FLA Comment: This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company. However, the following items have not been agreed to or incorporated by the company: F.3, F.4, GEN.3 and H&S.18. The report is posted in its current state and is considered finalized. Updates on the progress of the corrective action will be posted when received from the company.
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Forced Labor: General Compliance Forced Labor

F.1 Employers shall comply with all local laws, regulations and procedures concerning the prohibition of forced labor. (S)

Noncompliance

Explanation: The factory does not provide employees with an original copy of the temporary labor contract as required in Federal Labor Law 24. Employees confirmed that they do not receive a copy of their labor contract during the interview process.

Plan Of Action: Implement a policy for factory to provide copies to all employees retroactively of the temporary labor contracts. The HR Manager will be responsible for this requirement.

Deadline Date: 03/01/2011

Action Taken: New policy has been implemented.

Plan Complete: Yes

Plan Complete Date: 02/01/2011
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 the review of worker files, monitor found 1 of the 30 reviewed contained a proxy letter (carta poder) signed by the employee without an effective date. The law does not require workers to sign proxy letters. The purpose of a proxy letter is to allow another person to act on your behalf on legal, administrative or commercial transactions; therefore, the details need to be specified. In the factory, workers sign a proxy letter when they authorize another person to collect their paycheck when they are not present. Not all employee files contained proxy letters. [Employee name], HR Manager, explained that this is the result of a possible error on the part of the HR Department. [Employee name] stated that it remains the practice that all proxy letters shall contain an effective date and this practice will continue.

Legal Reference: Federal Labor Law 3

Plan Of Action: Implement a new policy in which the factory will verify all employee files by a semi-annual audit of files. It will remain the policy that proxy letters will indicate effective dates.

New Policy: This will be verified by a semi-annual audit of files. HR Manager will be responsible.

Deadline Date: 03/01/2011

Action Taken: New policy has been implemented.

Plan Complete: Yes

Plan Complete Date: 02/01/2011
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: During review of labor contracts monitor found that factory provides employees with 2 temporary labor contracts (obra determinada) of 30 days at beginning of labor relation and previous to non-temporary labor contract. Temporary contracts are allowed only for companies whose workers are paid by job (i.e., carpenter to build a house, painter to paint, etc.). By law, employer can only have one 30 day temporary contract in which to evaluate a worker. If a worker is not terminated after 30 days, they become a permanent worker. It was found that no mention of date of beginning of labor relation exists in any labor contract on file. This unwritten procedure confirmed by [Employee name], HR Manager. [Employee name] mentioned that the reason for this procedure is to verify the ability of the new workers.


Plan Of Action: Seeking legal counsel. No further action required based on legal counsel.

Deadline Date: 03/01/2011

Supplier CAP: Opinion from factory's corporate counsel is as follows: Mexican Federal Labor Law has 2 kinds of contracts, individual employment contract with no period of time or individual temporary employment contract. The last can be three different types: a) when it is demanded by the job (build something), b) when the employee replaces another employee, c) other non-specific cases by law. 2. It is a normal practice for a business to give to new employees a 30 day temporary contract, and if it is necessary, can give another 30 days temporary contract. 3. This is based on interpretation as there are vague terms in the law.

Supplier CAP Date: 02/01/2011

Action Taken: Yes

Plan Complete: Yes
Forced Labor: Employment Terms/Prohibitions

F.4 There can be no employment terms (including in contracts or any other instruments or in any formal or informal recruitment arrangements) which: specify that employees can be confined or be subjected to restrictions on freedom of movement; allow employers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or in any way punish workers for terminating employment. (P)

Noncompliance

Explanation: The Internal Regulation Handbook establishes in Articles 10, 11, 13 and 64-XXXI that workers have the obligation to work overtime if they receive an order from the employer. During worker interviews, all workers stated that overtime is voluntary. [Employee name], HR Manager, commented that in all cases they notify the workers of the possibility to work overtime. Management stated that they will change Articles 10, 11, 13 and 64-XXXI of the Internal Regulation Handbook. Records of overtime hours were reviewed by the auditors and were found to be correctly tracked by the attendance system and paid according to the law.


Plan Of Action: It is the policy of the factory that during peak production times overtime is mandatory within legal limits and applicable law. At non-peak production times overtime is voluntary if not needed.

Deadline Date: 06/01/2011

Action Taken: This is under the review by the Factory's Corporate Counsel.

Plan Complete: No
Forced Labor: Employment Records
F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

**Noncompliance**

**Explanation:** During review of employee files it was found that 1 of the 30 files did not contain a copy of labor contract. There should always be a labor contract in effect for each employee.

**Legal Reference:** Federal Labor Law 24.

**Plan Of Action:** Implement a policy that employee files be verified on a semi-annual basis. HR Manager is responsible for implementation.

**Deadline Date:** 03/01/2011

**Supplier CAP:** It will continue to be policy to include a copy of the labor contract in each file.

**New Policy:** This will be verified with semi-annual audits. HR Manager will be responsible.

**Supplier CAP Date:**

**Action Taken:** New policy has been implemented.

**Plan Complete:** Yes

**Plan Complete Date:** 02/01/2011
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: a) Monitor did not find any posting of the Holloway Sportswear, Inc. Code of Conduct or that of the FLA. Code of conduct was received by [Employee name], HR Manager, but it was not posted until the second day of the audit. b) Monitor did not find evidence that the factory trains workers on the Holloway Sportswear or FLA Codes of Conduct at any point from hiring or throughout the longevity of the workers.

Plan Of Action: Factory will provide copies of the Holloway and FLA Codes of Conduct to all new employees and current employees. Training on codes will be implemented for all new hires and will be administered on an annual basis to all workers. HR Manager will be responsible.

Deadline Date: 03/01/2011

Action Taken: Posters of the Holloway Code of Conduct have been posted at the factory in several areas. Training will be given on an annual basis.

Plan Complete: Yes

Plan Complete Date: 02/01/2011
**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:** Monitor did not find evidence of a confidential communication channel for use by workers to report noncompliance to the code to Holloway Sportswear.

**Plan Of Action:** Holloway will add the email address for confidential communication to the code of conduct and provide posters to the factory to be posted. Holloway compliance staff will be responsible party to implement.

**Deadline Date:** 03/01/2011

**Action Taken:** Posters with email hotline have been posted in several areas of the facility.

**Plan Complete:** Yes

**Plan Complete Date:** 02/01/2011
Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Noncompliance

Explanation: During inspection of the facility it was found that biological-infectious wastes generated by the internal medical service are not disposed of by an authorized facility, instead this waste is eliminated with regular waste. [Employee name], HR Manager, mentioned that they will find an authorized company to dispose of the biological-infectious wastes.

Legal Reference: NOM-087-ECOL-SSA1-2002. 6.4.2

Plan Of Action: To have factory use an authorized company to dispose of the biological infectious wastes. HR Manager is responsible party.

Deadline Date: 03/01/2011

Action Taken: Biological-infectious waste is now delivered to [Company name], [Company address], [Company city].

Plan Complete: Yes

Plan Complete Date: 02/01/2011
Health and Safety: Evacuation Requirements and Procedure

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

Noncompliance

Explanation: During inspection of facility (Plant 2), monitor observed that no emergency lighting has been installed.


Plan Of Action: Install emergency lights. Maintenance Manager will check regularly to ensure the lights are operational.

Deadline Date: 03/01/2011

Action Taken: Emergency lights have been installed.

Plan Complete: Yes

Plan Complete Date: 02/01/2011
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 inspection of the Internal Medical Services, monitor found 1 expired medicine (07/30/10).

Legal Reference: Federal Labor Law 132-XVII

Plan Of Action: Replace the expired medicine and implement a new policy to verify expiration dates of all medications on a semi-annual audit. HR Manager is responsible for enforcement and implementation.

Deadline Date: 03/01/2011

Action Taken: Expired medicine has been replaced. New policy has been implemented for a semi-annual audit of all medications.

Plan Complete: Yes

Plan Complete Date: 02/01/2011
Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: a) Monitor’s inspection of factory found in production areas, 2 beverage containers not labeled with the glue stored. This chemical is used in the packing area.


b) Monitor found that facility had not provided employees in the spot removal area with first aid training in regards to the chemicals used in that station.


Plan Of Action:

a) Label all containers for chemicals used.

b) Implement policy to review first aid procedures on a semi-annual basis.

HR Manager responsible for re-labeling and policy enforcement and implementation.

Deadline Date: 03/01/2011

Supplier CAP:

a) Containers were actually in the carpenters’ area, not production.

Supplier CAP Date:

Action Taken: a) Containers have now been labeled and will be stored in a cabinet in the maintenance office. They will only be given out when needed by a carpenter only, but requesting their return when not in use or at the end of each working day.

b) New policy has been implemented to review first aid procedures on a semi-annual basis.

Plan Complete: Yes
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: During review of MSDS in the spot removal areas, monitor noted that the product Blow-Out is used in that area; however, no mention of the product Blow-Out found in both spot removal stations.


Plan Of Action: Post MSDS for Blow-Out at spot removal stations. HR Manager is responsible for posting.

Deadline Date: 03/01/2011

Action Taken: MSDS have been posted at the spot removal stations for the product Blow-Out.

Plan Complete: Yes

Plan Complete Date: 02/01/2011
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:

a) During inspection of the spot removal station it was noted that the air extractor was not functioning properly polluting the air with chemicals. Monitor observed a strong chemical smell and confirmed that these air extractors, located in Plant 2, have not been functioning for the past 9 months.


b) During the factory inspection it was noted that the electric panels did not have the voltage posted.


Plan Of Action:

a) Repair the air extractor.

b) Post voltage signs on the electrical panels.

Maintenance Manager is responsible for repair and labeling.

Deadline Date: 03/01/2011

Action Taken:

a) The air extractor has been repaired and is now functioning properly.

b) Voltage signs have been added to the electrical panels.

Plan Complete: Yes

Plan Complete Date: 02/01/2011
Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Noncompliance

Explanation: During the inspection of the production area, monitor observed all 97 sewing machines (single needle) in the 12 sewing lines without the necessary fiber glass shields installed. Workers were not provided with safety glasses.


Plan Of Action: Provide employees with safety glasses. HR Manager responsible for providing the safety glasses.

Deadline Date: 03/01/2011

Action Taken: Safety glasses are made available to all workers at no cost.

Plan Complete: Yes

Plan Complete Date: 02/01/2011
Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: During the inspection of the facility it was observed that in Plant 2 the men’s bathrooms' doors have been scratched with obscene language and drawings. The bathrooms in that facility have a total of 4 WC’s and are used by 77 workers. [Employee name], HR Manager, stated that they will paint all the doors in the bathrooms.


Plan Of Action: Paint the bathroom doors to cover any obscene language and/or drawings. HR Manager is responsible for enforcement.

Deadline Date: 03/01/2011

Action Taken: Bathroom doors have been painted to cover any obscene language and/or drawings.

Plan Complete: Yes

Plan Complete Date: 02/01/2011
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: Monitor found that the facility does not provide employees with disposable drinking cups; employees bring their own water recipients.


Plan Of Action: Provide all employees with drinking cups. HR Manager responsible for providing drinking cups.

Deadline Date: 03/01/2011

Supplier CAP: No violations on this point, as all employees have been provided with plastic cups at the beginning of employment.

Supplier CAP Date:

Action Taken: It will continue to be the policy that a plastic cup will be given to each employee at the time of hiring.

Plan Complete: Yes

Plan Complete Date: 02/01/2011