



2011

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

**COMPANY:** Commemorative Brands Inc  
(CBI)

**COUNTRY:** Mexico

**FACTORY CODE:** 2100501274J

**MONITOR:** COVERCO

**AUDIT DATE:** July 4 – 5, 2011

**PRODUCTS:** Rings

**PROCESSES:** Polishing, Engraving,  
Embellishment

**NUMBER OF WORKERS:** 125



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### Harassment or Abuse: Discipline/Monetary Fines and Penalties

H&A.8 Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies. (S)

#### Noncompliance

**Explanation:** Workers have to sign a document in which they agree to pay for the personal protective equipment (PPE) they use for performing their job. The document mentions that workers will be deducted in the case their PPE is lost or deteriorated. The auditor thinks that this document should be eliminated because it violates Labor Law, Articles 132 (III) and 134 (VI).

Sources: record review (personnel files); worker and management interviews

Legal references: Mexican Federal Labor Law, Art. 132 (III), 134 (VI)

**Plan Of Action:**

1. Currently it is company policy to provide all employees (free of charge) with the required PPE, based on information taken from MSDS.
2. Management at [Factory name] has discontinued this documentation.
3. Meetings were held with all employees to ensure everyone is aware of this policy. Employee training sign-in sheets sent to the FLA for review.

**Deadline Date:** 08/01/2011

**Action Taken:**

**Plan Complete:** Yes

**Plan Complete Date:** 08/01/2011

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**Harassment or Abuse: Discipline/Freedom of Movement**

H&A.12 Employers shall not unreasonably restrain the freedom of movement of workers, including movement in canteens, during breaks, using toilets, accessing water, or to access necessary medical attention, as a means to maintain labor discipline. (S)

**Noncompliance**

**Explanation:** 33% of workers interviewed indicated that there are restrictions to use the toilets and to drink water. Management indicated that this restriction was not a policy of the company and that this may be a restriction imposed by supervisors. The Administrative Manager promised to have a meeting with supervisors in order to avoid this practice.

Sources: worker and management interviews

**Plan Of Action:** HR will be conducting additional supervisor training sessions to discuss the company's position on restricting employee access to drinking water and toilets. Additionally, all supervisors will be required to read, acknowledge they understand, and agree to abide by this company standard. Included in this notice are disciplinary actions that will be taken by the company should supervisors not follow this standard. Acknowledgement forms will be put in supervisors' HR files.

**Deadline Date:** 08/01/2011

**Action Taken:**

**Plan Complete:** Yes

**Plan Complete Date:** 08/01/2011

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### Non-Discrimination: Pregnancy Testing

D.6 Employers shall not use pregnancy tests or the use of contraception as a condition of hiring or of continued employment. Employers shall not require pregnancy testing of female workers, except as required by national law. In such cases, employers shall not use (the results of) such tests as a condition of hiring or continued employment. (S)

#### Noncompliance

**Explanation:** The contracting procedures (medical documents) state that female workers must have pregnancy and HIV/AIDS tests. Also, 2 administrative officials mentioned that the factory does not hire pregnant women. Management confirmed that female workers must have a pregnancy test; however, during the closing meeting they promised to eliminate pregnancy testing. Also, management commented that the factory does not request HIV/AIDS tests. As a result of these findings, the auditor reviewed all personnel files of female workers, including workers that only worked 1 month, in order to determine if pregnancy tests were a condition used for hiring for continued employment. All files showed that pregnancy tests were negative; therefore, there was no evidence that pregnancy tests were used to dismiss female workers.

Sources: worker interviews, record review (contracting procedures)

**Plan Of  
Action:**

1. This process is no longer being conducted at [Factory name].
2. Employee meetings were held to inform all employees that this process has been eliminated.
3. HR hiring manager, nurse and manufacturing manager will receive non-discrimination training, via [Training Company name], no later than June 22, 2012. Training will include: discrimination; illegal discrimination; sex/gender; race, color, and religion; national origin/ancestry; veteran and military status; preventing discrimination; and avoiding discrimination.

**Deadline  
Date:** 08/31/2011

**Action  
Taken:**

**Plan  
Complete:** Yes



**Plan Complete Date:** 08/31/2011

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**Health and Safety: General Compliance Health and Safety**

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

**Noncompliance**

**Explanation:** The company does not meet with some regulations and procedures of health and safety, such as: integration of commissions; equipment protection for machines; and evaluation of noise and heat. However, it is important to mention that the factory had been in operation for only 3 months when the audit was conducted. Management provided evidence to auditor of the programs and schedules that will be implemented in July 2011 regarding Health and Safety regulations and procedures.

Sources: document review, management interview

**Plan Of Action:**

1. It appears that the auditors assumptions were incorrect in regards to noise. A noise study was conducted verifying that dBs do not exceed OSHA requirements.
2. Additionally, even in areas that do not exceed the dB limit, hearing protection is available to all employees.
3. Continue to monitor indoor air temperature to ensure appropriate levels are met. At the time of FLA audit, 2 of the A/C units were off because contractors were working on them. Currently, all units are up and running. An on-site Safety Committee has been established at this location. This committee is comprised of supervisors, production employees, maintenance and the nurse.

Sent to the FLA for review: noise study location map, noise study results, employee survey

**Deadline Date:** 08/01/2011

**Action Taken:**

Plan Yes  
Complete:

Plan 08/01/2011  
Complete  
Date:

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### 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:** 1. Emergency exits have no lighting system.

2. Evacuation plans were not posted.

3. Workers have no training on evacuation procedures.

4. Emergency exit #5 blocked by barrels and not labelled as emergency exit.

Management commented that they moved to new facilities and is in the process of installing lighting systems, posting evacuation procedures, implementing the H&S Commission in order to conduct evacuation drills, and integrating the first aid brigade. Management provided a full schedule of the implementation that will be carried out in July 2011.

Source: factory walkthrough



**Plan Of Action:** 1. Entire facility has a back-up generator that kicks in within seconds of power failure that provides power for the entire facility.

2. All exit signs have been posted and exits have been identified.

3. Fire drill was held on August 25, 2011.

4. Exit is not blocked.

Photos and documents sent to FLA for review: generator; evacuation signs; exit pathway #5; fire drill photos and documents; evacuation drill diploma; evacuation course sign-in and class photos; fire protection diploma and attendance list

The Security and Safety Manager has the responsibility for reviewing, inspecting, maintaining, and periodically updating all elements related to safety in the workplace. This person will receive ongoing training as needed to ensure the facility's health and safety programs meet local and national standards. To support the efforts of the Security and Safety Manager, we have identified employees from all levels, including the on-site nurse, to act as the Safety Committee, whose job it is to perform routine inspections. The Security and Safety Manager will act as a facilitator for this committee. To further enhance the safety program, the security officers have been trained to identify any health and safety issues as they perform routine inspections and report infractions to the Security and Safety Manager.

Safety training documents sent to the FLA for review.

**Deadline Date:** 08/01/2011

**Action Taken:**

**Plan Complete:** Yes

**Plan Complete Date:** 08/01/2011

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### 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:** Factory does not have the required number of fire extinguishers or first aid kits near the working stations. Management commented that since they moved to new facilities they are bringing fire extinguishers from the old facility, placing first aid kits, and in the process of integrating the first aid brigade. Also, the management provide proof and commented that all these issues will be completed in July 2011.

Sources: factory walkthrough, management interviews, record review (courier voucher, factory schedule)

**Plan Of  
Action:**

1. Extinguishers and first aid kits have been put in place.
2. We have an on-site nurse and first aid brigades.

Sent to FLA for review: fire extinguisher location map, photos of fire extinguishers, fire extinguisher inspection sheet, first aid kit

The Security and Safety Manager has the responsibility for reviewing, inspecting, maintaining and periodically updating all elements related to safety in the workplace. This person will receive ongoing training as needed to ensure the facility's health and safety programs meet local and national standards. To support the efforts of the Security and Safety Manager, we have identified employees from all levels, including the on-site nurse, to act as the Safety Committee, whose job it is to perform routine inspections. The Security and Safety Manager will act as facilitator for this committee. To further enhance the safety program, the security officers have been trained to identify any health and safety issues as they perform routine inspections and report infractions to the Security and Safety Manager.

Safety training documents sent to FLA for review.

**Deadline  
Date:** 08/31/2011

**Action  
Taken:**

**Plan** Yes  
**Complete:**

**Plan** 08/31/2011  
**Complete**  
**Date:**

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### Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

#### Noncompliance

**Explanation:** Some workers, of different areas, were not using their glasses, gloves and earplugs. Management commented that despite trainings, some workers do not use their PPE. Management indicated that they will strengthen trainings on the proper use of PPE.

Source: factory walkthrough

Legal reference: NOM-011-STPS-2001

**Plan Of** Currently, it's company policy to provide all employees with required PPE based on  
**Action:** information from MSDS. Management at [Factory name] has conducted refresher training on the benefits and proper use of PPE.

Employee training sign-in sheets sent to FLA for review.

**Deadline** 08/31/2011  
**Date:**

**Action**  
**Taken:**

**Plan** Yes  
**Complete:**

**Plan** 08/31/2011  
**Complete**  
**Date:**

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### **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:** During interview with person in charge of chemical storage, they indicated that they did not receive training regarding the proper use and handling of chemicals. They mentioned that a former worker provided them with basic recommendations on chemical handling and use. This worker was not able to identify symbols on the chemical tags, had no PPE when used chemicals, and was not aware of the importance of having showers and eyewash near chemicals. Health & Safety Manager confirmed this finding and promised a training for this worker. The same day, the manager confirmed that the chemical supplier will conduct a training for this worker.

Sources: worker interview, factory walkthrough

Legal reference: NOM-011-STPS-2001

**Plan Of** H&S Manager had the chemical provider provide training to this employee and will  
**Action:** ensure any employee handling chemical storage is trained and educated on handling hazardous chemicals.

Employee training photos and sign-in sheets sent to the FLA for review.

**Deadline** 08/31/2011  
**Date:**

**Action**  
**Taken:**

Plan Complete: Yes

Plan Complete Date: 08/31/2011

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### 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:** MSDS was missing in chemical storage area. Also, the person in charge was unaware of the MSDS. The Health & Safety Manager confirmed that they were translating the MSDS into the local language and promised a training for this worker. The same day, the manager confirmed that the chemical supplier will conduct a training for this worker.

Sources: factory walkthrough, worker interviews

Legal reference: NOM-011-STPS-2001

**Plan Of Action:** H&S Manager had the chemical provider conduct training with the employee and will ensure that any employee handling chemical storage is trained and educated on handling hazardous chemicals. MSDS in Spanish are now available and posted in storage areas.

Sent to FLA for review: employee training photos, sign-in sheets, MSDS books

Deadline Date: 08/31/2011

Action Taken:

Plan Complete: Yes

Plan 08/31/2011  
Complete  
Date:

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### 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:** There is intense and permanent noise and heat; most workers had no protection against noise. When consulted, management commented that they had moved to new facilities and that they are in process of installing all machinery; after this process, they will conduct measurement of noise and heat.

Sources: factory walkthrough, management interview

**Plan Of Action:** It appears that the auditors' assumptions were incorrect in regards to noise. A noise study was conducted verifying that dBs do not exceed OSHA requirements. Additionally, even in areas that do not exceed the dB limit, hearing protection is available to all employees. Continue to monitor indoor air temperature to ensure appropriate levels are met. At the time of FLA audit, 2 of the A/C units were off, because contractors were working on the units. Currently, all units are up and running.

Sources sent to FLA for review: noise study location map, noise study results, employee survey

**Deadline Date:** 08/31/2011

**Action Taken:**

**Plan Complete:** Yes

Plan 08/31/2011

Complete

Date:

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### 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:** Some polishing machines in the production area were not protected properly. These machines have a simple plastic protection which does not meet the standard of the norm. Management commented that plastics were placed temporarily; however, they will replace it with the proper protection in July 2011.

Source: factory walkthrough

Legal reference: NOM-011-STPS-2001

**Plan Of Action:** Management replaced temporary plastic protection shields with proper guards (Flexi glass). Photos of guards have been installed on polishing wheels have been sent to FLA.

Maintenance department will post a laminated photo of proper machine guard at each workstation, based on industry standards for that machine, with a simple set of instructions on how and when to change guard. Maintenance supervisor will create and update as needed: file containing complete list of machines needing guards, types of guards needed, and procedure for changing guards based on type of motor/wheel used. Production supervisor will be responsible for checking: posted material, condition of existing guard on each area workbench daily to ensure proper guard is in place, and that correct information is legibly posted. When a discrepancy occurs, supervisor will notify maintenance supervisor and request proper guard be applied immediately. Safety Committee and security officers will include machine guards during routine visual inspections. Machine guard training will be included in new hire orientation and on annual basis with all affected employees.

**Deadline Date:** 10/03/2011

**Action Taken:**

**Plan Complete:** Yes

**Plan Complete Date:** 10/03/2011

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### **Health and Safety: Toilets/Restrictions**

H&S.24 Employers shall not place any undue restrictions on toilet use in terms of time and frequency.  
(P)

#### **Noncompliance**

**Explanation:** During the audit, 33% of interviewees confirmed that supervisors restrict the toilet use; in some cases, supervisors only allow workers to use toilets twice a day. The management commented this was not a policy of the factory and promised to conduct a meeting with supervisors in order to avoid this practice.

Source: worker interviews

Legal reference: NOM-011-STPS-2001

**Plan Of Action:** It is company protocol NOT to restrict or limit toilet use. Meetings were held with supervisors and leads to educate/remind them it is against company policy to restrict employees' use of toilets. It is company protocol NOT to restrict drinking water. Meetings were held with supervisors and leads to educate/remind them it is against company policy to restrict employees' use of drinking water.

Employee meeting sign-in sheet sent to FLA for review.

**Deadline Date:** 08/31/2011



**Action  
Taken:**

**Plan Complete:** Yes

**Plan Complete Date:** 08/31/2011

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