



2009

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: League Collegiate Wear
COUNTRY: El Salvador
FACTORY CODE: 920022433H
MONITOR: Independent Monitoring Group of
El Salvador
AUDIT DATE: September 9-11, 2009
PRODUCTS: T-shirts, Shorts
PROCESSES: Cutting, Banding, Piece
Production, Inspection, Ironing, Packaging,
Shipping
NUMBER OF WORKERS: 537

FLA Comment: The company ceased to have a working relationship with [Factory name]. The factory was a subcontractor in the making of company product for 8 months in 2009. The reason for ceasing production was related to company growth and to improve production and on time delivery. The company did not previously have a sewing facility, but now has installed capacity for 70 sewing machines and therefore no longer requires subcontractors, such as [Factory name], to provide such services. The factory has fully cooperated during and after the audit by the FLA and has accomplished and resolved all outstanding issues.



CONTENTS:

Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses	3
Wages, Benefits and Overtime Compensation: Deposit of Legally Mandated Deductions	4
Freedom of Association: Grievance Procedure	5
Harassment or Abuse: Discipline/Verbal Abuse	6
Non-Discrimination: Medical Examination	7
Non-Discrimination: Other - Non-Discrimination	8
Miscellaneous: Code Awareness	9
Miscellaneous: Code Awareness	10
Health and Safety: Worker Consultation	11
Health and Safety: Health and Safety Management System	12
Health and Safety: Communication to Workers	13
Health and Safety: Evacuation Requirements and Procedure	13
Health and Safety: Safety Equipment and First Aid Training	15
Hours of Work: Time Recording System	16

Wages, Benefits and Overtime Compensation: 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)

Noncompliance

Explanation: The factory does not calculate vacations and 13th month payment (end of year bonus) legally. These benefits are not calculated according to the labor law because the management does not take into account the average earnings of the last 6 months (basic salary, plus overtime and bonuses), as Articles 183 and 199 of the Labor Code require. On the other hand, it could not be corroborated if factory pays severance, and if the payments are made in accordance with the law because management did not provide any records. The management said that they never fire workers. Some workers said they heard cases of employees who “left the factory,” but they did not know exactly if these workers were fired. Therefore, it could not be corroborated if factory pays severance legally.

Plan Of Action: Develop a policy of paying benefits to disclose and publish. Give this information to the workers.

Deadline Date: 10/30/2009

Action Taken: This policy was put in place and all workers were notified. Pictures and documents were sent to League Collegiate Wear showing that this process was completed.

Plan Complete: No

Plan Complete Date: 11/06/2009

Wages, Benefits and Overtime Compensation: Deposit of Legally Mandated Deductions

WBOT.13 All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc. The employer shall not hold over any of these funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g., monthly deposits, weekly pay). If the law does not specify, then deposits shall be made before the next pay period in all cases. (S)

Noncompliance

Explanation: 1. There was a case where factory had not registered one worker in Pension Fund System: This worker started working April 27, 2009, and by the time the audit took place (September 2009), this worker had not been incorporated to the Pension Fund System, as required by law. Consequently, factory had not deposited the deductions. Management was notified of situation and it was corroborated that the deductions have since been deposited.

2. In the other case, management made a delayed payment to Pension Fund System: Factory was supposed to deposit the payment of one worker on July 2008, but it was made on August 2009.

Plan Of Action: Develop a policy of paying benefits to disclose and publish to all workers.

Deadline Date: 10/30/2009

Action Taken: This policy was put in place and all workers were notified. Pictures and documents were sent to League Collegiate Wear showing them that action was taken.

Plan Complete: No

Plan Complete Date: 11/06/2009

Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Noncompliance

Explanation: The factory does not have written grievance procedures in place.

Plan Of Action: A suggestion box for complaints and suggestions is to be created. We will appoint a committee to review and monitor the documents submitted in the suggestion box.

Deadline Date: 11/16/2009

Action Taken: A suggestion box was hung up. In addition, a meeting was held to discuss the use of the suggestion box.

Plan Complete: No

Plan Complete Date:



Harassment or Abuse: Discipline/Verbal Abuse

H&A.11 Employers shall not use any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline. (S)

Noncompliance

Explanation: One worker said that the Production Manager screams at workers. Two workers said that the supervisor in Building 2 screams at them.

Plan Of Action: A suggestion box for complaints and suggestions is to be implemented as well as appointing a committee for review, publication and monitoring.

Deadline Date: 11/16/2009

Action Taken: A suggestion box was hung up. In addition, a meeting was held to discuss the use of the suggestion box.

Plan Complete: No

Plan Complete Date:

Non-Discrimination: Medical Examination

D.11 Employers are allowed to require routine medical examination for fitness as a condition of recruitment or continued employment. Such examination shall, however, be strictly limited to assess general fitness, and not include testing for any disease or illness, such as HIV/AIDS, that does not have an immediate effect on a person's fitness and/or is not contagious. (P)

Uncorroborated Evidence of Noncompliance

Explanation: In practice there was no evidence of medical examinations being conducted. Article 5 c) of the "Internal Regulations of the Workplace" for the factory mentions that in the recruitment process, workers must provide results of blood test, urine test and respiratory test.

Plan Of Action: Develop a specific policy for hiring, and modify c) to specify that this type of test is performed only where the job requires it specifically.

Deadline Date: 11/06/2009

Action Taken: A policy was set in place and sent to the Human Resources Dept. for clarification.

Plan Complete: No

Plan Complete Date: 11/19/2009

Non-Discrimination: Other - Non-Discrimination

Other

Uncorroborated Evidence of Noncompliance

Explanation: There are no workers with disabilities in Building 2. And according to the Article 24 of the Law for the Equality of Opportunities for People with Disability, all companies must hire, at least one worker with a disability for every 25 employees. As the auditor team was not allowed to conduct the audit in Building 1, it is not possible to assure if the factory complied with this legal requirement.

Plan Of Action: Develop a list of disabled staff and see if it complies with the percentage of engagements, otherwise, add this item in the procurement policy.

Deadline Date: 11/06/2009

Action Taken: This item was added to the procurement policy.

Plan Complete: Yes

Plan Complete Date: 11/19/2009

Code Awareness:

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

Noncompliance

Explanation: Management did not know any League labor standard by the time the audit took place.

Plan Of Action: Provide training to managers on the working of League Collegiate Wear's standards through the Code of Conduct.

Deadline Date: 10/01/2009

Action Taken: League Management from League's own factory in El Salvador (LCA) provided training to the managers and employees of [Factory name].

Plan Complete: No

Plan Complete Date: 09/28/2009

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.

Noncompliance

Explanation: There was no evidence that League has taken measures in order to ensure that the factory informs its workers about the workplace standards. League labor standards are not posted in any place of the facilities in Building 2.

Plan Of Action: League Management from its factory in El Salvador (LCA) will provide training on the code of conduct to ensure their understanding. Code must be signed by administration and posted.

Deadline Date: 10/01/2009

Action Taken: League Management from League's own factory in El Salvador (LCA) provided training to the managers and employees of [Factory name]. League's Code of Conduct was posted in [Factory name] for all employees to see.

Plan Complete: No

Plan Complete Date: 09/28/2009

Health and Safety: Worker Consultation

H&S.4 The health and safety policy shall be developed and implemented in consultation with workers or their representatives. (P)

Noncompliance

Explanation: Workers from Building 2 were not consulted by the management for the development and implementation of the Health and Safety Policy.

Plan Of Action: Form a Health and Safety Committee composed of workers from the different areas of expertise and staff.

Deadline Date: 11/25/2009

Action Taken: A Health and Safety Committee was formed. Workers were given an overview of the Health and Safety Policy. League Collegiate Wear was given a list of workers on the committee and a copy of the Health and Safety Policy.

Plan Complete: No

Plan Complete Date: 11/24/2009

Health and Safety: Health and Safety Management System

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

Noncompliance

Explanation: The Health and Safety Policy that the management developed does not cover:

- 1) Responsibilities of designated personnel;
- 2) Procedures that enable workers to raise their concerns;
- 3) Procedures for reporting deaths, injuries and illness;
- 4) Procedures for investigating the causes of accidents.

Plan Of Action: Develop a manual of industrial safety and health as well as elaborate the procedures and reports. Use this manual to help investigate and report deaths, injuries or illness.

Deadline Date: 11/19/2009

Action Taken: A Health and Safety Committee was formed. Workers were given an overview of the Health and Safety Policy. League Collegiate Wear was given a list of workers on the committee and a copy of the Health and Safety Policy.

Plan Complete: No

Plan Complete Date: 11/24/2009

Health and Safety: Communication to Workers

H&S.6 The health and safety policy shall be communicated to all workers in the local language or language(s) spoken by workers if different from the local language. (P)

Noncompliance

Explanation: There is no documentary evidence showing that the factory has communicated the Health and Safety Policy to all workers. Most of them did not know what the factory Health and Safety Policy was.

Plan Of Action: Develop a bulletin board to publish exclusive information regarding security and preventive health care. Also provide a regular newsletter to all employees.

Deadline Date: 11/19/2009

Action Taken: A Health and Safety Committee was formed and workers were given an overview of the Health and Safety Policy. The league was given a list of workers on the committee and a copy of the Health and Safety Policy.

Plan Complete: Yes

Plan Complete Date: 11/24/2009

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: Factory has not posted an evacuation plan in Building 2. There is neither an employee alarm nor an emergency lighting system. Also, the aisles are not visible because the sewing machines are above, and the space for evacuation is not appropriate. Finally, the factory does not have yet a Health and Safety Committee in Building 2 composed by workers, and workers have not received trainings about health and safety issues.

Plan Of Action: Install a siren and schedule an evacuation drill, install emergency lamps and make sure that corridors are clear of obstacles at all times. An Industrial Safety Committee will also be formed.

Deadline Date: 11/25/2009

Action Taken: An uninformed evacuation drill or fire drill was performed and employees were told of the importance of fire safety and quick evacuation.

Plan Complete: No

Plan Complete Date: 11/24/2009

Health and Safety: 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)

Noncompliance

Explanation: No training in first aid and fire fighting technique has been provided to workers. Management said that they are taking measures in order to create a Health and Safety Committee in Building 2.

Plan Of Action: Give first aid training to workers, making use of fire extinguisher practice, and create a Health and Safety Committee.

Deadline Date: 11/14/2009

Action Taken: First aid training was provided to workers where all areas were covered.

Plan Complete: No

Plan Complete Date: 11/28/2009

Hours of Work: 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)

Noncompliance

Explanation: By the time the audit was conducted, there was not a reliable time recording system in Building 2, and workers tracked their hours of work on a manual system. The problem was that the management got rid of these manual records once that payroll was made and workers had received their wages. Management explained that the lack of a reliable and accurate timekeeping system is because the supplier company never provided the time record machine. By record review, it was corroborated that [Factory name] asked for and paid for the machine since July 2009, but the supplier company has problems providing it. The last day of the audit, management bought a time machine from another company and, according to the management, since September 18th, workers from Building 2 began to use their time cards.

Plan Of Action: Install a system for registration of personal income and output. Keep a printed record that supports the payment of wages and payment of daily overtime.

Deadline Date: 10/31/2009

Action Taken: A time clock was installed for all employees to use and reports are run to pay employees for each payroll.

Plan Complete: No

Plan Complete Date: 11/02/2009