



2011

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT*

COMPANY: Russell Brands/Fruit of the Loom

COUNTRY: Mexico

FACTORY CODE: 260050435HV

MONITOR: COVERCO

AUDIT DATE: October 11, 2011

PRODUCTS: Multi-Style Apparel

PROCESSES: Sewing

NUMBER OF WORKERS: 848

*To read the original IEM report of this factory, please visit the FLA website [here](#).
For an explanation on how to read this report, please visit the FLA website [here](#).



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Wages, Benefits and Overtime Compensation: Wage Receipt

WBOT.27 All payments of wages and benefits in cash and in-kind made directly to the worker must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (signature, thumbprint, etc.). No one can receive wages on behalf of a worker, unless the worker concerned has, in full freedom, authorized in writing for another person to do so. (P)

Noncompliance

Explanation: Federal law establishes that no more than 30% of a person's wages can be deducted from their pay when the deductions are for savings (cajas de ahorros, fondos de ahorros) or loans (prestamos). This is an established protection for the workers under Federal Labor Law, Article 110 - IV.

It was noted that deductions of more than 30% of the workers' salaries were being taken for loans, savings and food. Notification regarding the amounts of deductions and savings are made by the factory and are included in the pay stubs provided to workers.

Plan Of Action: The company will work on a procedure to formalize and standardize the process of deductions. This Standard Operating Procedure (SOP) will be implemented in the involved departments in order to assure discounts do not exceed 30% of their minimum salary surplus.

Deadline Date: 01/15/2010

Action Taken: The company has created a SOP and it has been implemented in the involved departments in order to assure discounts do not exceed 30% of employees' minimum salary surplus. See attached copy of the SOP in the file section.

Plan Complete: Yes

Plan Complete Date: 01/15/2010

Action Verified: Yes

Action Verified Text: Completed: Monitors noted that in October 2009, the management issued an internal disposition, the Payroll Discount Procedure, stating that there cannot be discounts that exceed 30% of workers weekly payment. This internal disposition was communicated only to the administrative staff.

In addition, management modified and extended article 11 of the Saving Regulations Saving Contributes: "The worker involved in savings should contribute, of their weekly incomes, an amount no greater than 30% of their minimum salary (\$ 10.00 minimum), authorizing for such effects to the committee to deduct the contributions periodically and nominal basis, during the relevant financial year."

During documentary review, monitors found that deductions did not exceed 30% of the minimum salary, and incentive, attendance, production bonuses.

As of October 2011, monitors reviewed that 458 workers are enrolled in Saving Funds, including administrative staff, of which only 197 have loans.

Sources: pay slips; pay roll; policies and regulations

Action Verified Date: 10/10/2011

Forced Labor: Freedom in Employment

F.2 All workers shall have the right to enter into and to terminate their employment freely. (P)

Noncompliance

Explanation: During document review it was noted that one personnel file contained a pre-signed termination letter (worker signature only) dated November 19, 2009.

Plan Of Action: The company will not create specific contracts; therefore, there will be no document establishing a voluntary termination of contract.

Deadline Date: 10/15/2009

Action Taken: The company has eliminated all specific contracts; therefore, there will be no document establishing a voluntary termination of contract.

Plan Complete: Yes

Plan Complete Date: 10/15/2009

Action Verified: Yes

Action Verified Text: Completed: The factory confirmed to auditors that they eliminated any documents mentioning voluntary termination. In 28 personnel files reviewed (3.30% of workforce), the monitors did not find any documentation or letters that mentions a voluntary termination. The management indicated that the practice ended after this noncompliance was found in the initial IEM.

Sources: personnel files review, worker interviews

Action Verified Date: 10/10/2011

Forced Labor: Employment Terms/Voluntary Agreement

F.3 Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below provisions of local laws, freely negotiated and valid collective bargaining agreements, or the FLA Code. (P)

Noncompliance

Explanation: Company establishes temporary labor contracts for 30-day periods at the beginning of the labor relationship without legal justification. Ley Federal del Trabajo – Federal Labor law 35, 36 and 37.

Federal Labor Law does not permit temporary contracts for a definite or specific number of days. The only part of the law that states the number of days referenced in a labor relationship is Article 47-I, which provides the opportunity for the employer to end the labor relationship without any legal and economic consequences. This option must be applied in the first 30 days of the labor relationship via the use of one of two options:

1. When the worker cannot prove the ability that the company required, according to the worker's position and responsibility.

2. If the workers provide false documentation during the hiring process. The employer needs to notify the worker of this situation during the first 30 days of the beginning of the labor relationship.

No "probation period" within the labor relationship exists between the employer and employee in Mexico. In these terms, the temporary contracts need to be used in specific cases. As an example, when the company hires a new worker because one female worker needs to leave temporarily the company for a reason such as maternity, the new worker must be informed of the beginning of the labor relationship in the contract, so that when the original female worker returns to the company, the labor relationship with the new worker will end. So, the temporary contracts always must apply according the legal reason, not according the number of days.

Plan Of Action: The company will discontinue the use of 30-day temporary contracts.

Deadline Date: 01/21/2010

Action Taken: The company has stopped the use of 30-day temporary contracts.



Plan Complete: Yes

Plan Complete Date: 01/21/2010

Action Verified: Yes

Action Verified Text: Completed: Monitors found from February 2010 that Clause 4 of the labor contracts was modified; this eliminated the 30 days temporary contract period. Monitors reviewed 28 labor contracts and found that all workers have indefinite contracts. During interviews all worker confirmed that received a copy of their indefinite contracts.

Sources: personnel files review, worker interviews

Action Verified Date: 10/10/2011

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: New Finding: The disciplinary system does not provide the workers with the opportunity to appeal against a disciplinary action imposed on them. None of the workers interviewed was aware of an appeal system. Also, in the closing meeting management indicated not knowing about this requirement.

Plan Of Action: While there is no dedicated written appeals process, the factory's Open Door Policy is currently used for all forms of employee resolution, including review of disciplinary actions. The appeal is brought to the next highest managerial level, including the HR representative if the first two or three managers fail to resolve the issue. The current procedures also allow employees to bring an employee of their choosing to witness the process, especially in the event of termination.

The factory will modify the disciplinary procedure to formally direct employees to the Open Door Policy in the event of disagreement with disciplinary decisions. The HR Manager will train supervisors and managers on the updated procedure and employees will be notified during the annual Open Door Policy training, with emphasis on the right to an internal third party witness. Modify procedure in April 2012, Train Managers in May 2012, Notify Workers in November 2012.

Deadline Date: 11/30/2012

Plan Complete: No

Plan Complete Date:



Code Awareness:

GEN.2 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.

Noncompliance

Explanation: New Finding: The workers are provided with an induction training, which also involves Code of Conduct elements. However, because the trainings are not repeated regularly, 83% of the workers interviewed were not aware of the Company Code of Conduct. Interviews also revealed that the workers do not remember having participated in induction training or any other training information regarding the Company Code of Conduct. The last training conducted was on April 2010.

Plan Of Action: The Code of Conduct will continue to be a part of the employee orientation process. The Plant Manager will also conduct Code of Conduct training sessions with all employees in small groups of approximately 30. To increase retention, the factory will also provide printed materials (tri-fold) for distribution to all employees at the time of training.

New tri-fold – June 2012. Annual training – November 2012.

Deadline Date: 11/30/2012

Plan Complete: No

Plan Complete Date:

Code Awareness:

GEN.3 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.

Noncompliance

Explanation: The direct channel of communication between the workers of the factory and Russell Corporation is inefficient. The provided phone numbers are generated from the United States. It takes 10 minutes for communication in Spanish to be available and the phone agents lack knowledge about the factory.

Plan Of Action: The company will contact our third party call service provider to review the incident and work on ensuring compliance with our hotline process. Measures to be taken include submitting regularly an updated facilities roster to the third party call service provider, servicing and processing all hotline calls even if a location cannot be identified on a list, and ensuring that bilingual representatives or translators are readily available.

Deadline Date: 10/17/2009

Action Taken: The company contacted the third party call service provider to review the incident and work on ensuring compliance with our hotline process. Measures that have been taken include submitting regularly an updated facilities roster to the third party call service provider, servicing and processing all hotline calls even if a location cannot be identified on a list and ensuring that bilingual representatives or translators are readily available.

Plan Complete: Yes

Plan Complete Date: 10/17/2009

Action Verified: Yes



**Action
Verified
Text:**

Completed: Monitors noted during documentary review of the induction program as well as the annual training (Open Door Policy-5 steps- last one conducted to entire workforce in April 2010) that these documents provide information of the use of the hot line channel through Global Compliance.

Monitors also noted, that workers have to sign a document in which they acknowledge having received the training. The factory provides workers a copy of this document that has the hotline number that workers can use as a last resource for reporting a noncompliance. Monitor found during interviews that workers were aware of the Open Door Policy and acknowledge that it is the last resource they can use.

October 10, 2011, monitors used, in the presence of the factory representative, hotline (1-704-752-9679) an English-speaking agent received the call and transferred it to a Spanish-speaking agent, who attended the call and gave the auditor a number for the call BRKINFO-11-10-008.

Sources: documentary review (policy and procedures, training documents); worker and management interviews; factory inspection

**Action
Verified
Date:**

10/10/201

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: During the factory tour a first aid box was found to be in unsanitary condition. In addition the first aid box also contained an insufficient levels of supplies.

(Ley Federal del Trabajo - Federal Labor Law 132-XVII)

Plan Of Action: Log will be created to track and properly maintain all supplies in first aid boxes. Nurse will be assigned to check daily and ensure all supplies are replenished when necessary.

Deadline Date: 10/20/2009

Action Taken: A log has been created to track and properly maintain all supplies in first aid boxes. A nurse has been assigned to check daily and ensure all supplies are replenished when necessary.

Plan Complete: Yes

Plan Complete Date: 10/12/2009

Action Verified: Yes

Action Verified Text: Completed: It was observed that the 9 first aid boxes are being checked on a daily basis since October 12th, 2009. In addition, all of the workers interviewed were aware of the procedures to use the first aid boxes and aware that they have the freedom to use it at any time. In January 2010, the factory created a "Daily First Aid Checklist" which specifies the number of first aid boxes, supplies and whether this checklist is completed or not. Auditors verified the checklist of October 3rd -7th, 2011 and everything was accurate.

Sources: factory inspection; nurse and management interviews

Action Verified Date: 10/10/2011

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: No MSDS sheet was available for the spot-removing chemical used in the working areas.

(RFSHMAT - Reglamento Federal de Seguridad e Higiene y Medio Ambiente en el Trabajo - Health, Safety and Environment Federal Regulation 63)

Plan Of Action: We will place the required copy of the MSDS in the working area. A backup copy of the sheet will be maintained in case the original MSDS sheet is misplaced. The head of safety will be assigned to conduct daily checks in order to maintain compliance.

Deadline Date: 09/26/2009

Action Taken: The factory has the MSDS posted in local language of the workers. The factory has provided a training class for MSDS first aid procedures. We will place the required copy in the working area. A backup copy of the sheet will be maintained in case the original MSDS sheet is misplaced. The head of safety will be assigned to conduct daily checks in order to maintain compliance. Photos sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 02/12/2010

Action Verified: Yes

Action Verified Text: Completed: Monitors observed that the MSDS were posted in local language in workstations and chemical storage areas. During worker interviews, monitors noted that workers have received trainings on the proper use of chemicals and related health and safety issues.

Sources: factory inspection, worker interviews

Action Verified Date: 10/10/2011

Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

Noncompliance

Explanation: New Finding:

1. During factory inspection monitors noted intense noise in building #1. The audiometry assessment of December 2009 reports that the noise level is beyond the limits. The workers were provided with earplugs after the assessment, but workers have not undergone regular medical checks, as the assessment results required.
2. Monitors found a considerably amount of fuzz in building #1, which was showed at the moment of the audit to the management. This fuzz covered fire extinguishers and floor in this building. The factory has not conducted an assessment of level of fuzz. Monitors showed the management the fuzz on the fire extinguishers.

Sources: factory inspection, management interview

Plan Of Action: The factory will perform new audiometric and particulate tests in building #1 and based on those results will issue dust masks, ear plugs, and regular medical checks as indicated.

Deadline Date: 05/31/2012



Plan Complete: No

Plan Complete Date:

Health and Safety: Proper Use of Machinery

H&S.19 Employers shall only use positive incentives (risk awareness training, demonstration of proper use, awards, bonuses, etc.) to ensure workers use machinery, equipment and tools properly and safely. Workers shall not suffer any negative consequences for refusing to work with machinery, equipment or tools that are not properly guarded or reasonably considered unsafe. (P)

Noncompliance

Explanation: During the factory tour monitors found oxygen tanks that were not secured with a chain or restraining device.

(RFSHMAT - Reglamento Federal de Seguridad e Higiene y Medio Ambiente en el Trabajo - Health, Safety and Environment Federal Regulation 45)

Plan Of Action: We will insure the tanks are chained. The Head of Safety will be assigned to conduct daily checks in order to maintain compliance.

Deadline Date: 09/25/2009

Action Taken: The factory has ensured that the tanks are chained. The Head of Safety has been assigned to conduct daily checks in order to maintain compliance. Photos sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 09/25/2009

Action Verified: Yes

Action Verified Text: Completed: During factory walk through monitors noted that the oxygen tanks were relocated outside the facility. Also 1 of 61 extinguishers had no chain device; this extinguisher was located in the warehouse containing flammable materials. In the closing meeting, monitors brought this finding to the attention of the management, who immediately corrected the issue. Monitors verified this action.

Action Verified Date: 10/11/2011

Health and Safety: Drinking Water

H&S.26 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) must be safe and sanitary and available in an appropriate number. (S)

Noncompliance

Explanation: The factory has not provided disposable cups to the workers for drinking water while within the facility.

(RFSHMAT - Reglamento Federal de Seguridad e Higiene y Medio Ambiente en el Trabajo - Health, Safety and Environment Federal Regulation 104)

Plan Of Action: We will provide the cup dispensers and place them at the water stations. We will purchase the cups and place them on the dispensers. The nurse will be assigned to conduct random daily checks to ensure that the cup dispensers are being refilled when necessary.

Deadline Date: 10/19/200

Action Taken: The factory has provided the cup dispensers and placed them at the water stations. The factory has purchased the water cup and placed them on the dispensers. The nurse will be assigned to conduct random daily checks to insure the cup dispensers are being refilled when necessary. Photos sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 10/19/2009

Action Verified: Yes

Action Verified Text: Completed: Management indicated that since October 19, 2009 they allowed the use of personal containers for drinking water. Therefore, management removed water dispensers from the water stations. During interviews 100% of workers confirmed that they have the freedom to fill with drinkable water their own containers.

Sources: factory inspection; management and worker interviews

Action Verified Date: 10/10/2011

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: New Finding: The factory registered an entry standard time at 7:00 a.m. for all workers. The daily ordinary hours registered by the factory are 9.6 hours for all workers. However, records review (personnel files) and worker interviews (83%) revealed that workers might work more than 9.6 hours. Therefore, overtime beyond 9.6 hours tracked by the system is not paid to workers. Auditors were unable to determine if there is another time recording system.

Sources: personnel files, interviews

Plan Of Action: Employees are aware that the official factory hours are from 07:15 to 17:06 and that efficiency is calculated for those 9.6 hours. In order to eliminate the voluntary off-clock work, the factory will start compressors only 15 minutes before the shift and shut down 15 minutes after the shift. This will eliminate the employees' ability to sew past the allotted 9.6 hours.

Deadline Date: 04/30/2012

Action Taken:

Plan Complete: No

Plan Complete Date:
