

FLA Audit Profile

Factory Code	670028919G
Country	Guatemala
FLA Affiliate	Antigua Group
Other FLA Affiliates in Factory	None
Monitor	ALGI
Audit Date	July 30 – August 1, 2008
Products	Apparel
Processes	
Number of Workers	283



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Wages, Benefits and Overtime Compensation: A. Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Vacations are not taken and employees work the whole year round and receive an extra payment for their days of vacations. Workers agreed to work vacation time to get extra money Document Review, Interviews Art. 133 of the Guatemalan Labor Code: Vacations cannot be compensated with money, except in the case of a termination process.

Plan Of Action: Company request supplier to establish or provide evidence of Wage, Benefit & Overtime compensation policies that include: 1) stated commitment to pay workers no less than legally mandated minimum compensation for wages, benefits and any additional payments in accordance with employments terms. 2) defined payments schedule for payroll ie: weekly, bi-weekly, etc, with the numbers payments will be made from the end of the pay period. 3) defined payment method, cash or check 4) clearly defined method of vacation accrual and payment procedures, including statement requiring workers use the vacation as time off Company to also request supplier to assign factory representative to be responsible for implementation and enforcement. Policy to include procedures for communication of policy and training for management, supervisors and workers. training to cover at minimum: 1) payroll calculation method 2) payroll record retention policy 4) clearly defined method of compensation calculation for piece rate workers

DeadLine Date: 04/30/2009

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: G. Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate

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payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Workers are not paid for all hours worked. Supervisors swipe operators cards at end of the shift: at 16:20 and workers stay until 18:20 to meet production bonus. Operators can leave at 16:20 but they will be paid the minimum salary, losing the day's production bonus. Operators stay to meet the daily production bonus Factory Tour, Document Review Art. 123 of the Guatemalan Labor Code: the employer will register in the payroll, hours and earnings related to overtime work.

Plan Of Action: Company requests that supplier eliminate practice of supervisor swiping workers time cards and allowing worker to continue work off the clock in order to meet production goal and earn bonus

DeadLine Date: 04/30/2009

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: Y. Other - Wages, Benefits and Overtime Compensation

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Facility does not have child care facility. Although a legal requirement, this is not enforced by local Department of Labor Factory Tour Art. 155 of the Guatemalan Labor Code: Any employer with more than 30 female workers should provide a child care facility for children 3 years old or younger.

Plan Of Action: Company to seek what if any steps can be taken for factory to provide child care services on a as needed basis

DeadLine Date: 03/31/2009

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No
 Action Verified Text:
 Action Verified Date:
 Comments:

Miscellaneous: A. Code Awareness

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Management and workers have never received training on the Company's Code of Conduct. Document Review / Facility Walk through

Plan Of Action: Company has provided supplier with full explanation of the Code as well local resources for training. Company to seek immediate policy statement and record retention program on Code training. Factory to create a code training program for all workers. Training of the code also to be included during the orientation process.

DeadLine Date: 04/30/2009

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: J. Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: There is no fire extinguisher in the Chemical Storage Room. Management believes that the Chemical room is a non-dangerous area. Factory Tour Chapter V - Health & Safety Standards. - Article 197

Plan Of Action: Supplier has installed all PPE, fire extinguishers and signage need to bring facility up to code.

DeadLine Date: 12/12/2008
Supplier CAP:
Supplier CAP Date:
Action Taken: Supplier has installed all PPE, fire extinguishers and signage need to bring facility up to code.
Plan Complete: No
Plan Complete Date: 01/12/2009
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: K. Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: In the Spot Cleaning Station workers only use masks, they are not protected from the risk of getting the cleaning fluid into their eyes and from the contact with the liquid for eight hours, daily. They should use goggles, gloves and aprons to protect their garments and bodies from any spills. There are no signs or diagrams indicating the need to use PPE. There is no Supervisor for this area and Management does not think workers need a special training for handling chemicals. Factory Tour Chapter V - Health & Safety Standards. - Article 197

Plan Of Action: Company request supplier to bring this area up to code and local regulations asap.
DeadLine Date: 01/12/2009
Supplier CAP:
Supplier CAP Date:
Action Taken: Supplier has installed all PPE, fire extinguishers and signage need to bring facility up to code
Plan Complete: No
Plan Complete Date: 01/12/2009
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: M. Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their

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job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Employees who work in the Spot Cleaning Station are not trained in chemical usage. There is no Supervisor for this area and Management does not think workers need a special training for handling chemicals. Factory Tour Chapter V - Health & Safety Standards. - Article 197

Plan Of Action: Company request supplier to bring this area up to code asap. Worker training should start immediately.

DeadLine Date: 01/12/2009

Supplier CAP:

Supplier CAP Date:

Action Taken: Supplier has installed all PPE, fire extinguishers and signage need to bring facility up to code

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: N. Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: There are no MSDS signs posted in the Spot Cleaning Station or the Chemical Room. There is no Supervisor for this area and Management does not think workers need a special training for handling chemicals. Factory Tour Chapter V - Health & Safety Standards. - Article 197

Plan Of Action: Supplier has installed all PPE, fire extinguishers and signage need to bring facility up to code. Supplier to post MSDS in areas where chemicals are used or stored.

DeadLine Date: 01/12/2009

Supplier CAP:

Supplier CAP Date:

Action Taken: Supplier has installed all PPE, fire extinguishers and signage need to bring facility up to code

Plan Complete: No

Plan Complete Date:

Action Verified: No
 Action Verified Text:
 Action Verified Date:
 Comments:

Health and Safety: Q. Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: The Chemical Storage Room is inside the building in a non-ventilated area. Management believes that the Chemical room is a non-dangerous area. Factory Tour Chapter V - Health & Safety Standards. - Article 197

Plan Of Action: Company to request supplier find alternative location for storage with proper ventilation

DeadLine Date: 03/31/2009

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: S. Proper Use of Machinery

H&S.19 Employers shall only use positive incentives (risk awareness training, demonstration of proper use, awards, bonuses, etc.) to ensure workers use machinery, equipment and tools properly and safely. Workers shall not suffer any negative consequences for refusing to work with machinery, equipment or tools that are not properly guarded or reasonably considered unsafe. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: 1) Single needle and cover stitch machines do not have belt guards. 2) Button machines and 60% of the over lock machines do not have the eye guards. Mechanics are not supervising machines to verify they have appropriate guards. Factory Tour Chapter V - Health & Safety Standards. - Article 197

Plan Of Action: Supplier currently in process of replacing outdated machines with newer

ones that contain all necessary safety equipment.

DeadLine Date: 12/12/2008

Supplier CAP:

Supplier CAP Date: 01/12/2009

Action Taken: Supplier currently in process of replacing outdated machines with newer ones that contain all necessary safety equipment

Plan Complete: No

Plan Complete Date: 01/12/2009

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: T. Bodily Strain

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Employees who work standing all day do not receive the appropriate anti-fatigue mats. Facility is not aware of ergonomic needs. Factory Tour

Plan Of Action: All work areas with this requirement now have proper anti-fatigue mats

DeadLine Date: 12/09/2008

Supplier CAP:

Supplier CAP Date:

Action Taken: All work areas with this requirement now have proper anti-fatigue mats

Plan Complete: No

Plan Complete Date: 01/12/2009

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Hours of Work: F. Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External	ALGI	1 (out of 5)

Monitoring

Explanation: Monitor observed that supervisors swiped the cards of the operators that work for a production goal. 1) Operators stay 2 extra hours without checking the time. Monitor again stood near the clock at 18:20 and none of the operators swiped their cards, they just left. 2) Management and workers interviews confirm that operators working for a production goal come to work on Saturdays and do not check in and out. Need to reach production goals. Factory Tour, Interviews Art. 123 of the Guatemalan Labor Code: the employer will register in the payroll, hours and earnings related to overtime work.

Plan Of Action: Company to request supplier provide evidence of records stated to exist in statement made on Jan 12, 2009. And also that the supplier insists that all workers swipe their own cards to record their time worked accurately, allowing supervisor only to monitor workers swiping cards to insure the workers are compliant with supplier policies, which are in line with local laws in regards limits on timed allowed each worker for regular and overtime per pay period

DeadLine Date: 04/30/2009

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Hours of Work: H. Overtime/Reduced Mandated Overtime

HOW.8 The employer shall demonstrate a commitment to reduce overtime and to enact a voluntary overtime system, including for overtime mandated to meet extraordinary business circumstances. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Because of inappropriate Time Recording System, Monitor could not verify if overtime work is within legal limits. Inappropriate Time Recording System Factory Tour, Document Review

Plan Of Action: Company request supplier insists that all workers swipe their own cards to record their time worked accurately, allowing supervisor only to monitor workers swiping cards to insure the workers are compliant with supplier policies, which are in line with local laws in regards limits on timed allowed each worker for regular and overtime per pay period. Additionally, Company that supplier establish or provide evidence of existing hours of work policies that detail: 1) the legally mandated allowable hours of work for both regular and overtime 2) details when overtime will go into affect and how supplier will provide oversight to insure limits or not exceeded 3) clearly states that all overtime worked is on a voluntary basis.

DeadLine Date: 04/30/2009

Supplier CAP:

Supplier CAP Date:
Action Taken:
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Hours of Work: P. Annual Leave/Restrictions

HOW.16 Any factory restrictions or procedures applicable to taking annual leave, such as requiring a minimum period of service before being allowed to use annual leave, written requests to be submitted a certain time before the annual leave would be taken, etc., must be in line with local laws, regulations and procedures and must be communicated in full to all workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/30/2008	External	FLA Independent External Monitoring	ALGI	1 (out of 5)

Explanation: Management and workers interview confirm that as a practice of the factory, none of the workers rest during the vacation days and that they receive double payment, a) the payment corresponding to their vacations and b) the normal daily/production bonus. Vacations are being paid. Managers want workers to work all the time and workers like to receive an extra payment. Interviews Art. 133 of Labor Code says: "Vacations cannot be compensated with money"

Plan Of Action: Company to ask factory to comply with local regulations or provide proof that a violation has occurred when worker requests vacation advances in lieu of time off.

DeadLine Date: 04/17/2009

Supplier CAP:
Supplier CAP Date:
Action Taken:
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:
