling family obligations mentioned a) and b), to avoid any confusion to workers. [Employee namager, responsible.	
Except in extraordinary business circumstances, employees will week and 12 hours overtime or (b) the limits on regular and overt the laws of such country will not limit the hours of work, the regular entitled to at least one day off in every seven day period. Forced Overtime	me hours allowed by the law of the country of manufacture or, wher	re	2 workers interviewed said that they feel pressured to work overtime.	0	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 th workers.	ne	Some workers interviewed said that whenever they reach their goals, they receive bonuses that are bette 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.	er the	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.		Payroll files	Completed January 4, 2007 checked files.	Completed	COMPLETED: Workers receive the relevant payments of overtime and bonuses.	Payroll and records review.		

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				IEM Findings			Remediation [Status]				dates [Status]	Third-Party Verification		Remediation		[Status]
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	Evidence of If Not Corroborated, (Uncorroborated) Explain Why	Sources/Documentation Used for Corroborating	PC Remediation Plan Comple Dat	tion Company Follow Up	Documentation Completed, Pending, Ongoing	Company Follow L	p Documentation P	ompleted, Pending, Ongoing	External Verification (August 24-26, 2010)	Documentation	Company Remediation Plan	Target Completion Da	Completed, Pending, Ongoing
Overtime Limitations						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.	, p n h k e a c ttl v	Factory management to define/enhance or create Hours of Work policity of concedures that: a) outline regular hours of work expected (employees not be required to work more than the lesser of 48 hours per week and hours overtime, or the limits on regular and overtime hours allowed by the aw of the country of manufacture); b) outlines when overtime will come effect; c) outlines what constitutes extraordinary business circumstant and ensures that all overtime is performed voluntarily. Management share the procedures that: a) describe how workers will be communicated their hours of work; b) how factory will ensure management on hours of work; c) [Employee name], HR Manager, is responsible or accountable assuring that no worker exceeds the limits on regular and overtime hours allowed by law.	s shall d 12 the e into ces all d to on of	
Reduced Mandated OT		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.			
	of manufacture or, in those countries where suc	ensated for overtime hours at such premium rate ch laws will not exist, at a rate at least equal to their															
OT Compensation		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.	January 4, 2007 Note: According to Labor Code Ar Literal A: The employee can be hired by Time Unit a C: Mixed System. By Time Units: Wage is adjusted units, without any special consideration to job result Wage: \$5.04, normal hour wage: \$0.60.	nd Literal employees to time	Employee pay files.	Com	npleted	COMPLETED: Workers receive the relevant payments of overtime and bonuses.	Payroll and records review.			
Miscellaneous																	

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