



COMPANY: Delta Apparel, Inc
COUNTRY: Guatemala
ASSESSMENT DATE: 09/24/14
MONITOR: FLA Assessor Team (Americas)
PRODUCTS: Apparel
PROCESSES: Other
NUMBER OF WORKERS: 341
NUMBER OF WORKERS INTERVIEWED:
ASSESSMENT NUMBER: AA0000000517

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.

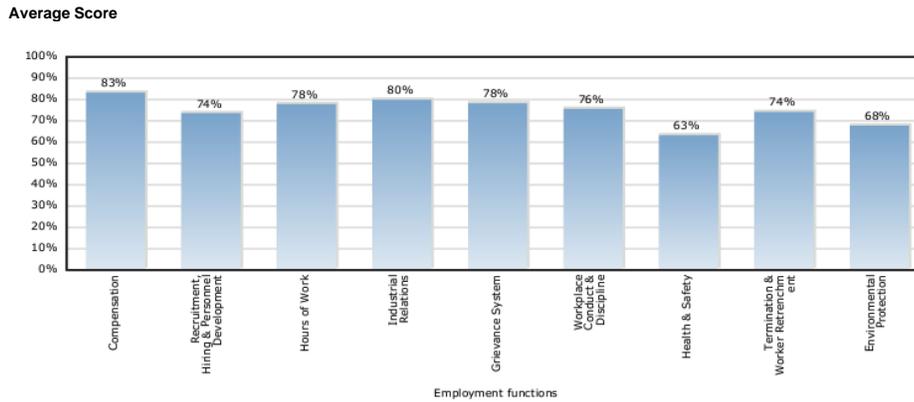
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that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

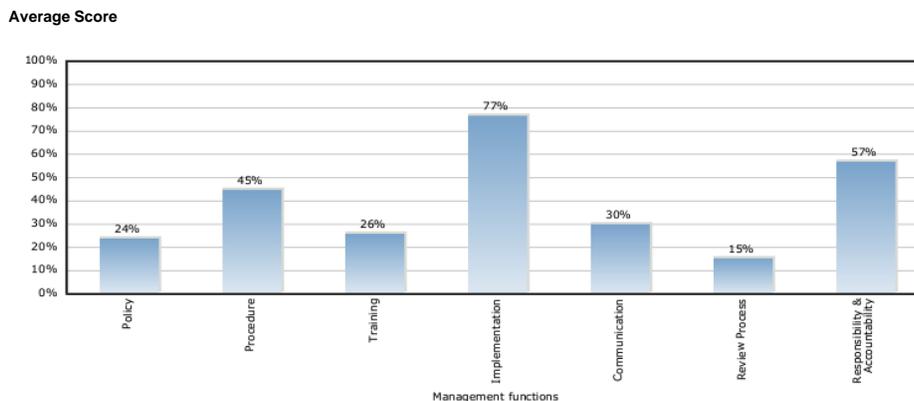
Score by Employment Function

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	60%	60%	60%	75%	60%	58.33%	58.33%	80%	75%
Procedure	79.67%	44.33%	16.67%	0%	60%	30%	37.5%	45.31%	10%
Responsibility & Accountability	73.86%	63.4%	73.86%	50%	63.4%	63.4%	63.4%	72.33%	72.33%
Review Process	0%	0%	0%	0%	0%	0%	0%	33.33%	50%
Training	27.27%	0%	0%	0%	0%	0%	0%	18.18%	0%
Implementation	83.5%	91.67%	77.23%	90%	90%	93.33%	90%	67.51%	56.67%
Communication	0%	62.5%	0%	0%	25%	50%	0%	50%	0%

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	2	General Compliance Compensation Workers Awareness and Understanding of Compensation
Employment Relationship	14	General/Human Resource Management Systems Terms and Conditions/New Employee Orientation Terms and Conditions/Communication Terms and Conditions/Supervisor Training Administration of Compensation/Termination Payouts Administration of Fringe Benefits/Holidays, Leave, Legal Social Benefits and Bonuses Administration of Hours/Time Recording System Industrial Relations Work Rules and Discipline Skills Development/Management of Performance Reviews Recruitment and Hiring/Employment Decisions Skills Development/Promotion, Demotion and Job Reassignment Health, Safety, and Environmental Management System/Policies and Procedures Termination and Retrenchment/General Policies and Procedures
Forced Labor	1	Freedom of Movement/Workers Ability to Terminate
Hours of Work	4	Annual Leave Annual Leave/Wage Payments Meal and Rest Breaks Overtime/Calculation over Period Longer than One Week
Health, Safety and Environment	11	General Compliance Health, Safety, and Environment Material Safety Data Sheets/Workers Access and Awareness Protection Reproductive Health Machinery Safety, Maintenance and Workers Training Ergonomics Document Maintenance/Workers Accessibility and Awareness Notification and Record Maintenance Evacuation Requirements and Procedure Safety Equipment and First Aid Training Use of Personal Protective Equipment Chemical Management and Training
Non-Discrimination	3	General Compliance Nondiscrimination Recruitment and Employment Practices/Job Advertisements, Job Descriptions and Evaluation Policies 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 encourage workers to participate in ongoing training that would widen their skill sets and advance their careers in the factory.
2. There are no written policies or procedures for conducting performance reviews that include steps and processes linked to job grading and promotion opportunities.
3. Although there are a few women in charge of cleaning tasks, all of the production workers are men. In fact, 96% of the current workforce is comprised of men. (In fabric mills, it is typical for the workforce to be predominantly male partly due to weight lifting requirements of the job.)
4. There are no job descriptions for any of the production and managerial positions.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.3.2, ER.28.1, ER.29.1, and ER.30.1; Nondiscrimination Benchmarks ND.1 and ND.2)

COMPANY ACTION PLANS

1. Factory will put in writing a Job Description for all positions in the factory as well a career plan which will include procedures to advance in their careers. 2) Factory will develop a procedure to conduct performance review which will include promotion opportunities.

Action plan status: Planned

Planned completion date: 07/02/15

FINDING NO.2

COMPENSATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

Factory management has not made sufficient efforts related to communication and training activities to ensure that workers understand their compensation packages, including the calculation of their wages and fringe benefits. The majority of interviewed workers were not aware of the: a) legal provisions applicable to the calculation of some benefits (i.e., vacation, Christmas bonus, and Bonus 14) and b) different wage levels that exist within the factory.

Local Law or Code Requirement

Labor Code, Article 133; FLA Workplace Code (Compensation Benchmarks C.17.1, C.17.1.1, C.17.1.3, and C.17.1.4; Employment Relationship Benchmark ER.16)

COMPANY ACTION PLANS

1. Factory will held employee meetings to explain compensation packages including wages and fringe benefits. This meetings will be held on a yearly basis in order to ensure appropriate training to all associates.

Action plan status: Planned

Planned completion date: 06/30/15

FINDING NO.3

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. During 2013, 98% of workers did not take their entire vacation period, as legally required. On average, employees only rested 7 days, when they were entitled to 12 – 15 paid vacation days, depending on seniority. Even though factory management compensated these workers for all of their vacation days, they did not rest the additional days. Local law prohibits this practice and requires workers to take full vacation days, in addition to payment.
2. The factory's regular hours of work planning exceeds 48 hours a week, as employees work 12 consecutive hours a day for 5 consecutive days a week, which translates to 60 weekly Hours of Work. The factory does not have the relevant authorization from the Ministry of Labor to operate under this scheme, as workers' employment contracts and the Internal Regulations (approved by the Ministry of Labor) reflect a different regular hours of work scheme (8 hours per day plus one hour lunch break).
3. Overtime is not voluntary; instead, it is part of the regular daily and weekly operations scheme. Even though employees have signed a document agreeing to work 60 hours a week: a) overtime must be consensual and occasional b) voluntary agreements between workers and employers must be reached every single time overtime is to be performed. In addition, even though the factory has been authorized by the Ministry of Labor to work all holidays in 2014 and 2015, workers are not consulted, but rather, informed that they have to work holidays as regular workdays.
4. Some night-shift workers do not receive breaks according to legal requirements. Record review found that some workers only take 20-minute breaks, while local regulations require minimum 30-minute breaks.
5. Factory management does not have practices in place to conduct regular analysis of Hours of Work, to progressively reduce excessive Hours of Work. Additionally, management has not demonstrated a commitment to reducing overtime, based on all of the issues described above.

Local Law or Code Requirement

Labor Code, Articles 116, 119, and 125; FLA Workplace Code (Employment Relationship Benchmark ER.22.1; Hours of Work Benchmarks HOW.1.1, HOW.1.2, HOW.3, HOW.7, HOW.8.2, HOW.8.4, HOW.8.5, and HOW.11)

Root Causes

1. Ensure that production planning does not include mandatory overtime. The factory should also ensure compliance with the hours of work scheme as specified in the workers' employment contracts.
2. Provide all night-shift workers at with at least a 30-minute break.

COMPANY ACTION PLANS

1. 1. Factory will ensure that all employees enjoy paid vacation days according to the Guatemalan Labor Code, the vacation period per worker was already scheduled. 2-3. Overtime is voluntary, workers have signed agreements to work this time when is needed, the agreements will be renewed periodically. However will review with the legal advisor if approval from Ministry of Labor is required 4) Factory will ensure that night shift workers will receive their breaks thru a the time keeping system 5) Factory will perform an analysis to review the possibility of reducing overtime. August 30th, 2015

Action plan status: In Progress

Planned completion date: 05/29/15

Progress update: 06/12/15 : Factory has schedule a vacation period for all associates.

FINDING NO.4

TERMINATION AND RETRENCHMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is no procedure for determining termination payouts. Termination procedures are missing methods for the correct assessment of payouts for all modes of Termination & Retrenchment, and do not account for all legal requirements.
2. There is no confidential channel for workers to report their concerns or issues concerning payment during the retrenchment process.
3. There is no evidence to suggest that policy and procedure updates regarding Termination & Retrenchment are in line with both local law and FLA Workplace Code & Benchmarks.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.2.1, ER.19.1, and ER.19.2)

COMPANY ACTION PLANS

1. A termination procedure will be written including methods for calculations of all modes of terminations.
2. The factory will develop a policy establishing the confidential communication channel for all employees, where the new hired Social Compliance person will be in charge of attending associates' concerns during the retrenchment process.
3. The current Retrenchment policy will be reviewed and updated to be in accordance with FLA Workplace Code and Benchmarks.

Action plan status: Planned

Planned completion date: 06/30/15

FINDING NO.5

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Although some information on Workplace Conduct & Discipline is included in the factory's internal rules, the factory does not have written disciplinary rules, procedures, or practices that create a system of progressive discipline. Additionally, there is no written requirement regarding recordkeeping for all warnings and disciplinary actions; in practice, not all warnings are recorded.
2. There is no procedure related to the implementation of the appeals process.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.27.1, and ER.27.3.4)

COMPANY ACTION PLANS

1. A disciplinary procedure according to the Labor Code and FLA Workplace Code and Benchmarks will be developed and communicated to all associates by Compliance Manager. After the first training a yearly retraining will be scheduled.

Action plan status: Planned

Planned completion date: 05/15/15

FINDING NO.6

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has no written grievance system. The executive manager handles most grievances using the suggestion box located near the production areas.
2. There are no written procedures allowing workers to directly settle grievances with their immediate supervisor.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.25.2, and ER.25.3.1)

COMPANY ACTION PLANS

1. The factory will develop a grievance system that allows the employees to directly settle grievances with their immediate supervisor as well as with the management, including also the suggestion box. This procedure will be communicated to the

associates by the Compliance Manager, he will be also in charge of the yearly retraining.

Action plan status: Planned

Planned completion date: 05/15/15

FINDING NO.7

ENVIRONMENTAL PROTECTION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Factory management has not developed written procedures for managing its facilities' environmental impact. Other specific missing environmental procedures include: a) procedures that enable workers to raise environmental concerns, b) procedures for reporting environmental emergencies, c) protections for workers who allege environmental violations, and d) procedures for notifying the local community authorities in case of accidental discharge, release of chemicals/waste product or any other environmental emergency.
2. There are no hazardous waste storage containers. Additionally, the waste collection area is neither segregated, nor protected from the elements. Different types of waste, such as solid waste, empty chemical containers, and other waste generated from the factory's production process, are not separated.

Local Law or Code Requirement

Health Code, Article 107; General Regulations on Health and Safety in the Workplace, Article 89; FLA Workplace Code (Health, Safety & Environment Code Provision VII; Employment Relationship Benchmarks ER.31.1, ER.31.2.4, ER.31.2.5, and ER.31.2.6; Health, Safety & Environment Benchmarks HSE.1, HSE.5.4, and HSE.9.1)

Recommendations for Immediate Action

Install hazardous waste storage containers, and designate a specific area for the hazardous waste collection.

COMPANY ACTION PLANS

1. Factory will develop an environmental plan that will include but not limited to procedures about chemical management, hazardous waste management, waste management; internal and external report of environmental emergencies; employee involvement, etc. Such procedures will ensure that employees who report environmental concern will not be retaliated 2. A special area to classification of hazardous waste will be selected, the area will be segregated and protected from the elements, a procedure will be created to handle this type of waste as well as regular waste handling. .

Action plan status: Planned

Planned completion date: 07/30/15

FINDING NO.8

ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Assessors noticed air emissions coming through the biomass furnace. Although management has a valid environmental permit, no regular air tests are conducted on all air emissions, and the permit does not include any requirements or mitigating actions.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Code Provision VII)

COMPANY ACTION PLANS

1. Factory will hire an external contractor to measure the air emissions coming through the biomass furnace to evaluate the quality of the air. If the case will take necessary measures to correct any issue.

Action plan status: Planned

Planned completion date: 05/30/15

FINDING NO.9

HEALTH AND SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory's health and safety (H&S) policy does not include a commitment to comply with the FLA Workplace Code and Benchmarks and applicable local laws and regulations.
2. H&S procedures do not include the following elements, which are required by FLA Workplace Code and Benchmarks: a) measures to protect employees' reproductive health through minimizing their exposure to workplace hazards, b) steps on how workers can raise H&S concerns, c) protection against retaliation for workers who raise H&S concerns.
3. The factory does not regularly review its H&S policies and procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.3, ER.31.1, ER.31.2, and ER.31.2.6; Health, Safety & Environment Benchmark HSE.12; Nondiscrimination Benchmark ND.8.1)

COMPANY ACTION PLANS

1. 1. Factory's H&S policy will be modified including the commitment to comply with the FLA Workplace Code and Benchmarks as well as applicable laws and regulations. 2. H&S procedures will be modified to include the elements required by the FLA Workplace Code and Benchmarks. 3. A review process of all policies will be developed to ensure the periodic review.

Action plan status: In Progress

Planned completion date: 05/15/15

Progress update: 06/12/15 : Factory policy was already modified

FINDING NO.10

HEALTH AND SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. A significant concentration of water was observed on the floor in the dyeing department, posing a risk of injury.
2. Forklifts are missing signs indicating the maximum working load to be lifted, safety instructions, and "No Human Transport" signs.
3. Loading docks are not equipped with chains to avoid accidental falls when containers and trucks are not docked.
4. A first aid kit, which was available for maintenance workers in charge of working with electricity, was not equipped with the proper medical supplies. According to the related job risks the kit should contain a burn-treatment ointment.

Local Law or Code Requirement

General Regulations on Health and Safety in the Workplace, Article 4, Section C, Article 16, Article 68, Section 1, and Article 106 Section 1; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6.1, and HSE.14.3)

Recommendations for Immediate Action

1. Reduce the amount of water that accumulates in the dyeing department.
2. Post safety instructions on all forklifts, including maximum workload and "No Human Transport" signs.
3. Equip loading docks with chains.
4. Factory management is to ensure that first aid kit for maintenance employees is equipped with burn-treatment ointment.

COMPANY ACTION PLANS

1. 1. To avoid any injuries in the area the associates will wear safety shoes. 2. Forklifts will be equipped with signs indicating the maximum load to be lifted, safety instructions and "No human transport".

Action plan status: Planned

Planned completion date: 05/15/15

2. 3. All loading docks were equipped with chains to avoid accidental falls. 4. FA kit was equipped with the proper medical supplies.

Action plan status: Completed

Planned completion date: 10/31/14

Progress update: 06/12/15 : Observation 3 and 4 were completed on October 2014

Completion date: 10/31/14

FINDING NO.11

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Fire extinguisher #1 does not have a nozzle; fire extinguisher #19 is blocked by a table; and fire extinguisher #30 does not have the required pressure to ensure proper functioning.
2. Most fire extinguishers were placed at an average of 1.75m in height, which is too high for easy access.
3. One forklift does not a fire extinguisher; another forklift is equipped with a fire extinguisher that did not have the required pressure to ensure proper functioning.
4. The factory does not conduct monthly visual fire extinguisher inspections to ensure that they function properly.
5. The main and secondary aisles are not marked throughout the different production areas. There are blocked aisles in the finishing and dyeing departments. In the latter department, boxes with dyed fabric are also obstructing fire extinguishers.
6. A "Not an emergency exit" sign is missing from a door in the finishing department, which may mislead workers during an evacuation.
7. There is no centralized alarm system, as every working area has its own alarm. Additionally, the alarm is not loud enough to be heard throughout all production areas and the administrative office.
8. Some emergency exits signs are not equipped with electricity, so they are not lit when the electrical power is shut down.
9. No evacuation drills have been conducted for night-shift workers.
10. There is no system in place to account for all employees during an emergency evacuation.
11. Electrical panels do not have restricted signs. There is a blocked electrical panel in the dyeing department.
12. Some electrical panels are missing circuit breakers, with the slots left empty.
13. Two compressed gas cylinders are stored in the secondary boiler room. Even though the secondary boiler was not operating at the time of the assessment, it is not recommended for compressed gas cylinders to be near heat sources or potential heat sources. Additionally, these two compressed gas cylinders were unchained, increasing the risk of them accidentally falling over.

Local Law or Code Requirement

General Regulations on Health and Safety in the Workplace, Article 41, Article 86 Section 2, and Article 92 Section E; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5.1, HSE.5.3, and HSE.13)

Root Causes

1. Conduct monthly visual inspections to ensure that all fire extinguishers are unblocked, free from obstruction, and are in good condition, (e.g. retrofitted with functioning nozzles, charged with the required pressure).
2. Re-install fire extinguishers at an adequate height (no more than 1.5m from the floor to the upper side of the apparatus).

3. Retrofit forklifts with functional fire extinguishers that are in good condition.
4. Mark the main and secondary aisles in all production areas.
5. Ensure that all aisles in the finishing and dyeing departments are unblocked and free from obstructions at all times.
6. Post a "Not an emergency exit" sign at the finishing department exits.
7. Modify the current alarm system so that it is both centralized and loud enough to be heard in all production areas and administrative offices.
8. Install emergency exit signs that can automatically be lit when the electrical power goes off.
9. Conduct regular evacuation drills with night-shift workers at least once a year.
10. Add restricted signs to all electrical panels and ensure that all electrical panels are unblocked and free from obstruction at all times.
11. Add a metallic covers to all empty slots in all electrical panels.
12. Stop storing compressed gas cylinders in the secondary boiler area. Equip all compressed gas cylinders with chains, so that they are protected from accidental falls.

COMPANY ACTION PLANS

1. 1. Fire extinguisher #1 will be replaced, #19 will be relocated to avoid blocking and #30 will be recharged 2. Fire extinguishers will be installed according to the NFPA norm related to proper height 3. Fire extinguisher will be installed in the forklift and the fire extinguisher with pressure issues will be replaced 4. Factory will implement monthly inspection for fire extinguishers 5. Main and secondary aisles will be marked, also will ensure that all aisles and fire extinguishers will be free from obstructions and unblocked 6. Exit sign will be placed over the door of the finishing Department 7. Alarm system will be centralized and factory will ensure that sound will be hear in all the facility 8. Emergency exits signs will be replaced such signs will be able to lit when the electricity will be shut down 9. Evacuation drill on night shift will be performed on January 2015, next is scheduled for April 2015, all the results will be recorded and at least three evacuation drills will be performed yearly 10. An employee list will be created and will be on hand during the evacuation drills to account employees 11. Restricted signs will be placed in all electrical panels that are missing 12. Electrical panels with empty slots will be covered, also during safety tours will be checked that panels are unblocked 13. All compressed gas cylinders will be relocated in a safe area and chained.

Action plan status: In Progress

Planned completion date: 06/30/15

Progress update: 06/12/15 : 1. Fire extinguisher #1 was replaced, #19 was relocated to avoid blocking and #30 was recharged 3. Fire extinguisher was installed in the forklift and the fire extinguisher with pressure issues was replaced 4. Factory implemented monthly inspection for fire extinguishers 5. Main and secondary aisles were marked 6. Exit sign was placed over the door of the finishing Department 9. Evacuation drill on night shift was performed on January 2015, next is scheduled for April 2015 10. An employee list was created and will be on hand during the evacuation drills 12. Electrical panels with empty slots were covered 13. All compressed gas cylinders were relocated in a safe area and chained.

FINDING NO.12

HEALTH AND SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has not provided workers with training on critical areas of H&S: a) lifting technique training for all workers who handle fabric rolls, b) specific safety training for maintenance employees who work with electricity, c) specific fall protection training for all maintenance employees who perform work at heights, d) chemical management training for all workers who handle chemicals, and e) general protection training for all workers, with a focus on personal protection equipment (PPE) usage and maintenance.
2. Only one evacuation drill and one training on fire extinguisher use were held for 18 workers, both of which were conducted one week before this assessment. No other fire safety training activities have been provided to workers in 2013 and 2014. Additionally, two indigenous female workers, who do not speak fluent Spanish due to their ethnic origin, have not received specific explanations regarding the evacuation procedures to be followed in case of an emergency.
3. Except for one first aid training held for 14 workers, which was conducted one week before this assessment, no other first aid training activities have been provided to workers during 2013 and 2014.

Local Law or Code Requirement

General Regulations on Health and Safety in the Workplace, Articles 5 Section B, Article 7, Article 69 Section 3, Article 92 Section F, and Article 106 Section 2; FLA Workplace Code (Employment Relationship Benchmark ER.31.2.3; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.5.2, HSE.6.2, HSE.8, HSE.9.2, HSE.14.2, and HSE.17.2)

COMPANY ACTION PLANS

1. 1, 3 A master training plan will be developed for all associates workin in the different Departments of the facility, the topics will include lifting techniques for all workers handling weights, safety training for employees working with electricity, fall prevention for employees working at heights, chemical management for workers handling chemicals, PPE usage, Fire extinguishers, First Aids among others 2. Four evacuation drills will be performed during the year per every shift as well training in this topic will be done to all associates ensuring the understanding of the program by all of them, specially the two people from indigenous group.

Action plan status: Planned

Planned completion date: 06/30/15

FINDING NO.13

HEALTH AND SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Chemicals in the dyeing department are stored in a common area where any worker can access them, and the chemicals in this area are neither isolated nor protected from the elements (sun, rain). Moreover, some chemical containers do not have labels and some have labels in English only, which is not the language spoken by workers. Some chemical containers in the Equitex area are only labeled in English.
2. The general chemical storage room and the Equitex area are not equipped with eyewash stations or any other water source, either inside or nearby. There is no secondary containment and the necessary equipment in case of spilling in these two areas.
3. Some material safety data sheets (MSDS) at the lab and in the dyeing department are only available in English, and MSDS are missing in the general chemical storage room.
4. "No-smoking" signs have not been posted in all areas where chemicals are stored, as legally required.

Local Law or Code Requirement

General Regulations on Health and Safety in the Workplace, Article 91; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.2, HSE.9.1, HSE.9.1.1, and HSE.10.1)

Recommendations for Immediate Action

1. Store all chemicals in a designated area that is isolated, has restricted access, and is protected from the elements (e.g., sun, rain).
2. Maintain MSDS in all areas where chemicals are either used or stored.
3. Ensure that all the MSDS for chemicals are in Spanish.
4. Ensure that all chemical containers are labeled, and that the respective labels are in Spanish.
5. Ensure that all chemicals have secondary containment (or spill kit ready for use) in all areas where chemicals are either used or stored.
6. Post "no-smoking" signs in all areas where chemicals are either stored or in use.
7. Install eyewash stations in or near all areas where chemicals are either in use or stored.

COMPANY ACTION PLANS

1. 1. Chemicals will be labeled in Spanish, also the chemicals will be stored in an isolated area 2. The general chemical storage area and the equitex area will be equipped with an emergency eye wash station as well as second containment area will be done 3. SDS sheets in English will be replaced by Spanish language and books will be review to ensure that all SDS sheets are in place 4. Non-smoking signs will be added and posted in the facility. May 29th, 2015

Action plan status: Planned

Planned completion date: 05/29/15

FINDING NO.14

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Ongoing training for workers has not been provided for any of the Employment Functions.
2. The factory has not provide specific training for supervisors on any of the Employment Functions.
3. The orientation training held for workers does not include Industrial Relations and human resources policies.
4. Workers do not get a copy of the information covered during orientation training.
5. Workers do not receive a copy of the internal regulations and other H&S regulations during orientation, as is legally required.
6. Management has not clearly defined the responsible/accountable person(s) for Industrial Relations in all areas and departments within the factory.

Local Law or Code Requirement

General Regulations on Health and Safety in the Workplace, Article 112; FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.1, ER.15.2, ER.15.3, ER.17.1, and ER.17.3; Health, Safety & Environment Benchmarks HSE.1 and HSE.2)

COMPANY ACTION PLANS

1. An employee manual will be written to cover all the topics related to industrial relations, H.R. policies, internal regulations, H&S policies and procedures. A training will be held with current associates and this practice will be implemented with new associates. The manual will be delivered among the employees.

Action plan status: In Progress

Planned completion date: 07/01/15

Progress update: 06/12/15 : Manual is been written by the factory

FINDING NO.15

POLICIES AND PROCEDURES (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has not developed written policies for almost all Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work; Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.
2. As the factory has not developed policies and procedures for almost all Employment Functions, there is no related review process.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.3, ER.23.1, ER.27.1, ER.28.1, ER.29.1, ER.30.1, ER.31.1, ER.31.3, and ER.32.1)

COMPANY ACTION PLANS

1. Policies for recruitment, hiring and personnel development, compensation, hours of work, termination and retrenchment, industrial relations, workplace conduct & discipline, grievance system and environmental protection will be developed as well as the policy and procedure review will be written. All associates will be trained on a yearly basis, such training will be handle by the Compliance Manager who will also be responsible for the industrial relations of the factory.

Action plan status: In Progress

Planned completion date: 06/30/15

Progress update: 06/12/15 : Policies are been developed by the factory

FINDING NO.16

WORKER INTEGRATION (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The worker integration component is missing from all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback on the creation, implementation, and updates of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making process.
2. There is no formal dialogue mechanism (a system of worker and management communication), which enables workers to consult with management and provide input.
3. No consultation meetings are held with workers before final decisions regarding layoffs are reached.
4. Workers do not receive ongoing or regular communication on the following Employment Functions: Recruitment, Hiring & Personnel Development; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Code & Discipline; and Environmental Protection. Also, there is only sporadic communication regarding the Grievance System, Compensation, and H&S.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER1.3, ER.16.1, ER.25.1, ER.25.2, ER.27.3, ER.30.2, ER.32.3, and ER.32.5)

COMPANY ACTION PLANS

1. Factory will develop a policy and procedures establishing communication lines among all the organizational levels (including management), During meetings with associates policies will be reviewed.
- 2 All associates will be trained on all policies and procedures related to workers integration.
3. The Compliance Manager will be responsible for the workers integration area.

Action plan status: Planned

Planned completion date: 06/30/15