

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings: Please State if Finding is Noncompliance or Indicator of Noncompliance	Findings			PC Remediation Plan	Remediation			
				Documentation (If Finding Corroborated/Verified Via Multiple Sources, List All)	If Not Corroborated, Explain Why	Best Practice		Target Completion Date	Factory Response (Optional)	Company Follow Up (May 23, 2005)	Documentation
1. Code Awareness											
Worker/Management Awareness of Code		FLA Principle of Monitoring, Obligation of Companies: 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.				Factory had posted codes of conduct and its internal regulations in visible places, such as the cafeteria walls. Also, when a new employee comes into the factory, the company gives them training on personal relationships and explains how the factory works. This course is called T.P.S.					
2. Forced Labor											
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.											
3. Child Labor											
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 country of manufacture where such age is higher than 15.											
4. Harassment or Abuse											
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.											
Verbal Abuse		Employers will prohibit screaming, threatening, or demeaning verbal language.	There is [information] that shows that some supervisors scream or use demeaning verbal language with the workers under their command. There is also [information] that shows that 1 manager uses demeaning verbal language among their workers.	Interviews			1) Factory has in place an Employee Communication Committee, which meets on a regular basis to review issues/concerns of factory workers. Committee has not reported any instances of use of demeaning verbal language. That being said, the team will be asked to be more aware of this type of behavior and report back if any unprofessional conduct is observed. 2) Factory will include in disciplinary policy a clause banning all forms of harassment or abuse. Provide supervisors with written guidelines on a) disciplinary policy and procedures and b) the correct application of disciplinary actions.	February 1 for Communication Committee discussion. February 5-12 for training. Additional training September 1, 2005.		Non-Harassment Policy updated and distributed in April 2005. Additional interpersonal relationship training for supervisors has been scheduled for August. Program to be conducted by an outside firm, [Firm name].	Visual inspection, document review
5. Nondiscrimination											
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.											
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	There are workers who are paid a higher salary than other workers who are doing the same activities. Company does not have a written salary procedure, on which they based this type of decision. On the other hand, factory has stated that this is not an arbitrary act, as they have standards; however, the standards are not written.	Finding verified by different interviews and by review of the workers' contracts.			Pay levels for all production operations based on job pay grade and/or job pay grade plus production incentive bonus. (Bonus paid when production levels are met/exceeded). Pay levels for indirect positions based upon: experience, skill level, performance, growth potential, and prevailing wage rates (within the Industrial Park and El Salvador). Pay is not arbitrary. 1) Factory to provide written guidelines on job pay grades and bonus incentives. 2) Post guidelines and provide training to all employees on the guidelines.	30-Apr-05		Pay guidelines published and distributed on April 20, 2005.	Visual inspection, management and worker interviews
Pregnancy Testing		Employers will not use pregnancy tests or use of contraception as a condition of hiring or of continued employment. Employers will not require pregnancy testing of female employees, except as required by national law.	We discover, throughout interviews, that some women hired by company, in the past, were asked to present urine and pregnancy tests; if they did not show with the tests, there was no problem. However, this practice was discarded by factory about 4 years ago. Factory is no longer carrying out this practice and this situation was corroborated by GMIES; therefore, factory does not discriminate against pregnant women.	Finding verified through interviews, visits to clinic and review of hiring applications.			Pregnancy testing not conducted at factory. Factory parent company developing Formal Manufacturing Guideline, which will specifically spell out that pregnancy testing is not permitted. Update non-discrimination policy with "No Pregnancy Testing" verbiage. Post Guideline in a public place, providing training to all employees on guideline. Include an explanation of guideline in new hire orientation.	June 1 for Formal Guidelines		Factory has updated and posted non-discrimination policy (April 2005). The verbiage includes a "No Pregnancy Testing" clause in posting. It is noted that pregnancy testing has not been conducted at this factory for many years.	Visual inspection, document review, worker interviews, interviews with clinic staff
Pregnancy Risk		Employers will ensure that pregnant women are not engaged in work that creates substantial risk to their health.					Although not established by law, factory protects pregnant women by shifting them from workplaces that might be dangerous for their health during pregnancy. This situation neither affects their salary, nor is obligatory; it is only temporary.				
Reproductive Health		Employers will ensure that women are not engaged in work that creates substantial risk to their reproductive health.					Pregnant women do not work in cleaning department due to chemicals used in the process, although women are hired for this department.				

Other	"Ley de Equidad de Oportunidades para personas con Discapacidades" (Law of Equal Opportunities for Disabled Persons). In Article 24 the law mentions that "Every private employer has the obligation to hire, as a minimum, for each 25 workers under his service, to 1 disabled person with formal education and suitable to develop the position that it is demand."	Company has hired only 11 disabled people and, according to law, due to amount of workers factory (1,058), there should be 43 disabled workers. GMIES spoke to factory about this situation and they stated that, although factory has carried out several efforts to hire disabled persons, there are no applications from these persons to work in factory. Also, they do not have any way to contact them.	Statement corroborated through document review and management interviews			[Factory name] has attempted to comply with national guidelines for percentage of handicapped employees, but labor pool will not support this level. A job fair for handicapped applicants was conducted and no one came. As noted in IEM report, factory does employ handicapped individuals and will continue to seriously consider any who may apply. PCs to request that factory provide job vacancy information to [Local governmental organization that provides job training to handicapped individuals].	30-Apr-05		Job vacancies and hiring plans will be communicated with [Local governmental agency responsible for dealing with handicapped citizenry]. Factory is currently not hiring, but will utilize this approach when additional operators are needed.	
6. 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.										
Fire Safety: Health and Safety Legal Compliance		Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.	Factory neither has required permit to develop screen printing activity, nor has initiated process to obtain it, even though Environmental Ministry stated in letter (MARN-DAL-722-2003 18/12/2003) that this activity could not be initiated without this authorization. Letter addressed to factory from Environmental Ministry establishes that they need correct authorization to initiate screen printing activities. However, we asked for documents that show this authorization; factory did not provide them. This is why we have no evidence showing that factory has initiated process to obtain authorization to develop screen printing activities. Actually, factory is developing screen printing activities; due to lack of evidence, supposedly without the legal permit.	Finding corroborated by reviewing factory documents related to this issue and the lack of evidence regarding initiation of procedure to obtain legal authorization.		Factory has requested from Environmental Ministry a formal permit to function screen print facility. Application expected to be completed and approval received by end of February 2005. It is noted that there is a significant backlog of work at this Ministry and that formal approval may be delayed. Management to forward copy of permit to PC once received.	1-Aug-05		Factory still waiting for El Salvadorian governmental agency to provide formal approval.	Document review
Ventilation/Electrical/Facility Maintenance		All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and to prevent hazardous conditions for employees in facility.	Although ventilation system into most parts of factory is adequate, ventilation at storage area is not adequate. According to information provided by Safety and Hygiene Manager, the people who work in that area will be relocated to another place, where ventilation will be adequate for their activities.	Finding verified by observation, temperature measurement equipment and through interview with Safety and Hygiene Manager.		No ventilation issues identified where employees are located.			Labor Ministry has examined ventilation system and verified that current system is sufficient in storage area.	Document review
7. Freedom of Association and Collective Bargaining										
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.										
Discrimination		The employer will not discriminate against workers who seek to exercise their right to organize and bargain collectively.	Workers said that people who have been union members are not hired by company. The only way to corroborate this situation was through interviews. There is no union in factory and when we interviewed workers about this subject, most people said that factory does not talk about unions. When we management about this issue, they said that they have 2 Workers' Committees.	Worker interviews		Applicants hired are done so without consideration of union status. It is company policy that all hiring is based on ability to perform the job; union affiliation is not a consideration for hiring. Provide training on discrimination (in hiring, firing) and in Freedom of Association (FoA) standards. Include clause in non-discrimination policy explaining that hiring and firing decisions shall not be made on the basis on union affiliation.	30-Apr-05		Updated Non-Discrimination policy distributed and posted in April 05 clearly states that membership to a union will not affect employment opportunities. Training on discrimination and FoA standards provided in employee orientation.	Visual inspection, document review
8. Wages and Benefits										
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.										
Wage Benefits Awareness		Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law.	Not all workers are aware of how to calculate the work that is done during overtime.	Verified by a multiple number of interviews.		A pay calculation awareness/understanding program has been started with the posting of payroll calculation information. Groups of employees will be provided training until all workers have received training. Additional questions from employees will be addressed by supervision and payroll personnel.	1-Mar		Payroll training for all active employees completed in April 2005. New hires will receive the same training.	Document review, worker interviews
Payment of Legal Benefits		Legally mandated benefits will be provided or paid in full within legally defined time periods.								

Accurate Benefit Compensation	Article 25 of Labor Code: "Contracts regarding labors that, due to their nature, are permanent in factory should be considered for an indefinite period, although in them is established a termination date. Article 198 of Labor Code: "Minimum quantity that should be paid to workers as allowance for year-end bonus will be: 1) Year or more or less than 3 years of service, allowance equivalent to 10 days salary. 2) 3 years or more or less than 10 years, equivalent to 15 days salary. 3) 10 years or more, equivalent to 18 days.	All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine benefits to which workers are entitled.	Factory has policy of terminating labor contracts every year; at same time they compensate workers for end of labor relationship as Labor Code establishes. Workers' files contain resignation sheets signed by workers still working in factory, along with new labor contracts with new starting dates of labor. This affects workers' ability to obtain better compensation throughout the years and in case of dismissal because, in new contract they sign, they appear as new employees to company and do not develop seniority. Although this could be a positive finding in actual context of factories, as normally they finish employees' contracts without paying any compensation.	Verified through multiple interviews and review of workers' contracts.			Factory completes employee contracts after a 3-year period of employment. Decision to make payments in this manner was done so in consultation with employees, via their vote. PCs are working through the FLA and industry stakeholders to further understand the local and standard industry practices in this area. Once there is clarity around this issue and a determination has been made, PCs will work with factory on a plan that follows the agreed upon recommendation.	No action required.			
9. Hours of Work	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 one day off in every seven day period.										
10. Overtime Compensation	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 Breaks		Employers will ensure reasonable meal and rest breaks, which, at a minimum, must comply with local laws.				All workers have 2 breaks during the day (1 in morning, 1 in afternoon), even if they are not working overtime.					
OT Compensation	Article 169 of Labor Code: "Every job verified to be in excess of regular work shift shall be remunerated with supplement consisting of 100% of basic hourly wage, up to the limit set by law."	Factory shall comply with applicable law for premium rates for overtime compensation.	Payroll review showed factory is not accurately compensating all workers working overtime, as pays between \$0.14 - \$0.30 less than what law establishes per hour. When we asked factory the reasons for doing this, they said they were not aware of this situation and would check accounting program set up in computer system. A maquila worker's wage is \$0.63 per hour and, according to law, extra hour should be paid double, or \$1.26, so paid around \$0.96 - \$1.12 per extra hour.	Finding verified through payrolls.		Computer program has been corrected to allow for proper overtime calculation. All back wages owed to employees have been paid.	Computer program change is complete. March 1 is targeted for calculation and payment of back wages.	February 1, 2005: Factory to provide back pay in lump sum (~\$25,000) to all workers on February 4, 2005; separate receipts for this back pay will be given to each employee owed. To be verified on next PC visit.	Document review (and on file with PC)		
Miscellaneous	Other		Company does not send workers' labor contracts to Ministry of Labor, as it is established by law.	Corroborated through document review and management interviews.		Copies of labor contracts have been made and given to Ministry of Labor. Develop written procedures for HR department that include how and when to forward copies of labor contracts to MOL (this could include a new hire checklist). Provide training to all HR staff in procedures for hiring.	30-Apr-05	Copies of all contracts have been provided to Ministry of Labor.	Document review, management interview		