



COMPANY: **Electronic Arts Inc.**  
COUNTRY: **Mexico**  
ASSESSMENT DATE: **06/26/14**  
MONITOR: **FLA Assessor Team (Americas)**  
PRODUCTS: **Other**  
PROCESSES: **Other**  
NUMBER OF WORKERS: **0**  
NUMBER OF WORKERS INTERVIEWED:  
ASSESSMENT NUMBER: **AA0000000475**

## FLA Comments

Electronics Arts ceased affiliation with the FLA in July 2014 due to discontinuation of its collegiate business. Therefore, the company will not be reporting to the FLA on the remedial efforts regarding issues identified in this report.

## What's Included 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 such 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.

**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.

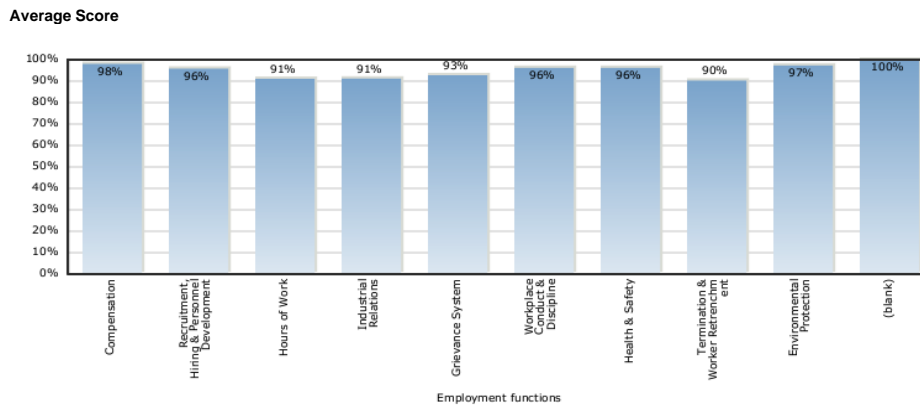
**Root causes**: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be 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.

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

# Factory Profile

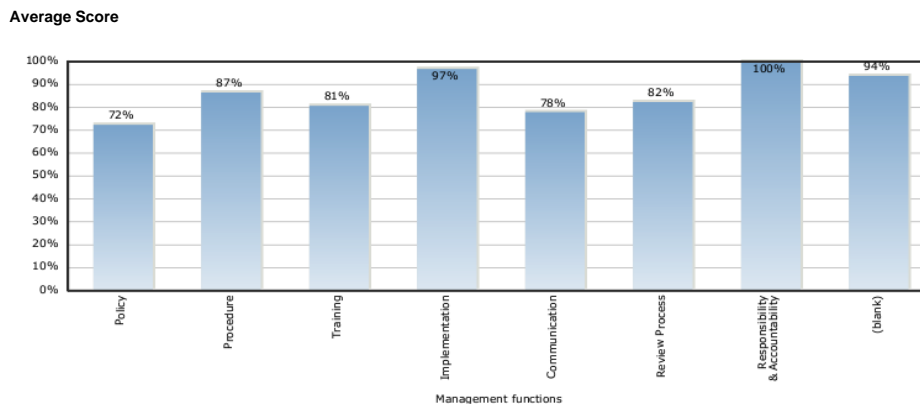
## Score by Employment Function

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 assessment conducted for FLA by independent, accredited assessors. 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 |
|---------------------------------|---------------------------------------------|--------------|---------------|----------------------|------------------|--------------------------------|-----------------------------------|-----------------|--------------------------|
| Policy                          | 85.71%                                      | 100%         | 91.67%        | 75%                  | 75%              | 83.33%                         | 70.83%                            | 100%            | 83.33%                   |
| Procedure                       | 92.31%                                      | 77.67%       | 87.5%         | 0%                   | 87.5%            | 83.33%                         | 75%                               | 90.63%          | 80%                      |
| Responsibility & Accountability | 100%                                        | 100%         | 100%          | 100%                 | 100%             | 100%                           | 100%                              | 100%            | 100%                     |
| Review Process                  | 100%                                        | 100%         | 0%            | 0%                   | 100%             | 100%                           | 0%                                | 100%            | 100%                     |
| Training                        | 80%                                         | 100%         | 33.33%        | 0%                   | 33.33%           | 100%                           | 33.33%                            | 96.92%          | 100%                     |
| Implementation                  | 99.52%                                      | 97.96%       | 90%           | 96.43%               | 94.44%           | 100%                           | 100%                              | 95.76%          | 99.52%                   |
| Communication                   | 83.33%                                      | 87.5%        | 50%           | 0%                   | 75%              | 83.33%                         | 66.67%                            | 100%            | 100%                     |

## 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                                 | Number of Violations | Violations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Compensation                                     | 1                    | Workers Awareness and Understanding of Compensation                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Employment Relationship                          | 11                   | General/Human Resource Management Systems<br>Terms and Conditions/Communication<br>Terms and Conditions/Supervisor Training<br>Administration of Compensation/Termination Payouts<br>General/Documentation and Inspection<br>Administration of Hours/Time Recording System<br>Industrial Relations<br>Work Rules and Discipline<br>Skills Development/Training<br>Health, Safety, and Environmental Management System/Policies and Procedures<br>Termination and Retrenchment/General Policies and Procedures |
| Freedom of Association and Collective Bargaining | 1                    | Right to Freely Associate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Hours of Work                                    | 1                    | General Compliance Hours of Work                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Health, Safety and Environment                   | 3                    | General Compliance Health, Safety, and Environment<br>Material Safety Data Sheets/Workers Access and Awareness<br>Protection Reproductive Health                                                                                                                                                                                                                                                                                                                                                              |
| Non-Discrimination                               | 1                    | Protection and Accommodation of Pregnant Workers and New Mothers                                                                                                                                                                                                                                                                                                                                                                                                                                              |

## Findings and Action Plans

### FINDING NO.1

### RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

**FINDING TYPE:** Sustainable Improvement Required

#### Finding Explanation

1. There are no written policies or procedures that would encourage workers to undergo ongoing training to broaden their skills in order to advance their careers within the factory.

#### Local Law or Code Requirement

## FINDING NO.2

### HOURS OF WORK

#### **FINDING TYPE:** Sustainable Improvement Required

##### Finding Explanation

1. There are some documents in place for managing hours of work. However, the factory has not developed a written hours of work policy.
2. Based on time record review, 32.6% of the workforce exceeded the limit of 60 working hours per week in September and October 2013. 303 instances were noted in which employees worked between 65 – 72 hours in 1 week; none of these cases were due to extraordinary business circumstances. The maximum number of hours worked was 79 hours in 1 week by 1 worker.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1 and ER.23.1; Hours of Work Benchmarks HOW.1.3 and HOW.8.3)

## FINDING NO.3

### TERMINATION & RETRENCHMENT

#### **FINDING TYPE:** Sustainable Improvement Required

##### Finding Explanation

1. Management does not have written policies and procedures on worker Termination & Retrenchment.
2. There is no procedure for determining termination payouts (e.g., methods for correct the assessment of payouts for all modes of Termination & Retrenchment).
3. The factory has not established a confidential channel for workers to express any concerns or issues they might be experiencing regarding their legally owed payments during retrenchment.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.17.1, ER.19.1, and ER.19.2)

## FINDING NO.4

### INDUSTRIAL RELATIONS

#### **FINDING TYPE:** Sustainable Improvement Required

##### Finding Explanation

1. The factory has not developed or implemented an Industrial Relations policy and its relevant procedures.
2. The 2013 collective bargaining agreement (CBA) has exclusion and inclusion clauses (Clauses 7 and 9) that enable management to exclusively hire most its workforce based on a list of candidates provided by union leaders. Therefore, candidates will not be hired if they refuse to join the union and workers can be terminated if they decide to leave the union. In April 2001, the Mexican Supreme Court ruled that the use of exclusion/inclusion clauses is a violation of the Constitution, because it infringes upon workers' freedom to associate.

##### Local Law or Code Requirement

Mexican Supreme Court, Statement 385 dated April 17, 2001; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1 and ER.26; Freedom of Association Benchmark FOA.2 and FOA.20.2)

## FINDING NO.5

### WORKPLACE CONDUCT & DISCIPLINE

**FINDING TYPE:** Sustainable Improvement Required

#### Finding Explanation

1. Workers' right to appeal disciplinary actions is not properly regulated, as there is no procedure for its implementation. The current disciplinary practice does not include the participation of a third-party witness during imposition and appeal process.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27.4)

## FINDING NO.6

### GRIEVANCE SYSTEM

**FINDING TYPE:** Sustainable Improvement Required

#### Finding Explanation

1. Some basic elements of a grievance system are included in the policies on sexual harassment, discrimination, and communication. However, the factory lacks: a) a comprehensive and coherent grievance system that covers all types of grievance channels and b) instructions for workers on how to use those channels.
2. There are no records of complaints received by management or how these complaints were addressed and/or resolved.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2.1, ER.15.2, ER.17.3, and ER.25.2)

## FINDING NO.7

### ENVIRONMENTAL PROTECTION

**FINDING TYPE:** Immediate Action Required

#### Finding Explanation

1. The factory's environmental policy does not include written commitment to minimize environmental impact with respect to energy, air emissions, water, waste, and hazardous materials. Also, the environmental protection policy does not include protection against employees who allege issues related to environmental protection.
2. During the physical inspection, a barrel with hazardous waste was seen outside of its designated area.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.31.3 and ER.31.2.6; Health, Safety and Environment Benchmark HSE.7)

#### Recommendations for Immediate Action

1. Ensure that all hazardous waste is stored in the designated areas.

## FINDING NO.8

### HEALTH & SAFETY

## **FINDING TYPE: Immediate Action Required**

### **Finding Explanation**

During the physical inspection, the following issues related to health and safety were observed:

1. The main chemical storage room is missing warning labels, no-smoking signs, and access restriction signs.
2. There are no material safety data sheets (MSDS) posted in production areas where chemicals are being used.
3. A wall cabinet intended for keeping a stretcher was empty. Additionally, the cabinet doors do not open easily and tend to get jammed.
4. Emergency exit signs are posted on both sides of some emergency exit doors, which can be misleading to workers and visitors.

### **Local Law or Code Requirement**

FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.5.1, HSE.9.1, and HSE.10.1)

### **Recommendations for Immediate Action**

1. Post warning labels, no-smoking signs, and access restriction signs.
2. Post all relevant MSDS where chemicals are being used.
3. Ensure that all stretchers are available in their designated cabinets. Fix the cabinet doors so that they can open easily.
4. Replace emergency exit signs on the back of emergency exit doors with signs that say, "not an emergency exit."

## **FINDING NO.9**

## **INDUSTRIAL RELATIONS**

## **FINDING TYPE: Sustainable Improvement Required**

### **Finding Explanation**

1. Workers are not provided ongoing training for most of the Employment Functions. Regular and periodic training activities are missing for Recruitment, Hiring & Personnel Development; Hours of Work; Termination & Retrenchment; Industrial Relations; and Grievance System.
2. There is no evidence of regular supervisor training on national laws, regulations, along with FLA Workplace Code and Benchmarks.

### **Local Law or Code Requirement**

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.1, ER.15.2, ER.17.1, and ER.17.3)

## **FINDING NO.10**

## **RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT**

## **FINDING TYPE: Sustainable Improvement Required**

### **Finding Explanation**

1. For some Employment Functions (e.g., Termination & Retrenchment, Industrial Relations, and Hours of Work) the factory does not communicate its policies and procedures to the general workforce. In the case of other Employment Functions, such as Recruitment, Hiring & Personnel Development; Compensation; and Grievance System, there have been sporadic communication efforts, but they are not systematic and do not reach the entire workforce.

### **Local Law or Code Requirement**

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.16.1, ER.25.1, ER.25.3.2, ER.27.3, and ER.32.5)

## **FINDING NO.11**

## **INDUSTRIAL RELATIONS**



## **FINDING TYPE:** Sustainable Improvement Required

### **Finding Explanation**

1. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to receive workers' input/feedback on the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes.

### **Local Law or Code Requirement**

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25.2)