



COMPANY: American Eagle Outfitters, Inc.
COUNTRY: Mexico
ASSESSMENT DATE: 09/17/12
MONITOR: FLA Assessor Team (Americas)
PRODUCTS: Apparel
PROCESSES: Full [= full package]
NUMBER OF WORKERS: 2352
ASSESSMENT NUMBER: AA000000001

FLA Comments

American Eagle Outfitters, Inc. ceased affiliation with FLA at the end of 2013. Therefore, the company will not be reporting to FLA on the remedial efforts regarding issues identified in this report.

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Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

Glossary

De minimis: a de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of the facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

Facility performance: how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

Fair labor standards: the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

Employment life cycle: all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

Code violation: failure to meet standards outlined in the FLA Workplace Code of Conduct in the workplace implementation of employment or management functions.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

Employment functions: The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

Management functions: violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

Finding: indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

Finding type

- *Immediate action required:* discoveries or findings at the workplace that need immediate action because they not only

constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

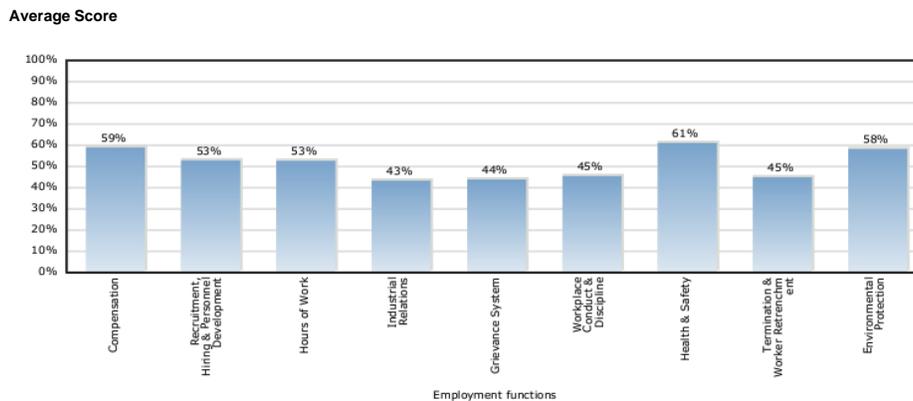
Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection, but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Uncorroborated Risk of Noncompliance: indicates a serious issue that has surfaced during the assessment, but one which the assessors were not able to corroborate through additional sources of information (e.g., allegation of retaliation against a worker by the factory management for participating in the assessment).

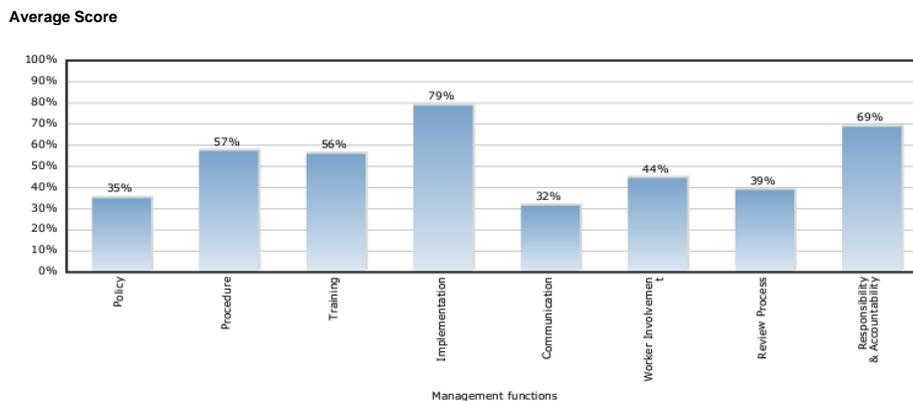
Score by Employment Function

Scores indicate a factory's performance related to a specific employment function based on an FLA assessment. A score of 100 percent indicates flawless operation of an employment function. A score of less than 100 percent indicates need for improvement.



Score by Management Function

Scores indicate a factory's performance related to a specific management function based on an FLA assessment. A score of 100 percent indicates flawless operation of a management function. A score of less than 100 percent indicates need for improvement.



Score Summary

Scores indicate the strength of management functions as they relate to different elements of the employment relationship (employment functions). For example (reading left to right), a score of 100 percent in the cell on the top left corner would indicate the existence of appropriate policies related to recruitment, hiring and personnel development.

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection	Aggregate Score
Policy	4.71%	4.13%	15%	41.75%	21.43%	0%	88.89%	50%	66.67%	32.51%
Procedure	89.59%	62.4%	33.33%	7.69%	33.33%	33.33%	30.3%	54.46%	78.21%	46.96%
Responsibility & Accountability	40.46%	50%	54.71%	12.5%	36.6%	36.6%	36.6%	58.33%	50%	41.76%
Review Process	40%	40%	60%	40%	36.36%	40%	50%	45%	53.57%	44.99%
Training	42.05%	76.83%	52.27%	34.38%	35.29%	38.89%	36.67%	68.09%	56.79%	49.03%
Implementation	83.9%	83.44%	79.51%	71.43%	64.71%	59.09%	59.31%	78.97%	84.33%	73.85%
Communication	0%	18.75%	46.43%	0%	0%	43.75%	25%	58.33%	40%	25.81%
Worker Involvement	66.67%	N/A	N/A	100%	0%	N/A	N/A	50%	0%	43.33%
Aggregate Score	45.92%	47.93%	48.75%	38.47%	28.47%	35.95%	46.68%	57.9%	53.69%	

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element
Compensation
Employment Relationship
Forced Labor
Freedom of Association and Collective Bargaining
Harassment and Abuse
Hours of Work
Health, Safety and Environment
Non-Discrimination

Findings and Action Plans

FINDING NO.1

TRAINING

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Based on an in-depth review of the training practices in the factory, it was noted that in respect of nearly all employment functions, training activities are not being adequately carried out. There are some focused training exercises targeting some specific group of workers. However, administrative staff and supervisory and managerial staff (HR and production) do not receive follow-up training.

Local Law or Code Requirement

FLA Employment Relationship benchmarks (ER.1.2; ER.28.1 and ER.28.2).

Root Causes

1. Lack of comprehensive training program to address all training needs;
2. Lack of awareness about the benefits of effective training;
3. Factory has not seen the need of expanding the list of topics already covered by training;

4. Attendance at training is optional and not mandatory for workers; their participation is dependent on the supervisor or chief decisions;
5. Absence of a mechanism to harmonize production needs with training needs.

FINDING NO.2

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. "New worker request" forms include a field for applicant's "gender";
2. Job descriptions for some production positions include an "age limit" or "age range"

Local Law or Code Requirement

FLA Workplace Code (Non-discrimination benchmark ND.2.1 and Employment Relationship benchmark ER.3.2).

Root Causes

1. Lack of monitoring mechanisms/internal procedures to review and update policies and procedures;
2. Cultural acceptability in Mexico of designating certain positions as being gender-specific, e.g., hiring only males as forklift operators, or only women as sewers, etc.;
3. Lack of specific and in-depth training on non-discrimination for personnel in charge of developing and implementing Hiring and Recruitment policies and procedures.

FINDING NO.3

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. During labor contracts review, assessors found that factory enters into temporary contracts with applicants. These contracts are renewed every 30 days for a period of six to eight months until workers are considered permanent employees. This is contrary to Mexican labor law, which only allows temporary contracts under certain conditions, which do not apply to apparel industry workers.

Local Law or Code Requirement

Mexican Federal Labor Law, articles 35, 36 and 37; FLA Workplace Code (Employment Relationship benchmark ER.9).

Root Causes

1. Workers under temporary contracts do not enjoy the same benefits as permanent ones, as factories can save on paying additional entitlements. For example: In the case of early termination, workers under temporary contracts receive less in severance pay than permanent ones;
2. Uncertainty of production orders makes employers reluctant to engage all workers on a permanent basis;
3. Misinterpretation of the Federal Labor Law results in the application of temporary contracts to cases that do not meet the legal requirements for the use of such contracts. In terms of the local labor law, temporary contracts ("Contrato por Obra Determinada") may only be implemented when the nature of the work requires it; when the main purpose is to temporarily substitute one worker for another; or in other cases established by law;
4. The utilization of temporary contracts has become a widespread practice amongst factories in the apparel sector in Mexico.

Recommendations for Immediate Action

1. End the practice of issuing and signing multiple temporary contracts with workers;
2. Management to issue and sign permanent contracts after completion of a 30-day probation period.

FINDING NO.4

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Factory has not created or implemented a policy and procedure related to personnel development, which includes the requirement of periodic performance reviews and defines how these reviews are linked to the promotions.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.1; ER.28.1; ER.29.1 and ER.30.1).

Root Causes

1. In the case of most workers in the production floor, promotion and personnel development opportunities are very limited, so workers and managers don't see the need of having written policies and procedures;
2. Since local labor law does not mandate these policies and procedures, management does not feel they need them;
3. Having policies and procedures on promotion and personnel development can become binding and/or legal instruments to increase workers' wages which in turn would increase operation costs;
4. Worker reviews or performance is tied with reaching production goals, but not related to promotion opportunities;
5. Management's lack of awareness of FLA's Benchmarks on Personnel Development.

FINDING NO.5

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. During the attendance records review, it was noted that overtime payment, production bonuses and attendance bonuses are not being correctly calculated and recorded. For instance, attendance bonuses are recorded on the same column as the production bonuses;

2. Due to the fact that attendance bonuses are not separated from production bonuses, employees who arrive late or miss work for a day not only lose their attendance bonus, but also their production bonus. As a result of this practice, more in excess of the correct amount is deducted from workers' salaries;

3. "Hand Sand" department employees receive their salary payments in two parts. They receive two pay slips, but only one of them is linked to the payroll.

Local Law or Code Requirement

Mexican Federal Labor Law, article 76 and FLA Workplace Code (Compensation benchmarks C.5, C.7 and C.16).

Root Causes

1. Current payroll structure enables factory management to falsely reports workers' income to reduce subsequent taxation. For instance, since production bonuses are not tax exempt, payment is reflected as overtime or as attendance bonuses;
2. Lack of worker awareness and understanding of the proper/legal contributions and other deductions;
3. Underdeveloped policies and procedures in relation to compensation, including overtime.

Recommendations for Immediate Action

1. Factory management to ensure correct calculation and reporting of overtime, production and attendance bonuses payment that are consistent with local labor law and code requirements;

2. Review all payments of overtime, production and attendance bonuses during the last 12 months to determine if there are owed amounts to employees; if so, factory management to proceed with the payments of such amounts, including fringe benefits where applicable.

FINDING NO.6

COMPENSATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Deductions of salary advances requested by employees exceed 30% of their weekly salary.

Local Law or Code Requirement

Mexican Federal Labor Law, article 110-I and FLA Workplace Code (Compensation benchmark C.11.1).

Root Causes

1. Management's lack of awareness of legal requirements regarding maximum wage deductions;
2. Workers' lack of awareness of legal requirements with regards to wage deductions;
3. Absence of a mechanism to ensure compliance with the legal requirements related to wage deductions.

FINDING NO.7

COMPENSATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Based on workers' perception, their salary is not enough to cover all basic needs and provide a discretionary income.

Local Law or Code Requirement

FLA Workplace Code (Compensation benchmark C.1.3)

Root Causes

1. The Mexican apparel industry currently does not provide wages that allow the fulfillment of basic needs plus a discretionary income;
2. Management's lack of awareness of FLA's Workplace Code and Benchmarks;
3. The issue has never been brought to management's attention before;
4. There is no wage structure in the factory that would enable workers to progressively realize a wage level that meets basic needs.

FINDING NO.8

TERMINATION & WORKER RETRENCHMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Management does not consult with workers and/or their representatives about alternatives to avoid temporary or permanent layoffs or retrenchment.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.32.4 and ER.32.5).

Root Causes

1. Management's lack of awareness of FLA's Benchmarks;
2. Management does not see the need to consult with workers about layoff/retrenchment decisions;

3. This issue has never been brought to management's attention during previous external audits.

FINDING NO.9

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There are no written policies and procedures on conduct/discipline. However, some informal documents containing scattered and incomplete procedures about disciplinary measures do exist;
2. The factory's internal regulations do not include protections for special categories of workers;
3. Some disciplinary sanctions (e.g., for failure to use PPE, eating while working, smoking in the workplace, etc.) are imposed not by the employer but by third-party guards. The guards submit disciplinary actions to the Health and Safety Officer and eventually sanctions are sent to the Human Resources Department for implementation;
4. There is no process in place to allow for appeals against disciplinary action. In addition, the disciplinary system does not make provision for the presence of a third party witness during disciplinary inquiries nor for a review of the disciplinary actions by a senior manager;
5. There is no training on workplace conduct and disciplinary practices;
6. Based on disciplinary records review, it was found that factory's disciplinary practices are not progressive in nature.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.16.1; ER.27.1; ER.27.2.1; ER.27.2 and ER.27.4).

Root Causes

1. Lack of capacity on the part of Human Resources has resulted in the delegation of the authority to impose disciplinary sanctions to the third-party security guard company;
2. Management's lack of awareness of FLA's Workplace Code and Benchmarks;
3. Management does not see the need to formalize workplace/discipline policies and procedures;
4. This issue has never been brought to the factory's attention during previous external audits.

Recommendations for Immediate Action

1. Human Resources Management to fully perform all HR functions, including imposition of all disciplinary measures and implementation of workplace conduct policies and procedures.

FINDING NO.10

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is no formal grievance system in place, which means that there are no policies and procedures on grievance. In general, employees do not have confidence in the current grievance channels and cite concerns related to lack of transparency;
2. There is no training on the grievance system.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.25.2; ER.25.3.1; ER.25.3.2).

Root Causes

1. Lack of management understanding of how a grievance system functions and how it is implemented;
2. Management's lack of awareness of FLA's Workplace Code and Benchmarks;

3. Management does not see the need for a formal grievance system;
4. This issue has never been brought to the factory's attention during previous external audits;
5. Lack of appreciation of the benefit of a sound grievance system on the part of both managers and workers.

FINDING NO.11

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. A Collective Bargaining Agreement (CBA) exists that was signed between a "ghost" union and management without worker involvement (commonly known as "protection contracts"):
 - a. There are no general assembly elections
 - b. No minutes of meetings exist
 - c. No agendas of meetings exist
 - d. Management selects the leaders of the union
 - e. Conditions in the CBA barely meet the minimal legal requirements.
2. Despite the existence of a labor union "representative" in the factory, most workers are unaware of the union and the leaders that are supposed to represent them. In most cases, workers are not even affiliated with the union;
3. Article # 6 in the CBA makes hiring (non-union positions – 'puestos de confianza') conditional upon union affiliation;
4. The annual salary tabulator in the CBA is not updated;
5. Workers have not been provided with a copy of the current CBA;
6. The factory does not have policies or procedures on Industrial Relations.

Local Law or Code Requirement

Mexican Federal Labor Law, articles 359 and 363 and FLA Workplace Code (Freedom of Association benchmarks FOA.10; FOA.11; Employment Relationship benchmarks ER.16 and ER.26).

Root Causes

1. There are systematic and structural barriers in the Mexican apparel industry for the free exercise of the freedom of association and collective bargaining rights;
2. Unions created by management prevent independent unions from forming, thereby infringing workers' associational rights;
3. Workers' lack of knowledge and mistaken understanding of freedom of association rights;
4. Absence of management training and absence of communication to workers about freedom of association;
5. Absence of a legal requirement to provide a copy of the Collective Bargaining Agreement to workers.

FINDING NO.12

ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Factory's environmental protection policy does not include a commitment to minimize environmental impacts with respect to the conservation and use of energy.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmark HSE.31.3).

Root Causes

1. The revised FLA's Workplace Code and Benchmarks now include environmental protection requirements, which are new for

FINDING NO.13

HEALTH AND SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Chemical storage room does not meet all safety requirements:
 - a. An eye wash station has not been installed;
 - b. An electrical panel is blocked by chemicals barrels;
 - c. The chemical storage room is not naturally ventilated and it has not been equipped with an artificial ventilation system;
 - d. There is not enough room for storing all chemicals and for that reason some barrels have been placed near the pressure vessels rooms. This is not a safe place, in particular due to the potentially high temperatures reached in this area. Some of these chemicals are level 2 with regard to flammability (fire hazard);
2. In the Potassium Department, there is a MSDS that is not in local language or in the language spoken by workers.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environmental benchmarks HSE.2, HSE.9.1 and HSE.10.1).

Root Causes

1. Lack of coordination and effective communication between Health and Safety Department and all different areas/departments of the factory;
2. Not enough staff resources to manage all health, safety and environmental needs of the different workstations and/or departments in the factory;
3. Lack of an oversight mechanism to ensure proper chemical management;
4. No risk analysis has been conducted to ensure proper chemical safety;
5. Lack of training on chemical handling of staff in charge of chemical storage room.

FINDING NO.14

MAINTENANCE SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Several sewing machines are not properly guarded.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environmental benchmark HSE.14.1).

Root Causes

1. Low workers' understanding about the benefits of proper machine guarding;
2. Mechanics do not effectively oversee that all sewing machines have the proper guards;
3. Lack of training to ensure that workers understand the importance of machine guarding.

FINDING NO.15

HEALTH AND SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Workers from maintenance at the pressure vessels area and at the wastewater treatment are exposed to high noise levels (exceeding 90 decibels) without the appropriate Personal Protective Equipment (PPE);

2. In some areas, such as in "Hand Sand" department, there were some employees without PPE. Gathered information revealed that ambient temperature is a concern amongst workers, which hence the lack of PPE usage.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environmental benchmarks HSE.6.1, HSE.7 and HSE.8).

Root Causes

1. Low worker awareness about the importance of proper PPE use in the workplace;
2. Lack of effective training on the usage of PPE;
3. Lack of consistent and effective oversight to ensure that all employees are provided with and use the relevant PPE.

FINDING NO.16

HEALTH AND SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. During physical inspection, two expired fire extinguishers were found: one close to the laser machine and the other one at the Mobile Elevator Device in the laundry department;
2. An evacuation route was obstructed in the sewing department (Building 1). Most of production lines have been designed in a way that makes an appropriate evacuation procedure difficult;
3. Sprinklers were missing in the sewing department (Building 1).

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environmental benchmark HSE.5.1).

Root Causes

1. No effective oversight system to implement fire safety guidelines on a periodic basis;
2. Lack of coordination and effective communication between Health and Safety Department and all different areas/departments of the factory;
3. Lack of consistent and effective oversight to ensure that all elements of an adequate fire fighting and safety evacuation are accomplished.

Recommendations for Immediate Action

1. Replace the expired fire extinguishers;
2. Clear the evacuation route in the sewing department (Building 1) of obstructions.

FINDING NO.17

COMMUNICATION & WORKER INVOLVEMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. For almost all employment functions, it was noted that the factory does not communicate its policies and procedures to the general workforce on an ongoing basis. There is an induction process during which all new hires are informed about some factory rules and practices, but there is no planned follow-up to communicate updates and legal changes, except those related to salary increases through postings, or refresher sessions. Normally, communication is unidirectional, meaning that it is from management to workers and not vice-versa.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.2; ER.16.1 and ER25.2).

Root Causes

1. There is no management appreciation of the benefits of having informed staff and workers;
2. Top-down communication without workers' feedback is culturally acceptable for management;
3. The FLA's Sustainable Compliance Initiative (SCI) methodology includes "Communication" as a Management Function, which is a new requirement for Companies and their supplier base;
4. Management has not seen the need for an ongoing and periodic communication with the workforce other than orientation/induction and some sporadic training activities.

FINDING NO.18

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The worker integration component is missing through all employment functions. This implies that the factory has not established procedures to receive workers' input/feedback on the creation and updating of its policies and procedures. Workers are not systematically integrated or consulted on the decision-making process on policy and procedure creation.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmark ER.25.2).

Root Causes

1. Lack of management understanding of what integration implies and how to implement this management function;
2. Management's lack of awareness of FLA's Workplace Code and Benchmarks;
3. Management has not seen the need to formalize a worker integration process.

FINDING NO.19

POLICY & PROCEDURE

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Factory does not conduct periodic reviews of its policies and procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.3; 30.2 and 31.2).

Root Causes

1. Due to HR department's workload, review and updating processes have not been conducted for several years;
2. Lack of review/update of policies and procedures;
3. Management has not seen the need to update policies and procedures;
4. Absence of staff with specific responsibility for reviewing and updating policies and procedures;
5. This issue has never been brought to management's attention during previous external audits before;
6. Management's lack of awareness of FLA's Workplace Code and Benchmarks.