



Comisión de Verificación de Códigos de Conducta

EXECUTIVE SUMMARY
AND
INDEPENDENT INVESTIGATION

OCEAN SKY APPAREL

Olocuilta, La Paz, El Salvador

February 8-12, 2011



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EXECUTIVE SUMMARY

The Fair Labor Association (FLA) requested that COVERCO conduct an independent investigation regarding the report released on January 24, 2011, by the Salvadorian group Women Transforming and the Institute for Global Labor and Human Rights (formerly known as "Labor Committee" or by its English acronym "NLC") and the verification of compliance of labor rights at OCEAN SKY APPAREL.

Most Relevant Findings

One positive aspect found is the payment of the Christmas bonus respecting the seniority of workers (Labor Code, article 198) despite the factory having the practice of cancelling all employment contracts each year.

The factory complies with the **current minimum wage**; however, there is a considerable gap in relation to the Market Basket, which is the base parameter for the satisfaction of basic needs. As of December 2010, a substantial adjustment to the current minimum wage would be needed. Thirty-seven percent (37%) of the interviewees expressed their dissatisfaction for the nonpayment of the **weekly rest day or seventh day**. COVERCO considers that the procedures used by the factory to authorize this payment due to tardiness at the start of the work shift or worker absence are not adequate due to their subjectivity or propensity to abuse of authority by those responsible for authorizing or denying payment.

The **Employment Contracts** establish that the schedule will be "subject to the completion of voluntary overtime"; however, this paragraph does not guarantee that workers can decide freely, primarily due to the procedure used for the voluntary authorization by the worker to work overtime. Seven percent (7%) of interviewees confirmed they are pressured by their Supervisor to work overtime.

Twenty-nine percent (29%) of those interviewed confirmed that 5 Supervisors commit acts of **abuse** because they use profanity, raise their voices, harass them to perform their work, threaten them about withholding their meal time if they do not meet the goals and pressure them to work overtime.

The revision of dismissal and resignation records for May 2010 confirmed that in the case of a worker dismissed, who during an interview with investigators commented that she was **dismissed for reporting that the water was unsafe for drinking**, her personal record indicates the dismissal was the result of "downsizing"; however, the "downsizing" argument is not consistent because in that month, 25 workers were hired in relation to April 2010. Twenty percent (20%) of the interviewees commented that in May and August 2010, there were dismissals for reporting water problems.

On the subject of **Freedom of Association**, fifty-nine percent (59%) of respondents confirmed that workers perceive that they will have problems if they organize into a union, while forty-one percent (41%) did not respond. The problems they mentioned are termination, reprisal for organizing and inclusion in black lists.



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The results regarding the matter of **Health and Safety** show that the three facilities have high temperatures, above 27.5 degrees Centigrade (Ministry of Labor recommendation). Personal Protective Equipment is not used consistently. Moreover, in some areas, the lack of protection against occupational disease or accidents was detected. All of the above is closely related with the non-functioning of the Safety and Environment Committee, a situation which also affects the consumption of potable water in all the facilities, regarding which twenty-four percent (24%) of the interviews confirmed their dissatisfaction.

Eighty-five percent (85%) of interviewees commented that they were not aware of the FLA-affiliated companies' **Codes of Conduct**, or the communication channels to present a complaint, if necessary.

It is important to state that the investigation did not experience any restriction regarding access to information nor any obstacles to carrying out research at the factory.

The independent investigation report includes more information regarding non-compliances found at the factory.



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INDEPENDENT INVESTIGATION OCEAN SKY APPAREL

BACKGROUND

Ocean Sky Apparel began operations in El Salvador in 2000, as HOONS APPAREL INTERNATIONAL; In January 2008, it changed its name to OCEAN SKY APPAREL. As of February 8, 2011, the total workforce was 1,194 workers, of which 63% are women and 37% men (see attachment No. 1, evolution of work positions at Ocean Sky Apparel).

The factory is located in the International Free Zone. The facilities are more than 10 years old. Currently, production and management are carried out in three buildings or premises.

The factory has three work shifts. Management informed that they currently only have the first shift working due to low product demand.

1. First shift
Monday to Thursday from 06:45 to 11:15 and from 12:00 to 16:30
Friday from 06:45 to 11:15 and from 12:00 to 15:30
2. Second shift
Monday to Thursday from 07:30 to 12:00 and from 13:00 to 17:30
Friday from 07:00 a12:00 and from 13:00 to 16:30
3. Third shift
Monday to Thursday from 19:30 a 12:00am and from 01:00 to 04:30
Friday from 19:30 to 12:00am and from 01:00 to 03:30

SCOPE OF WORK

COVERCO researched the following areas, according to the Terms of Reference:

Review of all allegations of violations based on the report released by Women Transforming and Institute for Global Labor and Human Rights (formerly known as "Labor Committee" or by its English acronym "NLC") on January 24, 2011 including the following main areas of concern:

1. **Wages and benefits:** Minimum wage compliance, with emphasis on payment of overtime and payment of social and economic benefits (paid vacation, seniority, holidays, holiday premium rate, content of pay slips). Review period: Emphasis on March, April and May 2010, and the last six months of 2010.

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2. **Work hours:** Review the number of work hours and verify consistency with FLA benchmarks and local regulations. Review period: Emphasis on March, April and May 2010, and last six months of 2010.
3. **Forced labor:** Review active contracts and their provisions regarding forced overtime; also lunch period and breaks. Overtime terms and conditions.
4. **Harassment and abuse:** Conditions and treatment of workers in the workplace, including grievance procedures.
5. **Discrimination:** Matters related to pre-hiring testing, wages, and work assignments.
6. **Freedom of association:** Workers' associational rights, retaliation, intimidation or termination.
7. **Health and safety:** Emphasis on sanitation, ventilation, bathroom privacy (surveillance cameras), ambient temperature, lighting and use/availability of personal protective equipment, and use/storage of chemicals (list of chemicals found in the factory attached as an annex to the report).
8. **Code of conduct:** Workers' awareness of the Code of Conduct.
9. **Worker terminations** due to complaints regarding quality of drinking water.
10. **Coaching of workers** by management in preparation for compliance visits.
11. **Locker maintenance and safety.**
12. **New findings** related to labor practices and health and safety.

METHODOLOGY

COVERCO conducted the assessment in three phases:

- a) Interviews. COVERCO conducted 68 interviews of internal stakeholders (Workers, Supervisors and Management) and external stakeholders (former workers, Salvadorian Specialists on Labor Rights).
- b) Labor Records Review. Manuals and regulations on management policies and all labor records considered important, in some cases from December 2009 to January 2011; as well as the contents of the report released on January 24, 2011 by the Salvadorian group Women Transforming and the Institute for Global Labor and Human Rights.
- c) Sensory Inspection. Conducted during the research in all the facilities of the factory.



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Interviews

Interviews were carried out from February 7 to February 12. Fifty-five interviews (4.6%)¹ were with internal stakeholders (Workers, Supervisors and Management) and 13 interviews with workers outside the factory, including former workers. COVERCO also conducted meetings with Women Transforming representatives, the Institute for Global Labor and Human Rights; and local specialists on labor rights.

The criteria for the selection of the interviewees were gender, seniority, and areas of work. Thus, out of the 55 interviews conducted, 65% were women – including 3 women receiving maternity benefits – and 35% were men. With respect to seniority, COVERCO selected workers who had more than 3 years and up to 10 years seniority, from 1 to 3 years, and finally workers with less than a year of tenure. With respect to areas of work, COVERCO interviewed 6 supervisors and 8 persons from management.

COVERCO provided the workers in each interview a business card with a contact telephone number in El Salvador. We explained to them that they could use this telephone number to reach us and the confidentiality of the information would be guaranteed. The number could also be used for elaborating on the information given or to raise any allegation of reprisal due to the interview. The telephone line would be available until February 21, 2011.

Records Review

COVERCO requested the following documents from Management:

1. Management Policies

- a. Internal Policies and Procedures regarding disciplinary measures
- b. Policies and Procedures regarding harassment and/or sexual abuse complaints
- c. Policies and Procedures regarding non-discrimination
- d. Policies and Procedures for assisting workers (open door or workers' help center)
- e. Policies and Procedures regarding health and safety at work
- f. Policies and Procedures regarding work shifts and wage and social benefits payment
- g. Policies and Procedures regarding overtime
- h. Policies and Procedures regarding selection and recruitment (including induction programs for new workers and new job positions)

¹ Coverco's plan was to conduct interviews of 3-4% of the total workforce, but in the investigation interviews with 4.6% of workers were achieved.



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2. Specific Requirements

- a. Map of the production plants for OCEAN SKY APPAREL, S.A. de C.V.;
- b. Vacation program report for the last 3 periods (2008-2009-2010) for OCEAN SKY APPAREL, S.A. de C.V. personnel;
- c. Personnel records (including the Individual Employment Contracts) for a sample of workers;
- d. Entry and exit records for the workforce (manual or electronic) from January 2010 to January 2011;
- e. Payroll records from January 2010 to January 2011;
- f. Wage receipts from January 2010 to January 2011;
- g. Overtime records from January 2010 to January 2011;
- h. ISSS membership records from January 2010 to January 2011;
- i. List of workers with maternity benefits from January 2010 to January 2011;
- j. Internal Workplace Rules of OCEAN SKY APPAREL S.A. de C.V.;
- k. ISSS and Pension Fund Administrators forms (AFP) from January 2010 to January 2011;
- l. Original records of payments made to the ISSS and Pension Fund Administrators (AFP) from January 2010 to January 2011;
- m. Copy of meeting minutes signed by the Safety and Occupational Health Committee;
- n. Records of audits, evaluations and labor certifications conducted at the company;
- o. Christmas (year-end) bonus proof of payment 2009 – 2010;
- p. List of personnel whose contracts were cancelled and respective settlements due to resignations and/or terminations from January 2010 to January 2011;
- q. Documentation regarding high and low production months;
- r. Number of workers by gender;
- s. Work-shift records;
- t. Records of cases attended in the company clinic from January 2010 to January 2011.

Sensory Inspection

COVERCO used for this research its own guidelines, prioritizing three areas of verification:

a. Health and Safety

Site inspections of all facilities linked to health and safety such as toilets; fabric, chemicals and waste storage areas; corridors; emergency exits; fire extinguishers; and electrical wirings. Also, temperature measurements and verification of odors and residues in the environment (lint).

b. Work Environment/Organizational Climate

c. Ergonomics, Work Organization

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I. FINDINGS

1. Wages and Benefits

Current Minimum Wage

Records reviews and 100% of the interviews confirmed that Ocean Sky Apparel complies with the current minimum wage. The current monthly minimum wage in El Salvador since 2009 for textile and apparel maquila workers is \$173.70². Specialized Institutions analyze the gap between the current minimum wage, the Basket of Goods³ and Market Basket⁴. The minimum salary covers 23% of the Market Basket. A significant adjustment would have to be made to the minimum salary for it to cover the Market Basket.

US DOLLARS			
YEAR	URBAN BASKET OF FOOD ITEMS	MARKET BASKET	MAQUILA MINIMUM WAGE
2008	176.50	760.90	167.10
2009	162.30	759.50	173.70

Source: Prepared by COVERCO based on data of the Ministry of Labor and Department of Statistics and Census of El Salvador

Rest Day or Seventh Day

Thirty-seven percent (37%) of the respondents (15 interviewees) expressed their discontent with respect to the non-payment of the Rest or Seventh Day, especially because of the failure by management to authorize justified late arrivals or justified absences.

The research found some records (payrolls) that indicated that this right was not paid to the workers, although this right is embodied in the Constitution of El Salvador. In effect, the Salvadorian Labor Code provides this right, but also limits it by stating that "the worker that does not complete his work week (of 44 hours) without a justified cause, is not entitled to compensation."

COVERCO considers that the internal procedure established by the factory is subjective and prone to misuse, as workers must turn to their supervisor to seek authorization of a justified cause. As there are no written guidelines or protocols, the subjectivity of supervisors prevails and so does the propensity toward abuse of authority by those responsible for authorizing whether there has been a justified cause. Should there be any time taken off during the work week (for example, due to delays in the transportation system), the worker does not have the right to receive payment for the weekly Rest Day.

² For the Commerce Sector the minimum wage is \$192.30 and for the Industrial Sector it is \$188.10.

³ The group of food items (11 items for urban sector and 9 for rural sector) that make up the typical diet of the population, in sufficient quantities to adequately cover, at a minimum, the basic energy needs of every person.

⁴ The group of goods and services that on average are used to satisfy the basic needs of a regular Salvadorian family; it contains items such as health, foods, housing, clothing, education, transportation and recreation.



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Management commented that they have not received any complaint about this issue.

Payroll and Wage Receipt

The interviewees mentioned that workers do not understand the content of the payroll stub, especially when they worked overtime or earned bonuses.

The payroll stub format, - along with the size of the print, and the use of more than one language – contributes to problems in interpretation. During the review of January 2011 payrolls, a considerable number of unsigned payroll documents were found.

The wage receipt does not have the necessary information to verify the income and deductions.

Management commented that they are evaluating modification of the payroll and wage receipt documents. They expect the changes to be completed in the month of March.

Christmas Bonus

100% of the interviewees as well as the records review confirmed that the factory follows seniority provisions and guarantees the payment of the Christmas bonus according to the Labor Code, article 198.

Benefit Payment Calculation

Interviews and records review confirmed that payment of compensation of severance, overtime, vacation and Christmas bonus are made according to law.

Hours of Work or Work Shift

Interviews and records review confirmed that hours of work and payments are made according to law; during January and February 2011, there was no overtime, except in some specific activities.

2. Forced Labor

During the records review it was found that there is a paragraph in the Employment Contracts stating: "Due to the nature of the work performed, your schedule will be subject to the completion of voluntary overtime, according to the company's needs, as long as it is required...". This paragraph, valid since March 2010, does not guarantee the freedom of workers to choose to perform overtime work on a voluntary basis, due to its wording and the lack of knowledge of labor rights among workers.

All of the workers interviewed confirmed that the company provided them with their Employment Contracts; however, they do not recall their content.

Furthermore, interviews revealed that the mechanism used by management through its supervisors - requesting workers to perform overtime through sign up sheets and not individually - does not guarantee the independence of worker to choose freely. This collective procedure for working overtime is coercive.

Seven percent (7%) of the respondents (3 interviewees) confirmed that they are pressured by their supervisors or group leaders to work overtime.



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One interviewee mentioned that he/she only takes only 30 minutes for lunch and then returns to the work station to continue working; however, COVERCO did not find similar cases during the sensory inspection.

3. Harassment and Abuse

Of the respondents, 29% (12 interviewees) confirmed that 5 supervisors use profanity, yell at them, harass them to perform their work, threaten to take away their meal time when they fail to meet the goals, and pressure them to work overtime.

Interviews conducted outside of the factory confirmed the names of 2 of the 5 supervisors mentioned in the other interviews.

In January 2011, one worker used the grievance mailbox to complain about a supervisor's abuse of authority. The response from management does not inspire confidence, as the response was that "if you do it through this system, we recommend being as specific as possible." Management's response would not guarantee anonymity and the worker could be exposed to possible retaliation.

4. Non-Discrimination

The report by Women Transforming and the Institute for Global Labor and Human Rights indicated that workers in Gap Inc. production lines received higher bonuses than other workers. COVERCO looked into this issue through interviews and records review and there was no evidence that this was the case. However, it is important to note that during the investigation, management indicated that currently, Gap does not have production in the factory.

5. Freedom of Asociación

No evidence was found that Hoons Apparel or Ocean Sky Apparel workers have attempted to form a union. During the 41 worker interviews conducted regarding this issue, the following replies were obtained:

- a. 100% said they had no knowledge of possible attempts to form a union at the factory.
- b. 41% (17 interviewees) do not know or would not answer whether they would face problems for forming a union.
- c. 59% (24 interviewees) consider that they would have problems if they organized a union.

COVERCO deepened the interviews by asking the workers what kind of problems they would have if they formed a union, and the possible problems indicated were:

- Dismissals
- Retaliation for organizing
- Being blacklisted and not being able to get another job.

COVERCO also asked the workers whether they had received training on labor rights, especially on Freedom of Association. Five percent (5%) of the respondents (2 interviewees) said they remembered a presentation on labor issues, but NOT on Freedom of Association.

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However, management confirmed that on March 23-25, 2010, they conducted training for all workers on the labor rights contained in the company's policies. The contents of the training were developed by Human Resources and Compliance staff, and one of the themes presented was Discrimination, within which there were presentations on Freedom of Association and Collective Bargaining.

The training was conducted in groups of 30 workers and lasted 30 minutes; six groups were trained simultaneously.

6. Health and Safety

The investigation examined possible risks and occupational accidents due to non-compliance with Health and Safety regulations.

Temperature:

During the sensory inspection of the three facilities conducted on February 8, high temperatures were perceived in different production areas. COVERCO measured the temperature between 13:40 and 13:50 hours, and the result was 29.2 degrees in ventilated areas and 31.3 degrees in areas with little or minimum ventilation. Subsequently, COVERCO conducted measurements in specific areas:

Day	Hour	Place	Temperature	Observations
8-02	13:51	End of line 9	31.6	
8-02	14:00	Beginning of line 10	32.1	
8-02	14:10	Exit F between lines 7 and 8	33.4	Outside the warehouse, under a roof
8-02	14:25	Stamping line 4	31.2	
10-02	15:30	Cafeteria	32.2	During interviews

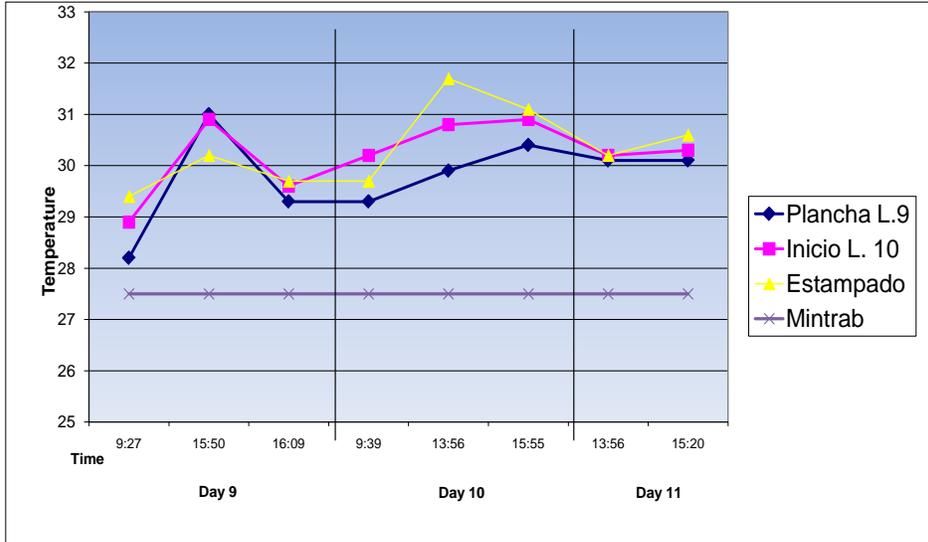
Temperature measurements were taken in all three plants of the factory. The criteria used for taking the measurements at the three facilities were:

- Conduct at least 3 measurements in the same place and time
- Each measurement taken over an average of 5 minutes
- Photographs were taken of the measurement instrument

The last measurements taken in June 2010 by the Occupational Health Technician of the Ministry of Labor and Social Welfare recommended **“To apply engineering measures in order to minimize thermal stress”**, as the measurements were higher than those recommended for El Salvador, which is 27.5 degrees Celsius.

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TEMPERATURE MEASUREMENTS CONDUCTED DURING THE INVESTIGATION



Prepared by COVERCO based on data gathered at the factory in February 2011

Management indicated that in Facility 1, in the area known as C-TPAT, a few years ago they made several openings to the main wall. These openings do exist, allowing ventilation to the facility; however, in this vicinity there are three levels of shelves containing boxes that block air circulation to the production areas, principally to the ironing area.

Personal Protective Equipment

During the four days of sensory inspection, it was found that workers in the stain removal modules/booths do not use their Personal Protective Equipment; only during two days (9th & 10th) did COVERCO observe some of the workers using their protective masks sporadically.

The interviews and sensory inspection confirmed that some sewing machines did not have needle guards; one interviewee said that needle guards obstruct the flow of the fabric and affect the quality of the garment.

Potable Water

Water quality tests will be performed by a laboratory contracted by the FLA. The results of this analysis will be included in the study results.



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Additionally, the interviews revealed that, on a regular basis, workers get their drinking water during the day from the sinks located in the bathrooms and NOT from the water faucets designated for that purpose.

Of the respondents, 24% (10 interviewees) indicated their dissatisfaction with the water, stating that the water has "too much chlorine, tastes bad, is bitter, smells bad and is sometimes hot".

Twenty percent (20%) of the respondents (8 interviewees) indicated that in May and August 2010, workers expressed their dissatisfaction with the drinking water; there was even a complaint made in January 2011 by a worker requesting improvement of the quality of drinking water.

Toilets

The Women Transforming and Institute for Global Labor and Human Rights report mentioned the existence of a surveillance camera located in the locker area which is outside the toilets. During our research we confirmed that this camera was located outside exit door F in Facility 1. Management confirmed, and investigators verified, that the camera was moved to a place where there is no coverage of women's and men's toilets.

The sensory inspections confirmed that toilets were cleaned often by personnel assigned to that activity and were hygienically acceptable.

One hundred percent (100%) of the interviewees indicated that there were no limitations on the use of toilets. It was verified by the investigators that the number of toilets in relation to the number of men and women meets the General Regulation of Safety, Health and Environment.

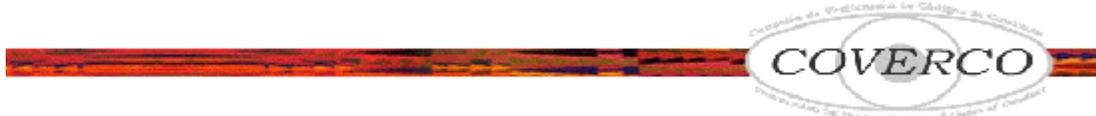
In January 2011, a complaint was presented to management, stating that men's toilets in Facility 3 were insufficient. Management responded adequately, indicating that the number of toilets in relation to the number of workers was sufficient and complied with the Regulations. Some workers consulted mentioned that at some points in time, there are more men working in this area and this is when this inconvenience occurs; sometimes the men's toilets have bad odors.

Some interviewees commented that the amount of toilet paper is limited and the factory does not provide more than the monthly amount. When consulted, management commented that the previous year they had complaints regarding this matter and they increased the amount of toilet paper per worker; moreover, if a worker requests more, management will provide it. None of the interviewed workers confirmed that statement.

Ironing, Packing and Finishing Area

COVERCO considers that the flat design of the ironing board is not appropriate for the work. The position of the workers, the repetitive movements, physical exhaustion and heat generated by the irons increase the susceptibility to diseases and accidents at work.

The sensory inspections confirmed that some workers do not use the anti-stress mats. In the packing area the repetitive movements are excessive; also the corridor in this area was often blocked.



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Boxes Warehouse or C-TPAT

The sensory inspection and interviews found that several workers in this area performed their activities in an improper manner with a high risk of accidents, mainly when they are working on the third level of the shelves; also it was verified that workers do not use their Personal Protection Equipment.

Safety and Environment Committee

COVERCO confirmed that the factory has a Safety and Environment Committee that will be in office until February 22, as well as a new Committee which will take office on February 23, 2011 until February 22, 2012. The Committee will be sworn in during the third week of February by the Ministry of Labor and Social Welfare.

The factory has a Health and Safety Manual, which contains the objectives and functions of the Health and Occupational Safety Committee. During 2010-2011, they only held **one meeting** (July 7, 2010) during which the Committee was informed about the new legal regulations coming into effect in May 2011.

The Committee **does not comply with its important function**, which is set out in the Health and Safety Manual specifying that "...its sole purpose is to ensure safety in the workplace. Avoiding unsafe actions and suggesting measures to control hazardous conditions caused by machinery, equipment, tools and the environment in the workplace."⁵

COVERCO considers the failure to hold meetings at least once a month, the lack of periodic inspections, and the failure to develop an inspection record as non-compliances with worker rights and prevention with regard to Health and Safety.

There were several non-compliances found during the investigation which can be corrected promptly with a properly functioning Safety and Environment Committee.

7. Codes of Conduct

Eighty-five percent (85%) of respondents (40 interviewees including supervisors) indicated not being aware of the contents of the codes of conduct of Puma, Adidas, Columbia or PVH, much less knowing the person or communication channels that they could use to present a complaint. The sensory inspection confirmed that the FLA-affiliated companies' Codes of Conduct were displayed in visible area in different locations throughout the factory.

8. Worker Terminations

The Women Transforming and Institute for Global Labor and Human Rights report mentioned that 6 workers were dismissed in May 2010 for denouncing that water was unsuitable for human consumption.

COVERCO reviewed records of all the dismissals for May 2010, and conducted interviews to pursue this case. Twenty percent (20%) of the respondents (8 interviewees) commented that in May (6 interviewees) and

⁵ Ocean Sky Apparel Health and Safety Manual.



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August (2 interviewees) there were layoffs of workers connected with complaints about water problems; none of the workers interviewed identified the dismissed workers.

An interview was conducted outside the factory with a former worker who had indicated that she was dismissed for reporting that the water was unsafe for drinking. She told us "We saw little things coming from the water, like small red worms. I suffered stomach pain when I was drinking the water and I had headaches; the same thing happened to another worker who brought water from her home because the factory's water made her sick."

The dismissal of this worker was on Monday, May 17, 2010. She commented that the personnel manager told her: "you have worked for 2 years for us, but unfortunately there is a downsizing, I'm sorry but there is no more work for you." The former worker commented that she was the only one dismissed that day and they paid her benefits at that moment. She also commented that on Friday other workers were dismissed. She believes that these layoffs were in retaliation for the comments about the water.

A supervisor commented that the former worker was dismissed because she was a bad worker.

COVERCO reviewed all the termination records for May 2010 and confirmed that on May 17, only this worker was dismissed as a result of "downsizing." It was not possible to interview the Human Resources Manager to go deeper into the case.

The downsizing argument is not consistent in this instance considering recruitment and withdrawals for resignation or dismissal patterns in that month. In May 2010, the factory reported a net increase of 25 production workers in relation to April 2010 (see Annex 1).

COVERCO was not able to interview two former workers who indicated they were dismissed for this same reason.

9. Coaching by Management of workers in preparation for compliance visits

During the interviews, 37% of respondents confirmed that at least 3 supervisors informed them about the current independent assessment and recommended that they "do not say anything bad about the factory because some of the Brands working at the factory may leave."

10. Locker maintenance and safety devices

The sensory inspection and interviews confirmed that currently there is no problem with the use of lockers. In each facility there are enough lockers for women and men. The interviewees commented that the size of the lockers is suitable for storing personal items and food.

Of those interviewed, 100% did not report theft from their lockers. Factory security commented that when a locker is left open or unlocked, it is reported to the Security Officer who at the same time notifies Management. Management subsequently contacts the worker to secure the locker.



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11. New Finding

Freedom of Movement

Twenty-four percent (24%) of respondents (10 interviewees) commented that they faced limitations on leaving the facilities at lunch time. As they can only leave the premises with a permit authorized by the management, therefore workers bring their food or buy it in the factory cafeteria.

COVERCO considers this rule as an obligatory measure to remain within the factory facilities during lunch time and may limit freedom of movement.

The Labor Code, article 163, states that "effective work time is anytime in which the worker is available to the employer, as well as the necessary breaks for resting, eating or other physiological needs during the work shift."

Management responded that workers could leave the facilities as long as they request permission and the company authorizes it. Management commented that it is considering removing this restriction as of March 2011.

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Conclusions

The findings of the investigation are described below according to priority order and legal basis; we also provide some recommendations, not exhaustively, which can be implemented at the factory.

Findings	Legal Basis	Recommendations for a Corrective Plan
<i>Immediate Actions</i>		
Safety & Health	Labor Code: Art. 314, 315, 316 Ley sobre Salud e Higiene del Trabajo: Art. 3,4,5 OCEAN SKY APPAREL Code of Conduct: 5 OCEAN SKY APPAREL Internal Workplace Regulation: 52, 54, 55, 56,57 FLA Code: H&S 1,4,7,10,11,12,17,26	A functioning Health and Environment Committee is imperative. Immediate attention should be given to achieving a potable water supply and reducing temperatures to the level recommended by the Ministry of Labor.
Supervisors	Labor Code: Art. 29 (5) OCEAN SKY APPAREL Code of Conduct: 8 OCEAN SKY APPAREL Internal Workplace Regulation: 43 (5), FLA Code: H&A 1, 7,11,13	Improve communication to Supervisors about their rights and obligations, mainly in relation to their responsibilities and functions. Initiate disciplinary proceedings against Supervisors that do not comply with their responsibilities.
Rest Day	Political Constitution of El Salvador: Art. 38 Labor Code: Art. 171 OCEAN SKY APPAREL Code of Conduct: 12 OCEAN SKY APPAREL Internal Workplace Regulation: 21 FLA Code: HOW, 2	Develop a protocol to ensure an objective process that is understandable to workers.
Freedom of Association	Political Constitution of El Salvador: Art. 47 Labor Code: Art. 204 OCEAN SKY APPAREL Code of Conduct: 6 OCEAN SKY APPAREL Internal Workplace Regulation: 44 (4 y 5) FLA Code: FOA, 10	Properly inform workers about their rights, including OCEAN SKY APPAREL policies. Incorporate this topic into the induction training program.
Employment Contracts	Labor Code: Artículo 18, 23,24,170	Eliminate the paragraph in the employment contract and put in place procedures that will guarantee that workers have to agree to work overtime.
Payroll and Wage Receipt	Political Constitution of El Salvador: Art. 62. Labor Code: Art. 138 OCEAN SKY APPAREL Code of Conduct: 11,12 OCEAN SKY APPAREL Internal Workplace Regulation: 20 FLA Code: WBOT.15,22,25,26,27	Payroll document must be in Spanish and its content easy to understand. The pay slip should include all income and deductions. Wage receipt must have all the incomes and deductions.



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Findings	Legal Basis	Recommendations for a Corrective Plan
<i>Short Term Actions</i>		
Salary	Political Constitution of El Salvador: Art. 38 (2) Labor Code: Art. 144, 145,146	Periodic evaluation to adjust wages in order to reduce the gap between minimum salary and market salary.
Training on Rights and Labor Policies of the Company	FLA Code: GEN 2	Put in place a systematic training program to inform workers of their Rights and Obligations, as well as of the policies of OCEAN SKY APPAREL.
Code of Conduct of FLA-affiliated Companies	OCEAN SKY APPAREL Code of Conduct:1,17 FLA Code: GEN 1,2, 3	Put in place a systematic training program to inform workers of their Rights and Obligations, as well as of the policies of OCEAN SKY APPAREL.

APPENDIXES

Appendix 1: Employment at OCEAN SKY APPAREL, December 2009 to February 2011

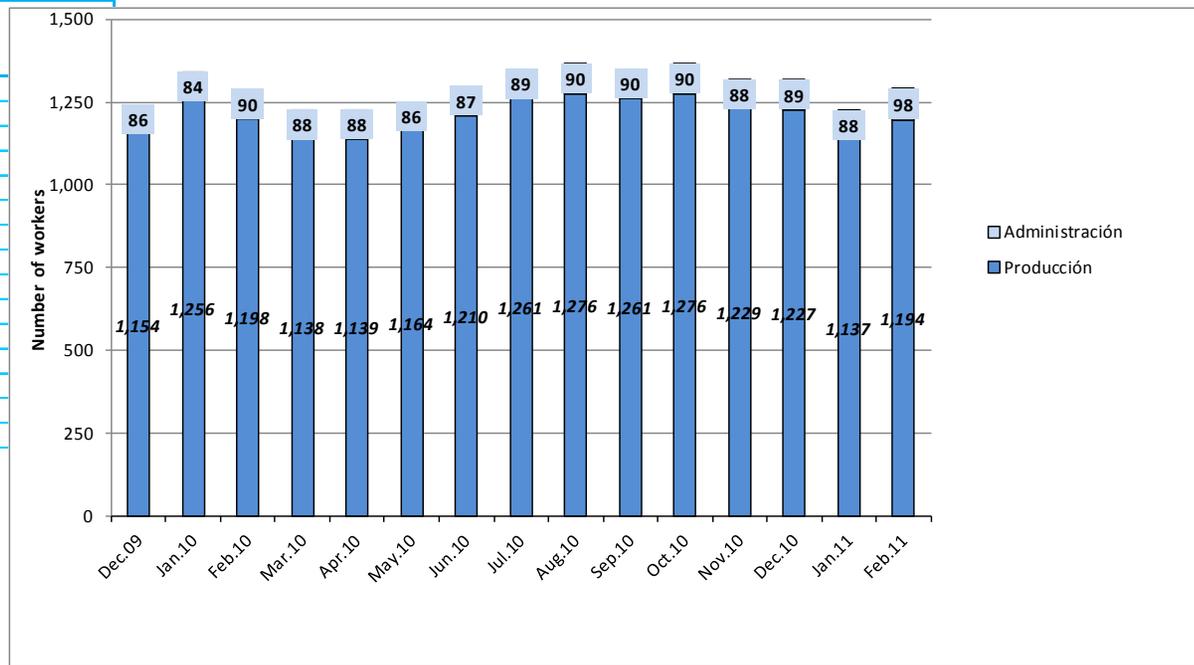
Appendix 2: Temperature Measurement at OCEAN SKY APPAREL

Appendix 3: Epidemiological Report at OCEAN SKY APPAREL

Appendix 4: Relevant publications

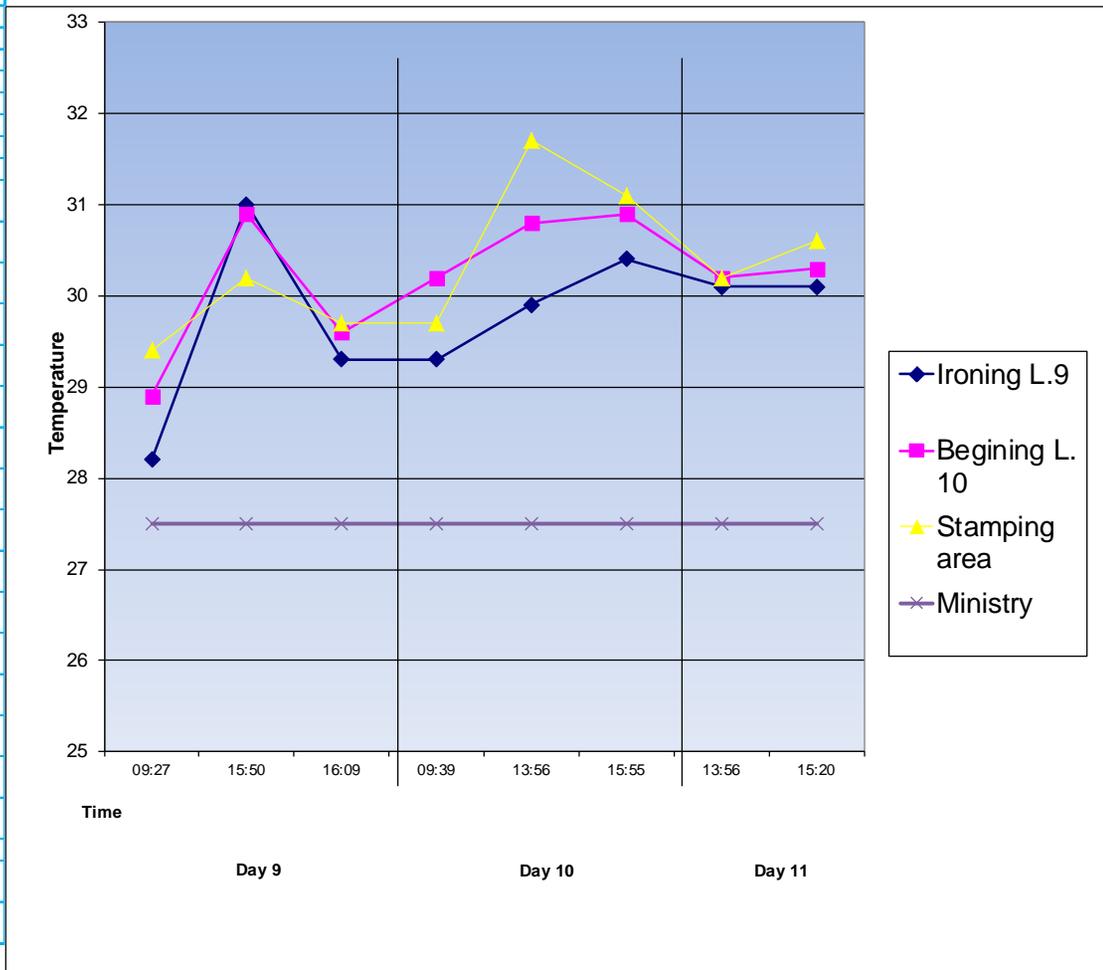
**Workforce of Ocean Sky Apparel
December 2009 to February 2011**

Month	Nr. Workers	
	Production	Management
1 Dec.09	1,154	86
2 Jan.10	1,256	84
3 Feb.10	1,198	90
4 Mar.10	1,138	88
5 Apr.10	1,139	88
6 May.10	1,164	86
7 Jun.10	1,210	87
8 Jul.10	1,261	89
9 Aug.10	1,276	90
10 Sep.10	1,261	90
11 Oct.10	1,276	90
12 Nov.10	1,229	88
13 Dec.10	1,227	89
14 Jan.11	1,137	88
15 Feb.11	1,194	98



TEMPERATURE MEASURE AT OCEAN SKY APPREL

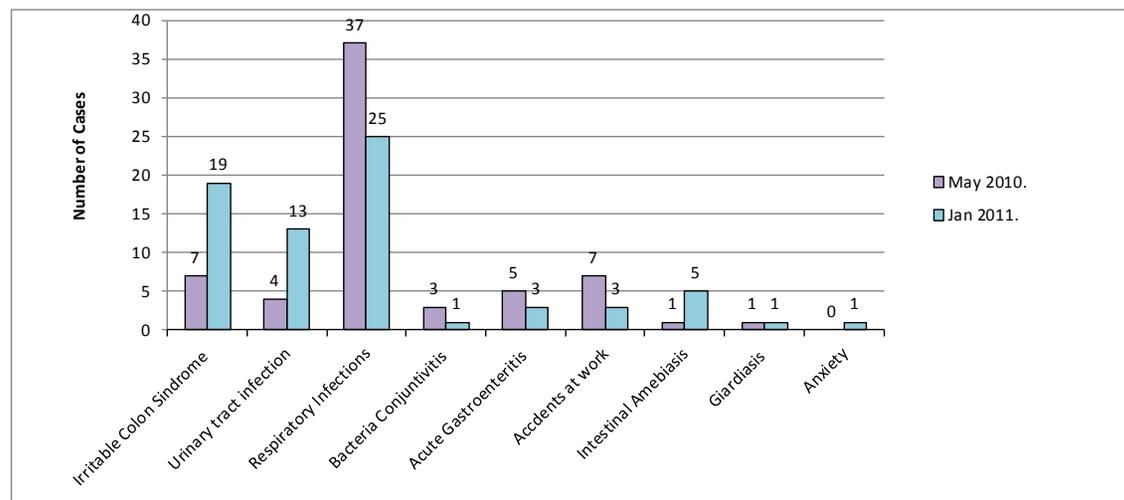
Day	Area of Work	Time	Temperature	Temp. Recomend	
9	1	Ironing L.9	08:49	28.2	27.5
9	1	Ironing L.9	15:30	31	27.5
9	1	Ironing L.9	16:13	29.3	27.5
10	1	Ironing L.9	09:30	29.3	27.5
10	1	Ironing L.9	13:46	29.9	27.5
10	1	Ironing L.9	15:43	30.4	27.5
11	1	Ironing L.9	13:34	30.1	27.5
11	1	Ironing L.9	15:05	30.1	27.5
9	2	Begining of L.10	09:00	28.9	27.5
9	2	Begining of L.10	15:41	30.9	27.5
9	2	Begining of L.10	16:20	29.6	27.5
10	2	Begining of L.10	09:35	30.2	27.5
10	2	Begining of L.10	13:50	30.8	27.5
10	2	Begining of L.10	15:50	30.9	27.5
11	2	Begining of L.10	13:40	30.2	27.5
11	2	Begining of L.10	15:12	30.3	27.5
9	3	Stamping area	09:27	29.4	27.5
9	3	Stamping area	15:50	30.2	27.5
9	3	Stamping area	16:09	29.7	27.5
10	3	Stamping area	09:39	29.7	27.5
10	3	Stamping area	13:56	31.7	27.5
10	3	Stamping area	15:55	31.1	27.5
11	3	Stamping area	13:56	30.2	27.5
11	3	Stamping area	15:20	30.6	27.5
11	1	Ironing L.9	0	0	27.5
11	2	Begining of L.10	0	0	27.5
11	3	Stamping area	0	0	27.5



Epidemiological Report on OCEAN SKY APPAREL

May 2010 and January 2011

Epidemiology	Nr. Of Cases	
	Jan 2011.	May 2010.
Irritable Colon Sindrome	19	7
Urinary tract infection	13	4
Respiratory Infections	25	37
Bacteria Conjuntivitis	1	3
Acute Gastroenteritis	3	5
Accidents at work	3	7
Intestinal Amebiasis	5	1
Giardiasis	1	1
Anxiety	1	0





Comisión de Verificación de Códigos de Conducta

**APPENDIX 4
OTHER PUBLICATIONS**

Press release

The organizations: Coordination for a decent job in the Maquila -CEDM-, Salvadorian Women for the Peace - ORMUSA-, Women Transforming, Las Melidas, Las Dignas and Federation of Associations or Independent Unions of El Salvador -FEASIES- annually publicize the companies that violate labor rights.

In the publications of 2008, 2010, 2011 Hoon's and Ocean Sky appear as one of the companies that violate labor rights, the complaints have been for:

Excessive Production Goals

Nonpayment of overtime

Abuse

No permission to attend appointments with the ISSS

Women Transforming provided information to Colatino.com journal which released on April 17th 2010: "Maquilas identified as violators of labor rights", which published a list of several factories including Ocean Sky.