

FLA Audit Profile	
Country	Honduras
Factory name	07022904C
IEM	ALGI
Date of audit	August 24, 2004
Days in the facility	4
PC(s)	adidas-Salomon; Nike, Inc.
Number of workers	602
Product(s)	Sportswear
Production processes	Screen Printing, Embroidery, Fabric Welding, Packing, Shipping

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Findings					PC Internal Audit Findings (Optional)	Remediation				Updates	
			Monitor's Findings	Documentation (If Finding Corroborated/ Verified Via Multiple Sources, List All)	Was Finding Corroborated? Yes or No	If Not Corroborated, Explain Why	Best Practice		Company Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (January 21, 2005)	Documentation	Company Follow Up (May 20, 2005)
<b>1. Code Awareness</b>														
<b>2. Forced Labor</b>														
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise														
<b>3. Child Labor</b>														
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.														
<b>4. Harassment or Abuse</b>														
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.														
<b>5. Nondiscrimination</b>														
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.														
<b>6. Health and Safety</b>														
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.														
General Health and Safety conditions	Chapter 1 Occupational Health and safety, Art. 391 Honduran Labor Law: all employees shall be required and equip the premises and plan to guarantee the workers' health and safety.	Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.	Although facility has implemented measures to reduce heat at buildings X and Y, employees continue to complain of extremely high temperatures, this was confirmed by the audit team.	Employees' interviews and audit team physical confirmation.	Yes		Management has implemented measures to create comfort while a solution is implemented. (i.e., Additional fans, heat retardant materials throughout ceiling and continued supply of Gatorade for all employees at this section of plant.)		Management to investigate options for improving insulation in buildings X and Y to reduce temperatures. Meanwhile, management will continue to provide additional fans, Gatorade to workers until solution is determined.	Immediately and Ongoing	Management has installed heat retardant materials throughout the ceiling of the facility and added additional fans; while planning additional measures to improve the situation.	Management will install air conditioning in Building X; production work will be moved to the building. Management will continue to provide fans and Gatorade to workers in Bldg Y until additional insulation can be added to the building.	Management interviews	
Evacuation Procedure	Chapter 1 Occupational Health and safety, Art. 391 Honduran Labor Law: all employees shall be required and equip the premises and plan to guarantee the workers' health and safety.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Buildings X and Y, not all emergency doors open outwards.	Visual Observation of facilities.	Yes			All emergency exit doors should open outwards. Factory to retrofit emergency exit doors in Buildings X and Y to open outwards.	30-Dec-04		Factory has retrofitted emergency door to slide open; it is not possible to retrofit door to open outwards as there is not enough room for door to fully open without hitting railing of the emergency evacuation route. Door now slides open and is kept open during working hours (photo on file). H&S manager to visually verify regularly that all emergency doors open outwards.	Photo on file with PC		
PPE	Chapter 1 Occupational Health and safety, Art. 391 Honduran Labor Law: all employees shall be required and equip the premises and plan to guarantee the workers' health and safety.	Workers shall wear appropriate 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 hazardous elements including medical waste.	Facility maintains signs through production plant requiring use of PPE. Some personnel were observed not wearing their PPE in stain removing stations.	Observation of facility	Yes			Management to enforce the use of PPE. Provide ongoing training to supervisors to enforce the use of PPE for all workers.	Immediately and Ongoing	Management will emphasize the obligatory use of PPE among employees.	Ongoing training in PPE provided in each work area (at least once a year). Training in use of hearing protection provided January 2005, training in back protection to be provided in April. Ongoing enforcement of use of PPE provided by supervisors.	Visual inspection by PC, documentation review		
<b>7. Freedom of Association and Collective Bargaining</b>														
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.														
<b>8. Wages and Benefits</b>														
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.														
Legal benefits	Art 339 states that holiday must be compensated computing the average of regular plus overtime earned during the immediate preceding week.	Employers will provide all legally mandated benefits to all eligible workers.	Holiday pay for mechanics is being underpaid; their OT hours not paid and should be included for the computation of holiday pay.	Payroll records.	Yes			Management to provide records of working hours for mechanics and records of vacation pay provided to mechanics to PC. PC to analyze mechanic's working hours for week preceding vacation.	30-Dec-04		All mechanics now record working hours using time card system. Overtime for mechanics is now calculated and will be included in computation of vacation pay. Ongoing monitoring of working hours records and vacation pay for mechanics will be performed.	Documentation review (on file with PC)		

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Legal benefits	Art. 142: Honduras Labor Law. Companies with more than 20 employees should provide child care facilities for the use of mothers with children 3 years old or less.	Employers will provide all legally mandated benefits to all eligible workers.	No child care center has been provided to [factory's] workers.	Visual Observation of facilities	Yes				Management to identify and inform workers of available childcare facilities as per law.	30-Dec-04		Management (Human Resources and Compliance staff) have researched local childcare facilities available and informed workers of the facility closest to the factory. Further research is needed to identify additional childcare facilities available in the area. Information to be provided to workers as gathered by management.	Documentation review, management interview	Honduran law for Women and Adolescents states that childcare provision must be shared between government, employers, and workers. Currently, there are limited existing childcare facilities and few functioning models (according to law) we can request factory to implement in the short term. FLA and PCs have initiated discussions with factory management and AHM (Maquila Association of Honduras (AHM), of which factory is a member, to identify short and long term solutions for lack of childcare facilities. PCs have asked factory management to identify existing childcare facilities, inform workers of existing facilities and of law, and share cost of childcare with workers. A long term solution has been initiated by AHM and participating factories. Project goal is to identify childcare facilities in worker's communities and have them certified by Ministry of Health and create a model in which government, employers and workers share in provision of childcare facilities. Factory management will update workers of ongoing project of AHM. PCs to collaborate with AHM and factory management going forward to implement both short and long term solutions.
Payment of Legal Benefits	Art. 348 Honduras Labor Law: the worker should not work during vacation time.	Legally mandated benefits will be provided or paid in full within legally defined time periods.	For some employees, vacation time is not granted in full and partial vacation time worked is compensated with money.	Vacation Records, interviews.	Yes				Management to provide legally mandated vacation benefits as per law. All vacation shall be provided in days off. Management to post policy and local law on vacation in a public place. Include information on laws regarding vacation in employee training and orientation sessions.	Immediately		All vacation days are provided in days off; workers sign documentation indicating all vacation days have been taken in days off.	Documentation review (on file with PC)	
<b>9. Hours of Work</b>														
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least 1 day off in every 7 day period.														
Other		Time recorded system. Time worked by all employees regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards.	Mechanics do not record hours of work.	Employees' interviews; time records.	Yes				All employees should record their hours by timecard system. Timecard records provide management with method for verifying that working hour laws and PC working hour standards are not exceeded. Management to require all production workers to record hours in timecard system.	30-Dec-04		All mechanics now record working hours with the time card system. Management reviews that mechanics' working hours do not exceed 60 hrs per week.	Working hours and payroll documents (on file with PC)	
Other	As per Art. 130, within a normal work schedule, women and minors must receive a break equivalent to 2 hours per day.		The company does not provide the additional break time for women.	Time records.	Yes				Factory to provide breaks as per law. Inform workers of Art. 130 that states that women and minors are entitled to up to 2 hours of break per day.	30-Dec-04				Factory to inform all employees verbally and in writing of Article 130. The law states women and minors are entitled to 2 hrs rest per day. In worker interviews, noted that women do not want to take 2 hr rest break in middle of day because they would then have to stay for 2 more hrs during day and thus leave work 2 hrs later in evening. FLA and PCs have initiated discussions with factory management and AHM (Maquila Association of Honduras) to identify short and long range solutions to address Article 130. Short term solution is to have factory ensure all women workers aware of law and ensure they are aware that they have right to exercise this law. PCs are recommending all factories include this law in their employment contracts, employee orientation, and ensure all workers know of law and their rights to exercise it if they choose to do so. Long term solution is to request amendments to laws, such as this one, that were designed for agricultural sector and which are no longer applicable to industrial sector. PCs to work with factory management and AHM to implement both short and long term solutions. Ongoing monitoring is needed.
<b>10. Overtime Compensation</b>														
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.														
OT Compensation	Honduran Labor Law. Overtime hours must be remunerate at 125% regular wages if the overtime worked during a dayshift schedule; 150% during the dayshift schedule when overtime hours extend into night schedule; or 175% for overtime work performed during the night shift.	The factory shall comply with applicable law for premium rates for overtime compensation.	Mechanics are not compensated for OT when exceeding the regular hours, as they are paid salary, not by the hour.	Payroll records; employee interviews.	Yes				Mechanics are salaried employees, not paid hourly wages. -- Management to provide PC with records of mechanic's salaries and total working hours for analysis.	30-Dec-04		Mechanics record all hours worked and are now compensated for any overtime worked as per law.	Working hours and payroll documents (on file with PC)	
<b>Miscellaneous</b>														

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					Yes		Facility maintains a full time staff dedicated to follow issues regarding complaints and concerns from workers. Additionally, suggestions comments and company responses are typed and posted on the bulletin board for all employees to review.							