



COMPANY: Delta Apparel, Inc
COUNTRY: Honduras
ASSESSMENT DATE: 10/28/15
MONITOR: FLA Assessor Team (Americas)
PRODUCTS: Apparel
PROCESSES: Other
NUMBER OF WORKERS: 468
NUMBER OF WORKERS INTERVIEWED: 26
ASSESSMENT NUMBER: AA0000001876

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.

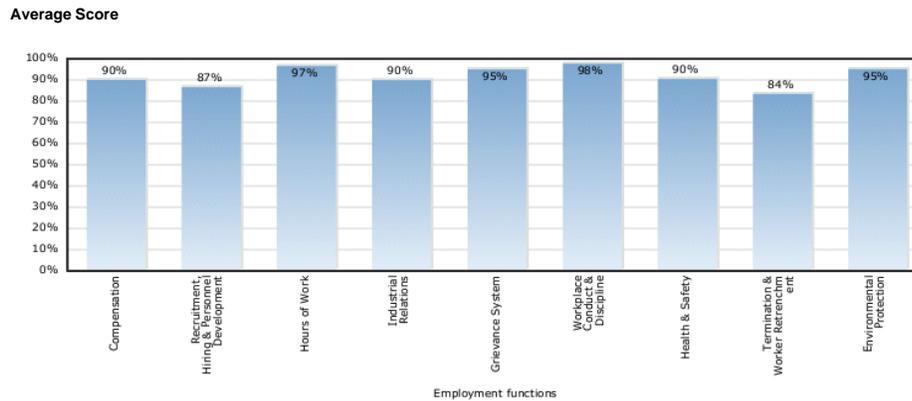
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that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

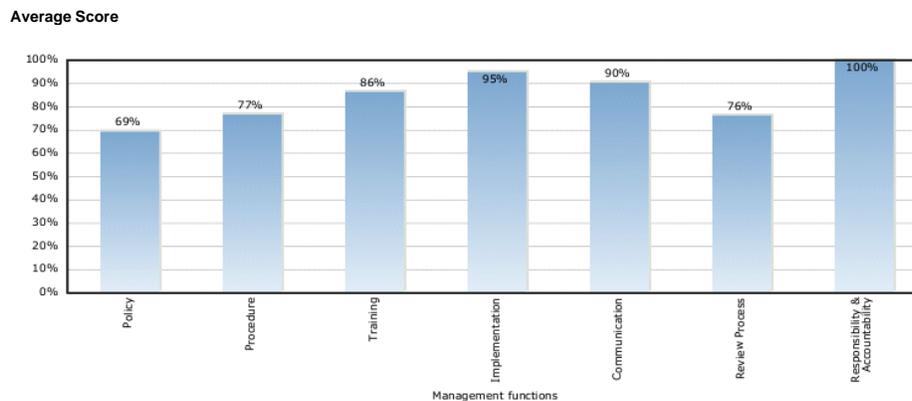
Score by Employment Function

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	61.08%	50%	100%	70.88%	81.82%	80%	80%	80%	77.78%
Procedure	83.33%	75%	94.12%	0%	77.78%	88.89%	52.38%	76%	90.91%
Responsibility & Accountability	100%	100%	100%	100%	100%	100%	100%	100%	100%
Review Process	50%	50%	50%	0%	100%	100%	75%	100%	100%
Training	76.92%	100%	100%	0%	100%	100%	66.67%	88%	100%
Implementation	87.93%	93.64%	94.87%	100%	100%	100%	100%	95.04%	94.47%
Communication	66.67%	100%	95%	100%	100%	100%	62.5%	96.88%	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	General Compliance Compensation
Employment Relationship	9	General/Human Resource Management Systems Terms and Conditions/New Employee Orientation Terms and Conditions/Communication Terms and Conditions/Supervisor Training Administration of Fringe Benefits/Holidays, Leave, Legal Social Benefits and Bonuses Work Rules and Discipline Skills Development/Management of Performance Reviews Skills Development/Promotion, Demotion and Job Reassignment Termination and Retrenchment/General Policies and Procedures
Hours of Work	2	Annual Leave Annual Leave/Wage Payments
Health, Safety and Environment	2	General Compliance Health, Safety, and Environment Material Safety Data Sheets/Workers Access and Awareness

Findings and Action Plans

FINDING NO.1

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Management does not have a policy for Recruitment, Hiring & Personnel Development.
2. There are no written policies or procedures on performance review for production workers, including the steps/process for job assessment and promotional opportunities.
3. Workers do not receive written documentation that substantiates the issues covered during orientation.
4. The procedures on Recruitment and Hiring are not periodically reviewed.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.3, ER.15.3, ER.28.1, and ER.29.1)

Root Causes

1. The factory has concentrated their policy/procedure creation efforts on other Employment Functions and has not seen the need to formalize Personnel Development policies/procedures.
2. Human Resources Management has limited awareness of the FLA Workplace Code and Benchmarks, particularly on Employment Relationship.
3. Local labor laws do not mandate that employers develop personnel development policies and procedures.

COMPANY ACTION PLANS

1. 1, 2. Factory will develop the policy for Recruitment, Hiring and Personnel development, as well as procedure for personnel development with their appropriate review process, the person responsible for implementing will be the Human Resources Mgr.3. Factory will provide training to all workers in such policies and procedures. 4. Factory will develop a brochure with information covered during orientation process, such brochure will be delivered among all new workers.

Action plan status:	Completed
Planned completion date:	11/28/16
Progress update:	06/27/17 : Factory developed the policy for Recruitment, Hiring and Personnel Development as well as its procedures, also provided a training to all workers. Factory also created a brochure for being delivered to new hires during the orientation process.
Completion date:	10/17/16

FINDING NO.2

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. All new applicants for a job within the factory are required to fill out two application forms: one is required by the factory and the other one by the Industrial Park administration. The employment application form provided by the Industrial Park administration requests information related to applicant's age and marital status, posing a risk of discrimination during the recruitment process. Although there is no evidence that such information is requested with a discriminatory intent, factory management should collect this data once the applicant has been hired.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER 3.2; Nondiscrimination Benchmark ND.2.1)

Root Causes

1. It has been Industrial Park management's practice to request that all applicants for a job position in each of the park's factory fill out an additional employment application form.
2. The factory had not considered the possibility that the employment application form used by the Industrial Park management might lead to discrimination.

COMPANY ACTION PLANS

1. Factory will have a meeting with the Industrial Park in order to review the recruitment process

Action plan status:	Completed
Planned completion date:	06/30/16
Progress update:	06/27/17 : Factory reinforce the practice of using its own application form among H.R.

08/08/16 : Factory had a meeting with the Industrial Park, it was agreed to use just the factory application and stop using the park application to avoid any practice that can be consider discriminatory.

Completion date: 06/10/16

FINDING NO.3

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not employ the minimum number of disabled workers, as required by local law. Currently there are ten workers with disabilities, but based on the size of the workforce, the law requires the to employ at least 20 disabled workers.

Local Law or Code Requirement

Law of Employment Promotion for People with Disability, Article 2; FLA Workplace Code (Nondiscrimination Benchmark ND.1)

Root Causes

1. The factory management explained that since this is a knitting facility where the production process requires significant physical effort, the opportunities for hiring more disabled workers are very limited.
2. The Honduran government is not proactively encouraging, preparing, or introducing people with disabilities for employment.

COMPANY ACTION PLANS

1. Factory will contact Honduran Maquila Association, Governmental Institutions and local organizations to receive resumes of disabled people and be able to increase the number according to the law.

Action plan status: Completed

Planned completion date: 08/31/16

Progress update: 06/27/17 : Factory contacted te AHM and other entities to inform about our availability for receiving resumes of disabled people for covering positions.

Completion date: 06/15/16

FINDING NO.4

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The Honduran Labor Code regulates vacation time to employees based on their seniority: after one year of service workers are entitled to 10 paid vacation days per year; after two years of service workers are entitled to 12 paid vacation days per year; employees with three years of service should receive 15 paid vacation days per year; and finally, workers with four or more years of service are entitled to 20 paid vacation days. It is the factory practice to close operations in December for 12 days, in order to provide 12 consecutive days of vacation to all employees. However, those employees who are not entitled to 12 vacation days – due to their seniority– have the additional vacation days they have enjoyed deducted from the following year’s annual vacation payments, until they become eligible for 12-day vacation period. This practice is not allowed by local law, the Collective Pact or the Internal Regulations, and the Secretariat of Labor has not authorized the factory to implement it.

Local Law or Code Requirement

Root Causes

1. Based on factory management's explanation, the nature of the production process requires the company to shut down operations during the Christmas season for a 12-day period, during which all workers are provided with annual vacation. Factory management considers it fair to deduct the additional vacation days that workers with less seniority use from the next annual vacation period.

Recommendations for Immediate Action

1. Cease the practice of deducting the additional time off provided to employees (who are not entitled to 12 paid days of annual leave) as it is the unilateral decision of the factory management to shut down operations during Christmas period.

COMPANY ACTION PLANS

1. Factory will review their vacation procedure with its legal advisor as well as Maquila Association and Ministry of Labor.

Action plan status: Completed

Planned completion date: 09/30/16

Progress update: 06/27/17 : Facility updated its vacation procedure.

08/08/16 : Company has had some meetings with its legal advisor in regards of this topic

Completion date: 06/25/16

FINDING NO.5

COMPENSATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not have the legally required childcare facility on site for workers' children below the age of seven. The legal requirement states that a childcare facility is required if there are more than thirty female workers in the workplace; currently, there are forty-six female workers at the factory.

Local Law or Code Requirement

Law of Equal Opportunities for Women, Article 59; Labor Code, Article 140, Section 4; FLA Workplace Code (Nondiscrimination Benchmark ND.8.1)

Root Causes

1. The Industrial Park administration started to promote an initiative for building a childcare facility inside the industrial park, aiming to benefit workers from the different factories inside the park. However, some workers did not want to continue with the project on the grounds that bringing their children to the Industrial Park might be dangerous, as they would be exposed to different types of hazards such as social violence or road traffic accidents.
2. The factory does not have areas suitable for childcare facilities. Also, having a childcare facility would imply an additional investment in the form of hiring competent childcare professionals and an increase in the factory's liabilities.

COMPANY ACTION PLANS

1. Factory will contact the Honduran Maquila Association (Organization who provides support to the Industry as well as works as link between Maquila Industry and Government) to receive orientation about the projected creation of childcare facilities as well as will establish a dialogue with Government Institutions about strategies in regards of child care facilities.

Action plan status:	Completed
Planned completion date:	08/30/16
Progress update:	06/27/17 : Facility contacted AHM to received orientation about the projected chilcare facilities in the country.
Completion date:	07/26/16

FINDING NO.6

TERMINATION & RETRENCHMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Management does not have a written policy regarding Termination and Retrenchment.
2. There are no procedures on Retrenchment that include steps for: determining termination payouts, taking into account the national legal requirements, communicating to the workforce and consultation with worker representatives as early as possible to averting or minimizing layoffs, and a communication channel for workers seek clarification that also provides feedback from the employer.
3. No confidential channel has been established for workers to express concerns or issues they experience regarding legally owed payments during the retrenchment process.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER. 19.1, ER.19.2, ER.25.3, ER.32.3, and ER.32.5)

Root Causes

1. The factory has not seen the need to formalize these policies/procedures because retrenchment has never occurred, and the personnel turnover rate is not significant.
2. Management has limited awareness of the FLA Workplace Code and Benchmarks, particularly on Termination and Retrenchment.

COMPANY ACTION PLANS

1. Factory will develop a retrenchment procedure including steps for determining payouts ensuring associates have a channel for grievances, will also communicate the developed procedures to all associates. This new producedure will be implemented through the HR Manager.

Action plan status:	Completed
Planned completion date:	11/29/16
Progress update:	06/27/17 : Facility developed a termination policy as well as a termination and retrenchment procedure ensuring that associates have a grievance channel. Also performed a training on all employees.
Completion date:	10/18/16

FINDING NO.7

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Despite the existence of a written policy recognizing the rights to Freedom of Association and Collective Bargaining, it does not include a commitment to worker and management communication, which enables workers to consult with and provide input to management. Additionally, there are no procedures on Industrial Relations.
2. Since there are no policies and procedures on Industrial Relations, there is no ongoing training and regular communication to supervisors and workers. Additionally, during worker interviews, most of workers were not quite aware of their rights to Freedom of Association and Collective Bargaining.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.2, ER.1.3 and ER.15.2, and ER.16.1)

Root Causes

1. Factory management is not fully aware of the FLA Workplace Code & Compliance Benchmarks regarding Freedom of Association and Industrial Relations.
2. The factory has not experienced any industrial relations challenges recently, so they have not seen the need for developing Industrial Relations policies and procedures.

COMPANY ACTION PLANS

1. Factory will review and update its existing Freedom of Association and collective Bargaining Policy as well as will develop a Policy and Procedure on Industrial Relations. Training will be provided to all existing associates by the H.R. manager and both policies will be also included on the new associates training. All associates will receive annual retraining to maintain all associates aware of the right of Freedom of Association.

Action plan status:	Completed
Planned completion date:	11/28/16
Progress update:	06/27/17 : Facility updated its Freedom of Association and Collective Bargaining Policy, also developed a policy and procedure on Industrial relations. Training on policies and procedures was provided to all associates.
Completion date:	10/18/16

FINDING NO.8

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not have a written policy on Workplace Conduct & Discipline.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.2, ER.1.3, ER.15.2, and ER.16.1)

Root Causes

1. So far, discipline has been handled following internal procedures; therefore, the factory management has not considered developing a policy on Workplace Conduct & Discipline.
2. Factory management is not fully aware of the FLA requirement for developing a policy on Workplace Conduct & Discipline.

COMPANY ACTION PLANS

1. Factory will develop a Workplace Conduct and discipline policy and will provide training to all associates. This policy will be

reviewed on a yearly basis.

Action plan status:	Completed
Planned completion date:	11/30/16
Progress update:	06/27/17 : Facility developed a Workplace conduct and discipline policy and provided training to all associates.
Completion date:	10/13/16

FINDING NO.9

ENVIRONMENTAL PROTECTION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory's environmental policy does not include a commitment to minimize environmental impacts with respect to energy, water, air emissions, and hazardous material.
2. Eight empty chemical containers were placed outside of the designated waste storage area, and exposed to the elements, posing a potential risk for health, safety and environment.
3. The solid waste collection area is not properly protected from the elements and directly exposed to rain and sun.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31.3; FLA Workplace Code Provision VII: Health, Safety, and Environment)

Root Causes

1. Factory management has not aligned the environmental policy to the FLA Workplace Code & Compliance Benchmarks.
2. The factory has been working on continuous improvement on its environmental impact; but is focusing on areas such as recycling and efficient use of water and energy, with little attention paid to the way solid waste is managed.
3. The factory does not conduct regular monitoring of the conditions at the waste collection area.

Recommendations for Immediate Action

1. Properly store all empty chemical containers in the designated areas.
2. Ensure that the waste collection area is protected from the elements.

COMPANY ACTION PLANS

1. 1. Factory will review the current environmental policy and will include a commitment to minimize environmental impacts with respect of energy, water, air emission and hazardous materials
2. Factory will ensure that all empty chemical containers will be stored in the appropriate area.
3. Factory will ensure that solid waste collection are appropriate designed and avoid exposure. Waste storage area will be included on the weekly safety audit in order to ensure compliance.

Action plan status:	Completed
Planned completion date:	09/30/16
Progress update:	06/27/17 : Facotry closed the solid waste collection area to ensure protection from the elements. Also provided a training to employees in environmental matter. 08/08/16 : Factory did the review of the policy and included the commitment to minimize environmental impact, it's under review. Also ensured that empty containers are stored in the appropriate area

FINDING NO.10

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Thirty Material Safety Data Sheets (MSDS) for chemical dyes are in English, which is not the worker's local language.
2. Labels for six of the chemical containers (dyes) at the Dyeing Department are in English and missing the color-coded diamond with basic safety information (Note: this diamond is a standard and universal symbol used to described the different types of risks that chemicals represent and their level of severity.)
3. The safety instruction for at least 20 knitting machines at the Knitting Department are in English.
4. Workers in charge of keeping the key to the first aid kit in the boiler room were not readily available during the physical inspection; it took about 10 minutes until they finally arrived to open the first aid kit.

Local Law or Code Requirement

Labor Code, Article 16; General Regulations on Preventive Measures of Accidents and Illness at the Workplace, Articles 377 section b), 388 and 424; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.2, HSE.9.1, and HSE.10.)

Root Causes

1. Since the English language MSDS are in the centralized filing system, and not in the production areas, the Health & Safety Management did not consider it a risk to have them in a language different than the local workers' language.
2. Some knitting machines came from a plant in the US, and the factory failed to translate the instructions to Spanish.
3. Sometimes local chemical suppliers fail to provide all chemical container labels in Spanish.
4. Factory management explained that the first aid kits are kept locked against risk of supplies being stolen and has not considered an alternative mechanism to ensure that the key for the first aid kit is available at all times in the boiler room, including lunch and breaks.

Recommendations for Immediate Action

1. Keep MSDS for all chemicals, in the workers' local language.
2. Ensure that all chemical containers are properly labeled, including the color-coded diamond, and that all label information is in Spanish.
3. Ensure that the safety instructions for all machinery are in Spanish.
4. Design a mechanism to ensure that the staff in charge of keeping the key for the first aid kit in the boiler-room is present at this work area at all times.

COMPANY ACTION PLANS

1. 1. Factory will replaced all MSDS sheets found not in local language. 2. All diamond labels not in spanish will be replaced with a color label in Spanish language. Factory will provide annual retraining to all associates handling chemicals. A weekly review of safety chemical information will be included on the Safety Weekly Audit. 3. Safety instructions will be placed in all machinery in Spanish language. 4. Factory will implement an strategy to ensure Fa kit keys are available all the time.

Action plan status:	Completed
Planned completion date:	09/30/16
Progress update:	06/27/17 : Facility replaced all safety instructions on those machines that were not in local language. Facility replace all the FA kits for ones in other material with no keys. 08/08/16 : Factory replaced all MSDS sheets in local language. Also all diamonds not in spanish were replaced.
Completion date:	09/27/16

FINDING NO.11

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Workers and supervisors are not provided ongoing training on the factory's policies and procedures related to the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Industrial Relations. Additionally, there is no ongoing training for workers, supervisors and managers on the Workplace Conduct & Discipline.

Local Law or Code Requirement

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

Root Causes

1. Most of the factory's training efforts are focused on other areas, such as Compensation and Health & Safety, with little attention paid to Recruitment and Hiring.
2. Since the factory does not have policies on Personnel Development, Termination & Retrenchment, Industrial Relations, and Workplace Conduct & Discipline, these policies are not included in the regular worker and supervisor trainings.

COMPANY ACTION PLANS

1. Factory will provide training to all personnel related to factory policies and procedures related to: recruitment, hiring & personnel development, termination & retrenchment and Industrial relations as well as workplace conduct and discipline.

Action plan status: Completed

Planned completion date: 11/28/16

Progress update: 06/27/17 : Facility provided training in the newly created policies and procedures.

Completion date: 10/18/16

FINDING NO.12

WORKER INTEGRATION & COMMUNICATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Workers do not receive ongoing or regular communication on the policies and procedures for the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Industrial Relations. Also, since the factory does not have a policy on Workplace Conduct & Discipline, workers do not receive communication on it.
2. The Worker Integration component is missing from all Employment Functions. The factory does not have policies and procedures to receive worker input/feedback on the creation, implementation, and revision 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.1.2, ER.1.3, ER.16.1, and ER.25.2)

Root Causes

1. Management does not see the need for periodic communication to the workforce regarding some Employment Functions, such as Recruitment and Hiring, and has focused its communication efforts on other areas, such as Compensation and Health & Safety.
2. Since the factory does not have policies and procedures on Personnel Development, Termination & Retrenchment; Industrial Relations, and Workplace Conduct and Discipline, the said policies are not communicated to the workers.

COMPANY ACTION PLANS

1. Factory will ensure that all created policies and procedures will be displayed through different channels. Also during its monthly meetings with employees Factory will review all their policies to receive workers input.

Action plan status:	Completed
Planned completion date:	12/09/16
Progress update:	06/27/17 : Facility displayed all the newly created policies among all associates, also will ensure that associates will receive periodic training on all Company policies. During monthly meetings with associates policies will be reviewed.
Completion date:	06/30/16

FINDING NO.13

REVIEW PROCESS (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is no review process for policies and procedures on Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, and Workplace Conduct & Discipline.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29.1.1, and ER.30.2)

Root Causes

1. With respect to Compensation and Hours of Work, the factory has failed to implement the existing review process for the policies and procedures.
2. Since the factory does not have policies and procedures for some Employment Functions, there is no review/update process.

COMPANY ACTION PLANS

1. Factory will develop a procedure to ensure all policies and procedures will be reviewed and updated on an annual basis.

Action plan status:	Completed
Planned completion date:	10/28/16
Progress update:	06/27/17 : Facility developed a procedure to ensure annual review of all its policies and procedures.
Completion date:	06/25/16

FINDING NO.14

COMPENSATION

FINDING TYPE: Notable Feature

Finding Explanation

1. The factory subsidizes food for workers by paying a cash benefit of \$15 Lempiras (USD \$0.69) daily to all employees. The canteen has an electronic system to record the number of lunches a worker has taken and this information is used by the factory to calculate the food subsidy to be paid to the workers.
2. The factory provides free transportation to all production workers for getting to the factory at the beginning of each shift, and for getting back to their houses at the end of the shift. There are five different routes for workers living at different locations.