



**COMPANY: Grupo Miguel**  
**COUNTRY: El Salvador**  
**ASSESSMENT DATE: 12/12/12**  
**MONITOR: FLA Assessor Team (Americas)**  
**PRODUCTS: Accessories [items, such as handbag clasps, that are affixed to other products]**  
**PROCESSES: Other**  
**NUMBER OF WORKERS: 189**  
**ASSESSMENT NUMBER: AA0000000158**

## 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 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.

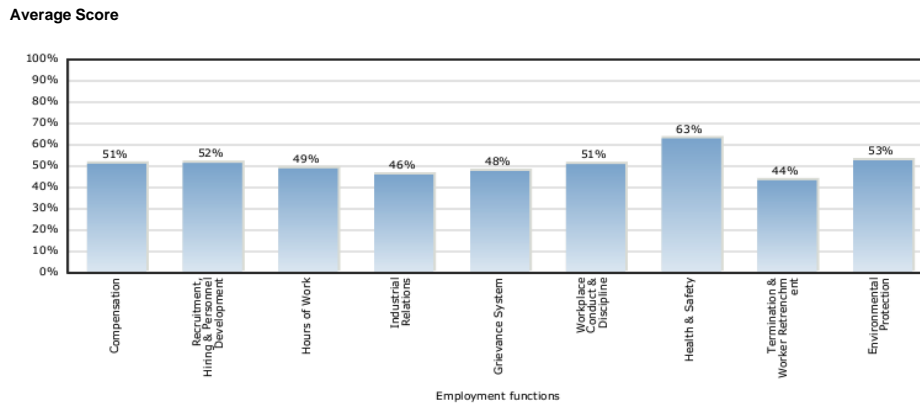
**Local law or Code Requirement**: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

**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).

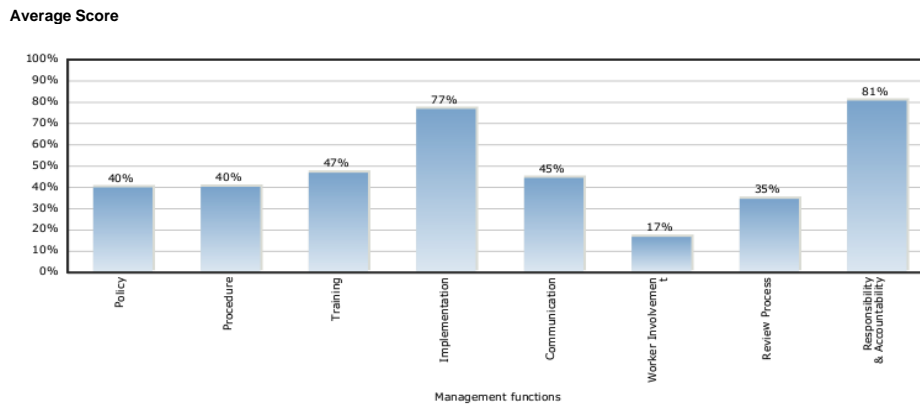
## Score by Employment Function

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	57.14%	0%	10%	0%	0%	0%	0%	50%	100%	24.13%
Procedure	56.25%	21.33%	18.33%	0%	33.33%	33.33%	12.12%	62.89%	20%	28.62%
Responsibility & Accountability	64.37%	63.4%	73.86%	37.5%	70%	63.4%	70%	75%	63.4%	64.55%
Review Process	35%	35%	31.82%	35%	31.82%	45.45%	45%	47.73%	53.57%	40.04%
Training	50%	43.33%	36.67%	40.63%	50%	38.89%	36.67%	67.09%	40.38%	44.85%
Implementation	76.86%	77.58%	77.38%	71.43%	66.67%	91.67%	64.29%	79.31%	70.93%	75.12%
Communication	0%	60%	39.29%	0%	0%	68.75%	0%	66.67%	40%	30.52%
Worker Involvement	0%	N/A	N/A	0%	0%	N/A	N/A	75%	0%	15%
Aggregate Score	42.45%	42.95%	41.05%	23.07%	31.48%	48.78%	32.58%	65.46%	48.54%	

## 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
Harassment and Abuse
Hours of Work
Health, Safety and Environment
Non-Discrimination

## Findings and Action Plans

### FINDING NO.1

### RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT

#### FINDING TYPE: Immediate Action Required

#### Finding Explanation

- i) No job descriptions available on site;
- ii) New worker request forms include gender, marital status, and "other" as a condition for recruitment and hiring;
- iii) Temporary workers do not have an employment contract.

#### Local Law or Code Requirement

FLA Workplace Code (Non-discrimination benchmark ND.2.1; Employment Relationship benchmarks ER.3.2 and ER.11.3)

#### Root Causes

- i) Factory management does not see the need for or the benefits of using job descriptions during recruitment, hiring, and personnel development processes;
- ii) Cultural acceptability in El Salvador of designating certain positions as being gender-specific. For example, when there are vacancies in the heat transfer department, management will seek out males to fill those positions; for vacancies in the packing department, they will seek out females;
- iii) Lack of specific and in-depth training on non-discrimination for personnel in charge of recruitment and hiring;
- iv) Temporary worker category is not used often enough for management to have a system in place that would include the issuing of employment contracts;
- v) Management did not seek legal/governmental advisory when establishing the temporary worker category;

## **Recommendations for Immediate Action**

i) Issue and provide a copy of the employment contract to temporary workers.

## **COMPANY ACTION PLANS**

1. i) Eliminate gender, marital status, and "other" field options from the new worker request forms / 1 month; ii) Management is to create job descriptions for production and managerial positions to ensure that all skills, abilities, training, experience, education, and other hiring requirements are included / 3 months; iii) Human Resources staff is to establish and implement an effective internal monitoring procedure to ensure that all policies, procedures, and other documents are consistent with local law and FLA benchmark requirements / 3 months; iv) Management is to ensure ongoing training on non-discrimination standards for personnel in charge of policy/procedure development as well as implementation / 4 months. v) Usually, the company does not hire temporary workers. Since the last persons that the FLA found, we haven't hired anyone. If in the future we need to hire someone, the respective legal contract will be made and should be annexed to the payroll.

**Action plan status:** In Progress

**Planned completion date:** 06/30/14

**Progress update:** 05/13/14 : Policies and procedures created

## **FINDING NO.2**

### **RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT**

**FINDING TYPE:** Sustainable Improvement Required

#### **Finding Explanation**

i) Factory has neither created nor implemented policy related to personnel development, which includes the requirement of periodic performance reviews and defines how these reviews are linked to promotion opportunities. In addition, workers reported the need to have a formal and detailed personnel development program that includes performance evaluations, feedback on quality of work, and promotion opportunities.

ii) In-depth interviews revealed that workers do not know of the existence of any mechanisms to: a) have performance evaluations/reviews or b) give workers the opportunity to earn or request salary increases, based on the results of evaluations/reviews.

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

FLA Workplace Code (Employment Relationship benchmarks ER.1, ER.1.1, ER.28, and ER.30.1)

#### **Root Causes**

i) Management does not see the need for or the benefits of a formal personnel development policy as promotion and development opportunities are very limited or not available for most positions;

ii) Lack of awareness of the newly adopted FLA Employment Relationship Benchmarks;

iii) Local labor law does not mandate these policies and procedures.

## **COMPANY ACTION PLANS**

1. i) Develop policy on personnel development for the periodic review of individual performance that provides employees with promotion opportunities / 3 months; ii) Train all workers, supervisors, and managerial staff regularly on the new policy and procedure on personnel development / 4 months and Continuous; iii) Communicate to workers and get their active participation regarding new policy and procedures; hold continuous training and develop a mechanism for workers to express their views and opinions / 6 months; iv) Ongoing evaluation and review of policies and procedures / 6 months and Continuous.

**Action plan status:** In Progress

**Planned completion date:** 06/30/14

**Progress update:** 05/13/14 : Policies and procedures created

## **FINDING NO.3**

### **COMPENSATION**

**FINDING TYPE:** Immediate Action Required

### **Finding Explanation**

- i) The factory has not developed written policy and procedure on Compensation
- ii) Temporary workers are not incorporated in the payroll system;

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

FLA Workplace Code (Employment Relationship benchmark ER.1.1; Compensation benchmark C.16.1)

### **Root Causes**

- i) Management's low awareness and knowledge on policy/procedure creation;
- ii) Management's lack of knowledge on new Employment Relationship and Compensation benchmarks;
- iii) Temporary worker category is not used often enough for management to have a system in place.

### **Recommendations for Immediate Action**

- i) Include temporary workers in payroll.

## **COMPANY ACTION PLANS**

1. i) Management is to develop policy and procedures on Compensation that would ensure consistency with FLA benchmarks / 2 months; ii) Management is to create a system that would enable the proper handling of temporary workers, including bank account creation, incorporation on the payroll, etc. / 3 months; iii) Train all workers, supervisors, and those in managerial positions on the new created policies and procedures / 4 months and Continuous; iv) Assign someone responsible of the proper implementation of the new policies and procedures / 4 months. v) Usually, the company does not hire temporary workers. Since the last persons that the FLA found, we haven't hired anyone. If in the future we need to hire someone, the respective legal contract will be made and should be annexed to the payroll.

**Action plan status:** In Progress

**Planned completion date:** 06/30/14

**Progress update:** 05/13/14 : Policies and procedures created

## **FINDING NO.4**

### **COMPENSATION**

#### **FINDING TYPE:** Uncorroborated Risk of Non Compliance

### **Finding Explanation**

Based on worker interviews, their salary is not enough to cover all basic needs and provide a discretionary income as most of their wage is used for food, utility bills, and childcare expenses.

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

FLA Workplace Code (Compensation benchmark C.1.3)

### **Root Causes**

- i) The Salvadoran textile industry currently does not provide wages that would allow the fulfillment of basic needs, plus a discretionary income;
- ii) Management's lack of awareness of FLA Workplace Code and Benchmarks;
- iii) The issue has never been brought to management's attention before;
- iv) There is no wage structure in the factory that would enable workers to progressively realize a wage level that meets basic needs.

### **Recommendations for Immediate Action**

## **COMPANY ACTION PLANS**

1. i) Management is to take an online FLA Fair Wage Self-Assessment / 3 months; ii) Based on the results of the self-assessment, the factory is to work together with the FLA-affiliated Company and FLA to create strategies that would progressively ensure workers a wage level that covers basic needs and discretionary income / Continuous.

**Action plan status:** In Progress

**Planned completion date:** 08/06/14

**Progress update:** 05/13/14 : Comment

## FINDING NO.5

### HOURS OF WORK

**FINDING TYPE:** Sustainable Improvement Required

#### Finding Explanation

- i) There is no official authorization from the Ministry of Labor to operate night shifts;
- ii) Night shift workers' contracts do not include the proper hours of work scheme. Although the workers are paid at the premium rate for the night shift as per the law, their contracts do not mention night work.

#### Local Law or Code Requirement

Salvadoran Labor Code, Article 165; FLA Workplace Code (Hours of Work benchmark HOW.1.1)

#### Root Causes

- i) Given the nature of some production processes, the factory needs to operate 24-hour consecutive shifts;
- ii) The unauthorized 24-hour consecutive shifts, as currently implemented, enable management to save on operational costs owing to savings on energy consumption.

### COMPANY ACTION PLANS

1. i) Management is to seek authorization of the Ministry of Labor to approve the night shifts / 3 months; ii) Management is to consider other job organization alternatives to be in compliance with local labor law / 3 months; iii) Adjust the employment terms, related to hours of work, based on the Ministry of Labor Resolution / 1 month after receiving the resolution.

**Action plan status:** Planned

**Planned completion date:** 06/30/14

## FINDING NO.6

### INDUSTRIAL RELATIONS

**FINDING TYPE:** Sustainable Improvement Required

#### Finding Explanation

- i) Factory has neither created nor implemented an industrial relations policy and relevant procedures.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmark ER.1.1)

#### Root Causes

- i) Management's lack of awareness of FLA Industrial Relations Code requirements and Benchmarks;
- ii) Management has not seen the need to develop/implement Industrial Relations policy and procedure;
- iii) This issue has never been brought to the factory's attention during previous external audits before.

### COMPANY ACTION PLANS

1. i) Management is to create and implement Industrial Relations policies and procedures; ii) Train all workers and those in supervisory and managerial positions regularly on the newly created policies and procedures on Industrial Relations / 4 months and Continuous.

**Action plan status:** Planned

**Planned completion date:** 06/30/14

## FINDING NO.7

### WORKPLACE CONDUCT & DISCIPLINE

**FINDING TYPE:** Sustainable Improvement Required



### **Finding Explanation**

- i) There is no written policy on workplace conduct/discipline;
- ii) There is no process in place to allow workers to appeal disciplinary actions. In addition, the disciplinary system does not include a provision for the presence of a third-party witness during disciplinary inquiries or for the review of the disciplinary actions by a senior manager; iii) There is no training on workplace conduct and disciplinary practices for supervisors.

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

FLA Workplace Code (Employment Relationship benchmarks ER.1.1, ER.17.1, ER.17.2, ER.27.2, ER.27.2.1, and ER.27.4)

### **Root Causes**

- i) Management's lack of awareness of FLA Workplace Code and Benchmarks;
- ii) Management does not see the need for or the benefits of formalizing workplace conduct/discipline policies and procedures;
- iii) This issue has never been brought to the factory's attention during previous external audits;
- iv) The factory's progressive discipline system is not part of the training program for workers, supervisors, and those in managerial positions.

## **COMPANY ACTION PLANS**

1. i) Management is to develop workplace conduct/discipline policies and procedures that include all elements required by FLA benchmarks, e.g., commitment to transparency and non-discrimination; gender equality; protection of special categories of workers; respect for local laws; progressive disciplinary practices; prohibition of monetary penalties or any form of abuse or bullying; an appeal process, etc. / 4 months; ii) Management is to train all workers, supervisors, and managerial staff on the newly created policies and procedures related to workplace conduct/discipline / 4 months; iii) Assign designated staff from the Human Resources department the specific responsibility of handling all issues related to workplace conduct/discipline / 4 months; iv) Management is to periodically check that policies and procedures are being implemented as intended. Issues to consider would include the nature of disciplinary action; reasons for and frequency of disciplinary actions; and regular policy and procedure reviews/updates to ensure consistency with desired worker behavior / 6 months.

**Action plan status:** In Progress

**Planned completion date:** 06/30/14

**Progress update:** 05/13/14 : Policies and procedures created

## **FINDING NO.8**

### **GRIEVANCE SYSTEM**

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

### **Finding Explanation**

- i) There is no formal grievance system in place or policies and procedures on grievances. This could undermine the efficacy and credibility of the system. Currently, there is a suggestion box and an Open Door channel, but they are both informal;
- ii) 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, and ER.25.3.2)

### **Root Causes**

- i) Management's perception that the current grievance channels are functioning as allegations or complaints are being addressed through the posting of the issues with a committee resolution;
- ii) Lack of management understanding of how a grievance system should function and how it should be implemented;
- iii) Management's lack of awareness of FLA Workplace Code and Benchmarks on grievance system;
- iv) This issue has never been brought to the factory's attention during previous external audits;
- v) Lack of appreciation of the benefits of a robust grievance system on the part of both managers and workers.

## **COMPANY ACTION PLANS**

1. i) Management is to develop a comprehensive grievance system that enables workers to file complaints without fear of retaliation or dismissal and includes all elements required by FLA benchmarks / 4 months; ii) Management is to train all workers, supervisors, and managerial staff on the newly created grievance system / 4 months and Continuous; iii) Management is to review training effectiveness and communication procedures periodically to gauge workers' awareness of the grievance system / 8 months and Continuous; iv) Management is to periodically analyze whether the grievance system is being implemented as intended. Metrics could include: nature of grievances, types, reasons, frequency, etc. / 8 months and Continuous.

**Action plan status:** Planned

**Planned completion date:** 06/30/14

## FINDING NO.9

### HEALTH AND SAFETY

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

i) There is no systematic worker training on Health and Safety as required by local law, e.g., occupational risk and safety, competencies, unsafe actions.

##### Local Law or Code Requirement

Salvadoran General Law of Health and Safety in the Workplace, Articles 8.5 and 17(e); FLA Workplace Code (Employment Relationship benchmark E.R.28.1)

##### Root Causes

- i) As occupational health and safety law is relatively new, management has not yet aligned its training practices;
- ii) No monitoring system is in place to ensure that all new legal requirements are being met;
- iii) Management has not seen the need to establish a comprehensive Health and Safety training program for workers.

### COMPANY ACTION PLANS

1. i) Management is to seek assistance from Ministry of Labor's technical advisory representative for the implementation of the legal training requirements / 2 months; ii) Develop and implement a comprehensive health and safety training program that includes all new legal requirements / 3 months; iii) Designate staff responsible for the implementation of the health and safety training program / 3 months; iv) Document all health and safety training activities provided to employees / 3 months and Continuous.

**Action plan status:** Completed

**Planned completion date:** 12/05/13

**Progress update:** 05/13/14 : monitoring continuity

**Completion date:** 12/05/13

## FINDING NO.10

### HEALTH AND SAFETY

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

- i) Most of the Health and Safety Committee members are managers appointed by management;
- ii) The Health and Safety Committee does not conduct its regular meetings as required by law;
- iii) The Health and Safety Committee has not developed a program to prevent and handle occupational hazards as required by law.

##### Local Law or Code Requirement

Salvadoran General Law of Health and Safety in the Workplace, Articles 8.1 and 16; FLA Workplace Code (Health, Safety and Environmental benchmark HSE.1).

##### Root Causes

- i) As occupational health and safety law is relatively new, management has not yet aligned its requirements;
- ii) No monitoring system is in place to ensure that all new legal requirements are being met;
- iii) Lack of understanding and knowledge by the Health and Safety Committee about its responsibilities and purpose.

### COMPANY ACTION PLANS

1. i) Increase worker participation in the Health and Safety Committee. At least 50% of the committee members shall be elected by workers as required by law / 2 months; ii) Activate the Health and Safety Committee and ensure they meet on a

regular basis / 3 months and Continuous; iii) Develop an occupational health and safety program to prevent and handle occupational hazards / 4 months; v) Designate responsible staff for the implementation of the health and safety program / 4 months.

**Action plan status:** Completed  
**Planned completion date:** 12/05/13  
**Progress update:** 05/13/14 : More training for future  
**Completion date:** 12/05/13

## FINDING NO.11

### HEALTH AND SAFETY

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

i) In offset, loom, embroidery, and boiler departments, some workers were seen conducting their activities without their personal protective equipment (PPE).

##### Local Law or Code Requirement

Salvadoran General Law of Health and Safety in the Workplace, Articles 34, 38; FLA Workplace Code (Health, Safety & Environmental benchmark HSE.7)

##### Root Causes

- i) Lack of an oversight mechanism to ensure effective usage of the PPE, where needed;
- ii) There is no effective training on PPE usage.

##### Recommendations for Immediate Action

i) Factory management is to ensure that all employees use the relevant PPE according to the risk(s) of the tasks they perform.

### COMPANY ACTION PLANS

1. i) An effective internal oversight procedure should be established and implemented to ensure that all requirements for safe working conditions are met, including the usage of all PPE required for each work area / 3 months; ii) Train all employees supervisors and managerial positions on PPE usage that includes metrics, trainees' feedback, follow up, etc. / 4 months; iii) Management is to consider the implementation of the appropriate disciplinary actions based on the Internal Labor Regulations, where applicable / 4 months and Continuous.

**Action plan status:** In Progress  
**Planned completion date:** 01/30/14  
**Progress update:** 05/13/14 : picture ( delivery boots )

## FINDING NO.12

### HEALTH AND SAFETY

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

- i) Some machines in the offset and label departments have no protection devices;
- ii) Some machines in offset and label plants have warning signs in a language not spoken by local workers.

##### Local Law or Code Requirement

Salvadorian General Law of Health and Safety in the Workplace, Articles 39 and 40; FLA Workplace Code (Health, Safety & Environmental benchmarks HSE.14.1 and HSE.14.3)

##### Root Causes

- i) Absence of an active and trained Health and Safety Committee with adequate worker representatives increases occupational risks;
- ii) Health and Safety Committee has not developed a risk assessment;
- iii) This issue has never been brought to the attention of the management and the Health and Safety Committee's attention.

### **Recommendations for Immediate Action**

- i) Management is to translate warning signs into the local language spoken by workers;
- ii) Retrofit all machines with safety devices to prevent worker injuries.

## **COMPANY ACTION PLANS**

1. i) Designate responsible staff for ensuring that safety devices are not removed from machines / 2 months; ii) Health and Safety Committee is to develop and implement a risk assessment of the workplace/ 3 months and Continuous; iii) Effective Health and Safety Committee oversight and follow up to risk assessment / 4 months and Continuous. iv) Stickers have been printed with the words "precaucion maquinas en movimientos" placed on each machine. The machines that had no security protection were placed.

**Action plan status:** In Progress  
**Planned completion date:** 06/24/14  
**Progress update:** 05/13/14 : visual indicator

## **FINDING NO.13**

### **HEALTH AND SAFETY**

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

#### **Finding Explanation**

- i) In the label department, workers do not use their ergonomic floor mats;
- ii) In the label department, workers do not have adjustable ergonomic chairs.

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

FLA Workplace Code (Health, Safety & Environmental benchmark HSE.17.1)

#### **Root Causes**

- i) Management's lack of awareness of the benefits of ergonomic improvements, such as increasing productivity and attendance levels, while potentially reducing accident risks and Musculoskeletal Disorders (MSDs);
- ii) Health and Safety Officer does not cover ergonomics as part of the risk assessments. iii) No trainings conducted for workers to increase their awareness on the benefits of using the ergonomic floor mats.

#### **Recommendations for Immediate Action**

- i) Provide all workers who work standing with ergonomic floor mats and ensure that they use them;
- ii) Management is to supply ergonomic adjustable chairs with back support to those workers who work in a seated position.

## **COMPANY ACTION PLANS**

1. i) Establish effective management oversight to ensure ergonomic floor mats and ergonomic adjustable chairs are provided and used appropriately/ 2 months; ii) Consider the implementation of appropriate disciplinary actions, based on the Internal Labor Regulations, where applicable / 2 months and Continuous. iii) Back support to chairs were made and new floor mats were placed in areas where they are needed.

**Action plan status:** In Progress  
**Planned completion date:** 05/12/14  
**Progress update:** 05/13/14 : Ergonomic mats

## **FINDING NO.14**

### **HEALTH AND SAFETY**

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

#### **Finding Explanation**

- i) Several chemical containers were seen stored out of the designated chemical storage area, e.g., main warehouse;
- ii) Food and drinking water bottles were located near chemicals;
- iii) Some chemical containers were not labeled.

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

General Regulations on Risks Prevention in the Workplace, Articles 192 and 196; FLA Workplace Code (Health, Safety & Environmental Protection benchmark HSE. 9.1)

### **Root Causes**

- i) Lack of chemical management system to ensure that: (a) all chemicals are properly used and stored; (b) all chemicals containers are labeled; and (c) employees are trained on safe chemical handling;
- ii) No effective oversight by the Health and Safety Officer and the Health and Safety Committee to ensure a safe workplace environment;
- iii) No effective communication and training for the Health and Safety Committee and workers;
- iv) Absence of risk assessments done by the Health and Safety Committee.

### **Recommendations for Immediate Action**

- i) Ensure all chemicals are stored in the designated areas;
- ii) Ensure all chemicals containers are properly labeled;
- iii) Restrict food and water bottles in areas where chemicals are being used.

## **COMPANY ACTION PLANS**

1. i) Health and Safety Committee and Health and Safety Manager are to ensure effective oversight of the implementation of health and safety requirements, including the proper handling and use of chemicals / 3 months and Continuous; ii) Develop and implement a training program on health and safety that includes proper chemical handling and use / 4 months. iii) Secondary containers of chemicals are properly labeled. Stored in the right places, placing indicators that provide feedback to the personal restriction of food and water in this area.

**Action plan status:** In Progress  
**Planned completion date:** 05/22/14  
**Progress update:** 05/13/14 : New training

## **FINDING NO.15**

### **HEALTH AND SAFETY**

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

#### **Finding Explanation**

- i) Management has not taken the appropriate measures to protect workers who are exposed to areas where noise levels exceed 85 decibels, e.g., periodic breaks to reduce exposure time, job rotation, noise cancelling devices, etc.

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

Salvadoran General Regulations of Health and Safety in the Workplace, Article 156; FLA Workplace Code (Health, Safety & Environmental benchmark HSE.1)

### **Root Causes**

- i) As occupational health and safety law and regulation are relatively new, management has not yet aligned its practices;
- ii) Absence of an active and trained Health and Safety Committee with adequate worker representatives;
- iii) Health and Safety Committee has not developed a risk assessment.

## **COMPANY ACTION PLANS**

1. i) Develop and implement an occupational health and safety program aiming at reducing potential workers' hearing loss by taking all appropriate measures required by local law and other regulations, e.g., ensuring effective use of PPE and reduced exposure time, etc. / 4 months; ii) Consider conducting regular audiometric tests for workers exposed to noise levels above 85dB (decibels) / 6 months and Continuous.

**Action plan status:** In Progress  
**Planned completion date:** 05/28/14  
**Progress update:** 05/13/14 : Safety gear change

## **FINDING NO.16**

## TRAINING

### FINDING TYPE: Sustainable Improvement Required

#### Finding Explanation

i) Based on an in-depth review of the factory's training practices, 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 groups of workers. Additionally, administrative staff, supervisors, and managerial staff (HR and production) do not receive follow-up training. Also, topics related to the SCI Employment Functions have not been included on the list of the factory's training needs.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.2, ER.28.1, and ER.28.2)

#### Root Causes

- i) Lack of comprehensive training program to address all training needs;
- ii) Lack of awareness about the benefits of effective training;
- iii) Lack of familiarity with the FLA's SCI methodology and standards;
- iv) Factory has not seen the need to expand the list of topics already covered by training;
- v) Attendance at training is optional and not mandatory for workers; their participation is dependent on decisions made by supervisor or chief;
- vi) Absence of a mechanism to harmonize production needs with training needs.

### COMPANY ACTION PLANS

1. i) Based on SCI employment functions, create a comprehensive training program. For example, training on all policies and procedures on hiring, compensation, hours of work, grievance system, labor relations, etc. / 3 months; ii) Establish mandatory training for all employees within the factory, including administrative staff, supervisors, and those in managerial positions / 3 months; iii) Assign designated staff from the HR Department the responsibility of taking charge of the training program's implementation / 4 months.

**Action plan status:** In Progress

**Planned completion date:** 06/30/14

**Progress update:** 05/13/14 : Strategic alliance with Word vision

## FINDING NO.17

### COMMUNICATION & WORKER INVOLVEMENT

### FINDING TYPE: Sustainable Improvement Required

#### Finding Explanation

i) The worker integration is overall deficient in the factory. Workers are not systematically integrated or consulted on the decision-making processes, especially with respect to Recruitment, Hiring & Personnel Development, Grievance System, Industrial Relations and Environmental Protection.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmark ER.25.2)

#### Root Causes

- i) Lack of management understanding of what worker integration entails and how to implement this management function;
- ii) Management's lack of awareness of FLA Workplace Code and Benchmarks;
- iii) Management has not seen the need to formalize a worker integration process.

### COMPANY ACTION PLANS

1. i) Management is to establish a procedure that enables workers to consult with and provide input to management / 4 months; ii) Management is to train all workers, supervisors, and those in managerial positions on the newly created workers' integration procedure / 4 months; iii) Assign designated staff from HR Department the responsibility of taking charge of the implementation of the workers' integration procedure / 4 months.

**Action plan status:** Planned

**Planned completion date:** 06/30/14

## FINDING NO.18

### REVIEW PROCESS

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

i) 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

- i) Management has not seen the need to update policies and procedures, unless a legal change has come into effect;
- ii) Absence of staff with the specific responsibility of reviewing and updating policies and procedures;
- iii) This issue has never been brought to management's attention during previous external audits before;
- iv) Management's lack of awareness of FLA Workplace Code and Benchmarks.

### COMPANY ACTION PLANS

1. i) Establish a periodical policy and procedure review process, to ensure: a) policies and procedures are being updated according to the factory's needs and b) if policies and procedures are functioning properly. Include worker participation in this process / 4 months; ii) Assign designated staff from the HR Department the responsibility of taking charge of implementing the periodical review process / 4 months.

**Action plan status:** Planned

**Planned completion date:** 06/30/14

## FINDING NO.19

### ENVIRONMENTAL POLICY

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

i) Environmental policy is not well developed, as there are no related procedures that ensure the proper implementation

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1.1, 31.1, and 31.2)

##### Root Causes

- i) Management's lack of awareness of FLA Environmental Protection code requirements and benchmarks;
- ii) Due to the low environmental impact of production, management has not seen the need for creating more comprehensive policy or procedure.

### COMPANY ACTION PLANS

1. i) Management is to enhance its environmental policy and procedures in accordance with FLA Code and Benchmarks / 2 months; ii) Management is to develop a program that measures: a) the environmental impact of the production processes and b) the appropriate use of the resources, i.e., water/energy use and conservation / 6 months; iii) Management is to designate responsible staff for environmental protection implementation, including environmental policies and procedures / 6 months.

**Action plan status:** In Progress

**Planned completion date:** 04/30/14

**Progress update:** 05/13/14 : Policy Procedure Good practice activities