Factory will train supervisors to work with noncompliance documentation.

Observation tour on January 8, 2007: The factory understands and knows the Company on noncompliance with the Company Remediation Plan.

Companies:

- FLA Audit Profile: MJ Soffe
  - October 26 - November 7, 2005
  - El Salvador

- Company Follow Up
  - Interview
    - January 4, 2007: Will have interviews with workers.
    - February 17, 2011: February 17, 2011
  - Visit
    - January 4, 2007: By observation tour, it was corroborated that most interviews with workers.

- Risk of Noncompliance
  - Evidence of Compliance
    - Search for documentation
      - Observation and worker interview
    - Observation
      - Observation tour and worker interview.

- Reasonable accommodation will be made in the workplace for pregnant women.
  - Factories of pregnant workers.
  - Pregnant workers are reassured that they will move to another job if this is necessary.
  - Workers said they are not aware of the existence of this accommodation.

- Child Labor
  - Confidential
  - Noncompliance
    - Number of workers
    - PC(s)
    - FLA Audit Profile
      - MJ Soffe
        - August 24 - 26, 2010
        - 46002203DV

- FDA (Food and Drug Administration)
  - Hazardous elements including medical waste.
  - Prevent unsafe exposure (such as inhalation or skin contact).
  - In proper safety, first aid, and evacuation plans.
  - Shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.

- Safety
  - Safety laws and regulations. In any case where laws and code of conduct are contradictory, the safety laws and regulations shall be complied with.
  - Safety training:
    - Employer will comply with applicable health and safety regulations.
    - Employers shall provide safety training to workers in proper safety, first aid, and evacuation procedures.
    - Employer shall provide the means to comply with applicable regulations, and workers shall comply with applicable regulations.
    - Employers shall provide the means to comply with applicable regulations, and workers shall comply with applicable regulations.

- Policies and procedures
  - Employment shall be in the language spoken by the majority of workers if possible.
  - Policies, MSDS, etc. shall be made available in the language spoken by the majority of workers if possible.
  - Updating of policies, procedures, etc. shall be made available in the language spoken by the majority of workers if possible.

- Equal Rights
  - Noncompliance
    - Persons with disabilities
      - Employed
    - Law of equal rights
      - Number of disabled workers
      - According to the law, the Company should employ 26 disabled workers. The law that establishes this law is the "Ley para personas con Discapacidades" (Law of Equal Rights for People with Disabilities).
      - The Company has hired only 6 disabled people and, according to the law representative, this suggestion box is reviewed weekly and management responses will be given within a week.

- MSDS (Material Safety Data Sheets)
  - Risks of exposure to hazardous substances.
  - Information on the use of protective equipment.
  - Information on the use of protective equipment.
  - Worker interview.
  - Discussion with worker about the codes of conduct.

- Union
  - Union representatives during monitoring activities.
  - Union representatives during monitoring activities.
  - Union representatives during monitoring activities.
  - Union representatives during monitoring activities.
  - Union representatives during monitoring activities.

- Management representatives
  - Management representatives during monitoring activities.
  - Management representatives during monitoring activities.
  - Management representatives during monitoring activities.
  - Management representatives during monitoring activities.
  - Management representatives during monitoring activities.

- United States
  - Noncompliance
    - Products
      - PPE (Personal Protective Equipment)
      - PPE signs
      - Factory will post PPE signs in all required areas.
      - [Employee name] is the person responsible for executing the trainings in the factory.

- Other
  - Noncompliance
    - Reasonable accommodation will be made in the workplace for pregnant women.
    - The factory abides and follows doctors' notes, along with the cleaning department.
    - The worker interview.
  - Documentation
    - Observation
    - Observation
    - Observation
    - Observation
    - Observation

- FLA (Fair Labor Association)
  - FLA Audit Profile
    - MJ Soffe
      - October 26 - November 7, 2005
      - El Salvador

- Worker
  - Worker interview.
  - Discussions with worker about the codes of conduct.
  - Worker interview.

- Other
  - Other..

- Country
  - Country
  - Country
  - Country
  - Country
  - Country

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- Other
  - Other..

- Country
  - Country
  - Country
  - Country
  - Country
  - Country
The factory has repaired broken levers, toilets and doors that do not close.

Article 132 of the law allows the company to deduct 20% of the worker's pay if the law does not specify. These deposits shall be provided and maintained to the legally defined agency. This law also allows the company to deduct the worker's social security quota and their pension plan quota. The factory has a different payroll which includes the percentage established for the law.

Noncompliance will not exceed 20% of the worker's pay. If the law does not specify, then deposits will be made before the next pay period (weekly pay). If the law does not specify, the company must transmit the legally defined agency. This is the percentage established in labor code for the company to deduct the worker's social security quota and their pension plan quota. The worker's pay will be taken out of their pay. Will check files to verify this.

The workers interviewed stated that they think that the factory has allowed them and even fired some people. Although there are already 2 unions at the factory, some of the workers interviewed stated that they think that the factory has fired unionized workers in the past, arguing that the workers were fired after they signed the affiliation book at the moment that they signed their contracts. The workers tried to form another union; management did not allow them and even fired some people. The workers interviewed stated that they think that the factory is so close to the union leaders, management allows STITAS Board members to approach new employees in order to affiliate them with the union. According to the percentage established in labor code for the company to deduct the worker's social security quota and their pension plan quota. The worker's pay will be taken out of their pay. Will check files to verify this.

Some toilets have broken levers to let water go away and some of the cabinets in the factory are so close to them. Fans are insufficient for the sewing department, considering that there is not an air flow system. The factory repaired 3 fans that were not working when the inspection was done. The placement of the lamps was under supervision of the labor department. Supervision of the labor department, to comply with the illumination of the workplace; 3) define the disciplinary process should any violation to the illumination of the workplace occur; and 4) define the communication protocols of enhanced FOA policy.

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According to the Salvadorian Labor Law, the labor department has the role of ensuring adequate supervision in the workplace. Interviews with the workers. These findings were verified by observation. MJ Soffe recommends the factory to maintain a better record of the workers who were fired. Supervision of the labor department, to comply with the illumination of the workplace; 3) define the disciplinary process should any violation to this occur; and 4) define the communication protocols of enhanced FOA policy implementation and/or enforcement. Factory management to create FOA procedures that provide guidance on the following: a) relationship elements: 1) ensure employees will not be subject to intimidation or harassment. Observation shows that factory has fired unionized workers in past, arguing that the workers were fired after they signed the affiliation book at the moment that they signed their contracts. Factory management to enhance its FOA policy by including the following policy implementation and/or enforcement. Factory management to enhance its FOA policy by including the following policy implementation and/or enforcement. Factory management to create FOA procedures that provide guidance on the following: a) relationship elements: 1) ensure employees will not be subject to intimidation or harassment.

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Country Law/Legal Reference

Workers’ salary is paid 5 days after payroll expiration date.

Interviews with workers.

Completed

Employers will not use hidden or multiple payroll

Completed

PC Remediation Plan

January 4, 2007 Check

All compensation shall be paid in a timely manner.

26x88 week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or,

26x312 False Payroll Records

Accurate Recording of Wage

FLA Code/Compliance

relatives).

3 years or more or less than 10 years of

bonus will be: 1) workers with a year or more

paid to workers as an allowance for year-end

also affects Labor Code Article 198, which

considered for an indefinite period, although

nature, is permanent in factory should be

contracts regarding labor that, due to its

workers are entitled.

GMIES considers this a very long period for workers, due to

because they work 9 hours a day, instead of 8, which is the

GMIES corroborated this situation throughout

checks with workers and

payrolls.

Some workers interviewed said that whenever they

2 workers interviewed said that they feel pressured to

Verified worker payroll, we noticed that

did not show any social security or pension plan

for the previous 2 weeks.

Factory has set pay schedules to be paid every 2 weeks.

Factory continues paying 70% of severance. Period

No employee complaints of forced overtime.

At the present time, there is no evidence of double

NEW FINDING:

Factory will try to locate those workers to pay the remaining 30%.

NEW FINDING:

Factory will commit to pay employees 100% when they have

For severance payment, factory management will pay in accordance with

Recommendation is that if any workers fired from November 2009 to June

local labor law. Factory will commit to pay employees 100% when they have

Employees have not yet received their severance payment.

NEW FINDING:

Employee pay files.

Documentation

Payroll and records

External Verification

(August 24-26, 2010)

Third-Party Verification

Payroll and records

Remediation

First-instance follow-up to the

attacks. The legal team led by

GMIES recommends the following:

Factory management to enhance or create Wages, Benefits and Overtime

Compensation policy and procedures that; a) describe commitment to pay

recommends that factory management ensures payment for the mentioned

Christmas bonus (as Article 198 of Code of Labor requires) when

were 3 cases of fired workers who did not receive their complete

about the lack of severance payment. 2) Factory does not respect

foreign entities.

Compensation policy and procedures that; a) describe commitment to pay

Premium for employees during non-working day. After which, factory

Factory will commit to pay employees 100% when they have

Employees have not yet received their severance payment.

GMIES recommends the following:

Factory management to enhance or create Wages, Benefits and Overtime

Goal for external verification follow-up activities is to:

(Responsible parties: GMIES, [Employee name], HR Manager, [Employee name], Manager of business unit)

Evidence of

Corroborated,

If Not

GMIES considered this finding as corroborated.

GMIES considered this finding as corroborated.

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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.

**COMPLETED:**
There is no evidence of forced working time on Saturdays. Payroll and records review.

**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.

**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.

**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.

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.

**Miscellaneous**

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<thead>
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<th>10. Overtime Compensation</th>
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