

FLA Audit Profile

Factory Code	720222867G
Country	El Salvador
FLA Affiliate	Hanesbrands, Russell
Monitor	Grupo de Monitoreo Independiente de El Salvador (GMIES)
Audit Date	August 20-26, 2008
Products	Sweatshirts
Processes	Cutting, sewing, trimming, packaging.
Number of Workers	278



FAIR LABOR
ASSOCIATION™

FLA Comment: *In situations where a FLA-affiliated Company is no longer sourcing from a factory, or the factory has subsequently closed, and the factory has received an Independent External Monitoring visit, the Company shall submit information on (a) the reason for exiting; (b) the status of compliance and summary of efforts to remediate noncompliances in the factory; and (c) plans to follow up on critical issues. These efforts are to be ongoing unless the factory closes. The FLA-affiliated Company in this case has submitted the following information, which has not been verified by the FLA:*

Company Comment: *The factory's last day of production was January 23, 2009. On February 4, 2009 a Hanesbrands compliance auditor located in El Salvador visited the factory where 4 employees were manufacturing samples. The reason for the factory closure, as conveyed to Hanesbrands from factory management, was the inability to receive new production contracts. The factory shipped its last purchase order on January 30, 2009 and has since been unable to secure new customers. Both Hanesbrands Inc. and Russell Corp. had communicated their decisions to conclude business relations with the factory prior to the Fair Labor Association's Independent External Monitoring visit on August 20, 2008. For Russell Corp. this decision was based on a variation in their sales program and for Hanesbrands the decision was based upon an end of the contract with the factory without the need to renew the contract for further production. Though both companies were withdrawing from the factory, they continued to help with the remediation plan. A Hanesbrands auditor conducted a follow-up audit at the facility on November 24, 2008. The results of the follow-up visit were discussed with Russell Corp. and an update sent to the FLA. A second follow-up visit was scheduled for January 9, 2009; however, when auditors called to confirm the visit, factory management informed them that there was no more production on site. The visit by the Hanesbrands auditor on February 4, 2009 was to confirm that the facility was closed.*

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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
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: 1) Management recognized that overtime is not compensated because it is a factory practice to pay bonuses instead of overtime. However, the payment of overtime is a constitutional and inalienable right. 2) The factory does not consider the bonuses paid to the workers as part of their salaries at the moment of calculate the year-end bonuses (as the Art. 199 of the Labor Code requires) and the vacations (as the Art. 183 of the Labor Code requires). Also, when the factory does not consider the bonuses as part of the salary, it affects the social contributions that the factory must report to the ISSS and AFP, because they are decreased. Also, we corroborated constant delays in the payment of social contributions and legal deductions: in the pension plan fund to the AFP: from November 2007 to July 2008 the payments were made with delays which varies from 1 to 10 days, for instance, January 2008 was paid with a delay of 10 days. In the pension plan fund to the ISSS: the social contributions corresponding to February, march, June and July were paid until august, 23rd 2008, while the audit was taking place. In the pension plan fund to the IPSFA: we found the biggest delay in this case, the social contributions corresponding to December 2006, January, march and April 2007, were paid until august 2007. In the case of the social security payments to the ISSS, we discovered a delay of 1 month in the contributions corresponding to may 2008. 3) The right to a daily paid interruption of up to one hour for nursing is not recognized to the female workers. 4) Factory does not pay the severance to the fired workers. We knew the case of a worker fired in February 2008 who has begun a legal process against the factory requesting the severance payment, which is more than US\$ 2,000.00. This worker also told us that she knew other workers in the same situation and are suing the general manager over severance requests.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.

Deadline Date: 01/15/2009

Supplier CAP: Create a policy were overtime will be paid according to local law and stop bonus practices.

Supplier CAP Date: 10/15/2008

Action Taken: The practice was stopped. Policy is pending.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: D. Accurate Length of Service Calculation

WBOT.18 All workers shall be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: According to the labor contracts reviewed and from the management interview, all the personnel (production and administrative) work from 7:00 a.m. to 4:30 p.m. from Monday to Thursday and from 7:00 a.m. to 3:30 p.m. on Friday, it means 9.5 hours from Monday to Thursday and 8.5 hours on Friday, which exceed the ordinary working day in El Salvador. But from the workers' interviews, we realized that this situation is worse, because administrative personnel work from 7:00 a.m. to 5:30 p.m. from Monday to Friday and the Saturday's they work from 8:00 a.m. to 12:00 m.; It means that administrative personnel really work 56.5 hours per week. And the supervisors interviewed said that they work from 7:00 a.m. to 6:00 p.m. from Monday to Friday and from 8:00 a.m. to 12:00 on Saturday, it means 59 hours per week. Regards to the operational personnel, some workers said that sometimes they work more than the ordinary working day, but the management never pays them this overtime. In this way, factory affects some benefits, like the end-year bonuses and vacations: as the factory does not pay overtime the salary is less than the one worker must receive, and this reduces the payment of end-year bonuses and the vacations. On the other hand, there were problems with the time recording system: the system did not work at all and from worker's interviews and the observation tour we saw that the clock is manipulated, it rang 15 minutes later at the end of the working day.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.

Deadline Date: 01/15/2009

Supplier CAP: A new working hours policy will be established to include: From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plan will be close Saturday.. In case we need to work more hours we'll put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sing a letter let in know that the facility is not forcing it to work outside the labor hours. From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plan will be close Saturday.. In case we need to work more hours we'll put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sing a letter let in know that the facility is not forcing it to work outside the labor hours.

Supplier CAP Date: 10/15/2008

Action Taken: The new schedule was put in place. Policy pending.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: A. General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation:

1) During the closing meeting, the general manager admitted that the factory does not consider the bonuses as part of the salary, as the Salvadorian labor law establishes; in this way, factory is not reporting the social contributions (ISSS and AFP) completely, because the bonuses are not taken account in the salary; but also the factory is affecting workers in the calculation of their vacations and end-year bonus. 2) Delays in the payment of salary. We corroborated these delays by records review, for instance: a) the payment must have been on 03-14-2008, but the factory made it on 03-17-2008 affecting 8 workers; b) the payment must have been on 07-04-2008, but the factory made it on 07-07-2008 affecting 247 workers; c) the payment must have been on 04-25-2008, but the factory made it on 04-29-2008 affecting 8 workers; d) the payment must have been on 05-09-2008, but the factory made it on 05-12-2008 affecting 115 workers; e) the payment must have been on 05-23-2008, but the factory made it on 05-26-2008 affecting 4 workers) the payment must have been on 06-13-2008, but the factory made it on 06-14-2008 affecting 28 workers. 3) Factory never pays the overtime compensation; factory does not even establish clear distinctions between ordinary hours of work and overtime, but according to the labor law, the overtime must be paid.

Plan Of Action:

Deadline Date:

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: D. Timely Payment of Wages

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WBOT.4 All wages, including overtime compensation shall be paid within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: As we indicated before, there were delays in the payment of salary. We corroborated these delays by records review, for instance: a) the payment must have been on 03-14-2008, but the factory made it on 03-17-2008 affecting 8 workers; b) the payment must have been on 07-04-2008, but the factory made it on 07-07-2008 affecting 247 workers; c) the payment must have been on 04-25-2008, but the factory made it on 04-29-2008 affecting 8 workers; d) the payment must have been on 05-09-2008, but the factory made it on 05-12-2008 affecting 115 workers; e) the payment must have been on 05-23-2008, but the factory made it on 05-26-2008 affecting 4 workers) the payment must have been on 06-13-2008, but the factory made it on 06-14-2008 affecting 28 workers.

- Plan Of Action:**
- Deadline Date:**
- Supplier CAP:**
- Supplier CAP Date:**
- Action Taken:**
- Plan Complete:**
- Plan Complete Date:**
- Action Verified:**
- Action Verified Text:**
- Action Verified Date:**
- Comments:**

Wages, Benefits and Overtime Compensation: F. Payment for All Hours Worked

WBOT.7 Workers shall be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: According to the labor contracts reviewed and from the management interview, all the personnel (production and administrative) work from 7:00 a.m. to 4:30 p.m. from Monday to Thursday and from 7:00 a.m. to 3:30 p.m. on Friday, it means 9.5 hours from Monday to Thursday and 8.5 hours on Friday, which exceed the ordinary working day in El Salvador. But from the workers' interviews, we realized that this situation is worse, because administrative personnel work from 7:00 a.m. to 5:30 p.m. from Monday to Friday and the Saturday's they work from 8:00 a.m. to 12:00 m.; It means that administrative personnel really work 56.5 hours per week. And the supervisors interviewed said that they work from 7:00 a.m. to 6:00 p.m. from Monday to Friday and from 8:00 a.m. to 12:00 on

Saturday, adding up to 59 hours per week. In regards to the production personnel, some workers said that sometimes they work more than the ordinary working day, but the management never pays them this overtime. Also there were problems with the time recording system: the system did not work at all and from worker's interviews and the observation tour we saw that the clock is manipulated, it rang 15 minutes later at the end of the working day.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.

Deadline Date: 01/15/2009

Supplier CAP: A new working hours policy will be established to include: From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plant will be closed on Saturday.. In case we need to work more hours we'll put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sign a letter let in know that the facility is not forcing it to work outside the labor hours.

Supplier CAP Date: 10/15/2008

Action Taken: The recording system was corrected and the new working schedule was put in place. Policy pending.

Plan Complete:

Plan Complete Date:

Action Verified:

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 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
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The hours of work that employees perform exceed the 44 hours per week, established in El Salvador, and the factory does not pay the overtime as it was explained before.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.

Deadline Date: 01/15/2009

Supplier CAP: A new working hours policy will be established to include: From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plant will be closed on Saturday. In case we need to work more hours we'll

put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sign a letter let in know that the facility is not forcing it to work outside the labor hours.

Supplier CAP Date: 10/15/2008
Action Taken: Bonuses system was eliminated. And with new working hours and control system overtime is being controlled. Policy is still pending.
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Wages, Benefits and Overtime Compensation: I. Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: According to the labor law, the overtime must be compensated, it is constitutional right, however, the factory does not pay the overtime that workers perform. Factory only pays bonuses, but workers must receive a payment for both, overtime and bonuses.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.
Deadline Date: 01/15/2009
Supplier CAP: Create a policy were overtime will be paid according to local law and stop bonus practices.
Supplier CAP Date: 10/15/2008
Action Taken: Bonuses system was eliminated. Started to pay overtime. Policy is still pending.
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Wages, Benefits and Overtime Compensation: J. Overtime Compensation Awareness

WBOT.11 Workers shall be informed, orally and in writing, about overtime compensation rates prior to undertaking overtime. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent	Grupo de Monitoreo	1 (out of 5)

External
Monitoring

Independiente
de El Salvador
(GMIES)

Explanation: As the factory policy is not paying overtime, compensation rates are also not explained to workers. From the interviews we could corroborate that workers did not know such rates.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.

Deadline Date: 01/15/2009

Supplier CAP: Create a communications policy to keep employees inform about the company's policies and procedures. Motivate employees to approach management with doubts and concerns.

Supplier CAP Date: 10/16/2008

Action Taken: It was communicated that after 4:35 all time will be paid as overtime. Policy is still pending.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: K. Overtime Compensation for Piece Rates and Other Incentive Schemes

WBOT.12 Employers shall not set production targets, piece rates, or any other incentive or production system at such a level that the payment for overtime work performed is less than the premium pay required by law. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The production targets are too high, and workers said that sometimes they must perform overtime to reach them, but the factory never pays this overtime.

Plan Of Action: Complete a follow-up visit to verify that the production goals were revisited and communicated to employees.

Deadline Date: 01/15/2009

Supplier CAP: Production goals are established based on clients needs. The goals will be revised and communicated to employees.

Supplier CAP Date: 10/31/2008

Action Taken: Productions charts were created for employees so they can track their efficiency.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: L. Voluntary Wage Deductions

WBOT.14 Voluntary wage deductions for savings clubs, loan payments, etc. can only be made with the express and written consent of workers and shall be documented in employee files. All such voluntary deductions shall be credited to proper accounts and funds shall not be held illegally or inappropriately by employers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The payments are made with delays. For instance, the loans to the Social Housing Fund we found the following delays: 1) The deductions made in January 2008 were paid with a delay of 2 days. 2) The deductions made in February 2008 were paid with a delay of 5 days.

Plan Of Action: Complete a follow-up visit to verify that the procedure was established.

Deadline Date: 01/15/2009

Supplier CAP: The plant will establish a procedure that will make sure that all payments will be done the 1st and 3rd of every month.

Supplier CAP Date: 10/31/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: M. Voluntary Wage Deductions/Worker Access to Information

WBOT.15 Workers shall have access to regular and full information concerning the status of relevant accounts and the status and level of their payments thereto. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	2 (out of 5)

Explanation: By records review it was not possible to corroborate that, but 12 workers said that they do not have access to the wages and benefits information.

Plan Of Action: All the information about wages and benefits is posted in different parts of the plant for employees to see.

Deadline Date: 10/15/2008

Supplier CAP: All the information about wages and benefits is posted in different parts of the plant for employees to see.

Supplier CAP Date: 10/15/2008

Action Taken: All the information about wages and benefits is posted in different parts of the plant for employees to see.

Plan Complete:
 Plan Complete Date: 10/15/2008
 Action Verified:
 Action Verified Text:
 Action Verified Date:
 Comments:

Wages, Benefits and Overtime Compensation: N. Accurate Calculation and Recording of Wage Compensation

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The contract terms exceed the ordinary working day in El Salvador, and this overtime is not compensated because it is a factory practice to pay bonuses instead of overtime. However, the payment of overtime is a constitutional and inalienable right. Also, factory does not keep accurate, updated and reliable records of the benefits, for example, in the payroll, the factory does not consign the payment of bonuses and it is recorded in an auxiliary registry. It is important to mention that in the closing meeting the general manager recognized that she had ordered the accountant to lie us, the general manager had the intention to hide documents, specifically the records related to the payment of bonuses, which at the end, were provided, but the until the midday of the third day of the audit. The accountant did not provide them before, because the general manager had ordered him not to do it.

Plan Of Action: Complete a follow-up visit to verify that the policy was established.
Deadline Date: 01/15/2009
Supplier CAP: Create a policy were overtime will be paid according to local law and stop bonus practices. Management admitted their mistake on hiding records and guaranteed not to incur into similar behavior. They are asking for a new audit
Supplier CAP Date: 10/31/2008
Action Taken: Management admitted their mistake on hiding records and guaranteed not to incur into similar behavior. They are asking for a new audit. Overtime policy is still pending.

Plan Complete:
 Plan Complete Date:
 Action Verified:
 Action Verified Text:
 Action Verified Date:
 Comments:

Wages, Benefits and Overtime Compensation: O. False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained

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shall be authentic and accurate. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation:

In the closing meeting the general manager recognized that she had ordered the accountant to lie us, the general manager had the intention to hide documents, specifically the records related to the payment of bonuses, which at the end, were provided, but the until the midday of the third day of the audit. The accountant did not provide them before, because the general manager had ordered him not to do it. Also, we consider there was record fake: the management took a long time to provide us the records relating to the hours of work: the factory provided the records midday on the third day of the audit, the day planned for the audit to finish. In addition, during the audit we received an anonymous call from a worker who told us that the management had faked the records; and administrative worker interviewed confirmed this issue too. Probably, this was the reason why they took such a long time to handle us the information. Also, considering that the time recording system did not work at all, it would be difficult for them to provide us authentic records. By reviewing the records provided, we observed that in 10 cases, workers did not have their hours of work recorded since April 2008 until august; 3 workers did not have their hours of work recorded since august 2007 to December 2007. Also, in some cases, employees worked overtime, while the management had said that nobody works more than the ordinary working day. So, all these circumstances led us to be sure that the factory does not count with accurate, updated and reliable working hours records. In addition, there was another suspicious circumstance: considering the factory's delay to provide us the records relating to hours of work, the second day of the audit we requested the management to provide us another registry where we could see the hours of work that employees have made. Then, the management provided us a manual registry correspondent to one two-weeks period, but this registry was very informal because did not show the worker's signature or the supervisor's signature; also, the time worker begins and ends the working day did not appear; it really was an attendance control, not a record relating to hours of work. The next Monday (the fourth day of the audit) they told us that during the weekend, they, accidentally, threw the rest of these records out and for that reason they did not provided us all these manual records.

Plan Of Action:

Complete a follow-up visit to verify that the policy was established.

Deadline Date:

01/15/2009

Supplier CAP:

Create a policy were overtime will be paid according to local law and stop bonus practices. Management admitted their mistake on hiding records and guaranteed not to incur into similar behavior. They are asking for a new audit

Supplier CAP Date:

10/31/2008

Action Taken:

Management admitted their mistake on hiding records and guaranteed not to incur into similar behavior. They are asking for a new audit. Overtime policy is still pending.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: P. Payroll Record Maintenance/Worker Acknowledgement

WBOT.20 All compensation records shall be maintained accurately and shall be acknowledged by the worker as accurate. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation:	There is disorder in the way the factory handle the records related to compensation. There is a lack of records related to severance and dismissed workers, because the factory assures that "nobody is fired". Also, these records are not acknowledged by workers.
Plan Of Action:	Encourage the facility to establish a termination and compensations procedure and follow-up on it on our next scheduled visit.
Deadline Date:	01/15/2009
Supplier CAP:	The plant still says that they do not dismiss any worker. Whenever they dismiss someone they follow the procedure established by the ministry of labor which consists of three warnings. When this is the case the employees have no rights of severance.
Supplier CAP Date:	
Action Taken:	
Plan Complete:	
Plan Complete Date:	
Action Verified:	
Action Verified Text:	
Action Verified Date:	
Comments:	

Wages, Benefits and Overtime Compensation: Q. Record Maintenance

WBOT.21 Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to-date. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation:	The salary payroll is not accurate as it does not include the payment of bonuses. Also, by reviewing other payroll we found delays in the payment of the social contributions to the ISSS, AFP and some voluntary deductions as loans to the Social Housing Fund.
Plan Of Action:	Complete a follow-up visit to verify that all benefits are included in the payroll.
Deadline Date:	01/15/2009
Supplier CAP:	After creating their overtime policy that facility will make sure that, not only overtime, but all benefits are included in the payroll process.

Supplier CAP Date: 10/15/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: R. Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: From the workers interviewed, 90% assured the auditors that the factory provides a pay slip. However, the workers do not know how to accurately calculate their year-end bonus, vacation and women are not aware of their right to a daily paid interruption of up to one hour for nursing. Also, they are not aware of the compensation rate of the overtime. In fact, workers are not aware that the bonuses are not included as part of the salary and they ignore that this fact affects their year-end bonuses and vacations (also the social contributions that factory pay).

Plan Of Action: Recommend the facility to establish an "Employees Manual" where all benefits are given to them. Complete a follow-up visit to verify that new policy is in place.

Deadline Date: 01/15/2009

Supplier CAP: The employees knew that the bonus was not part of there salary. The employees asked for this because that way they do not get deductions for the ISSS and AFP, but now the plant will not pay this bonus and pay overtime instead as part of new policy. Communicate benefits to all employees.

Supplier CAP Date: 10/31/2008

Action Taken: Bonus practice was stopped.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: T. Contestation of Wage Payments

720222867G – El Salvador: Hanesbrands, Russell

WBOT.24 Employers must establish a system through which workers can contest wage payments and receive clarifications in this respect in a timely manner. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Such system has not been established by the management.
Plan Of Action: Complete a follow-up visit to verify that new procedure for clarification of doubts and wages contest is in place.
Deadline Date: 01/15/2009
Supplier CAP: Establish a contest and clarification procedure for employees.
Supplier CAP Date: 01/01/2009
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Wages, Benefits and Overtime Compensation: U. Worker Wage Access to Information

WBOT.25 Workers shall have access to understandable information from their employer about their wages and benefits. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: In the payroll the overtime is not registry. It means that the information regards to hours of work is not appropriate records by the factory in the payroll, in consequence the salary that the workers receive is less than the one that they must receive. Also, the bonuses are not registered in the payroll but in another record. By doing this the factory is not considering the earned bonuses as part of the salary, evading the compulsory to pay the social contributions (ISSS and AFP) for this amount of money and also affecting the vacation and end-year bonus calculation. Workers ignore these problems.
Plan Of Action: Complete a follow-up visit to verify that new overtime policy is in place.
Deadline Date: 01/15/2009
Supplier CAP: Create a policy were overtime will be paid according to local law and stop bonus practices.
Supplier CAP Date: 10/15/2008
Action Taken: Bonus practice was stopped.
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: V. Pay Statement

WBOT.26 Employers shall provide workers a pay statement each pay period, which shall show earned wages, wage calculations, regular and overtime pay, bonuses, all deductions and final total wage. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Despite the factory provides a pay slip to the workers, it does not record the overtime and the bonuses payments.

Plan Of Action: Complete a follow-up visit to verify that new overtime policy is in place.

Deadline Date: 01/15/2009

Supplier CAP: Create a policy were overtime will be paid according to local law and stop bonus practices.

Supplier CAP Date: 10/15/2008

Action Taken: Bonus practice was stopped.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: W. Wage Receipt

WBOT.27 All payments of wages and benefits in cash and in-kind made directly to the worker must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (signature, thumbprint, etc.). No one can receive wages on behalf of a worker, unless the worker concerned has, in full freedom, authorized in writing for another person to do so. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: In the pay slip, the payment of bonuses and overtime are not included as part of the salary.

Plan Of Action: Complete a follow-up visit to verify that new overtime policy is in place.

Deadline Date: 01/15/2009

Supplier CAP: Create a policy were overtime will be paid according to local law and stop bonus practices.

Supplier CAP Date: 10/15/2008

Action Taken: Bonus practice was stopped.

Plan Complete:

Plan Complete Date:**Action Verified:****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
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: 1) The production targets are too high, workers assured that, but also, it could be corroborated from the production records. Also factory does not pay the bonuses daily: if workers work badly just one day, they lose the right to earn bonuses correspondent to the fourteen-day period. 2) It is important to mention that the factory does not registry the list of apprentices workers in the Ministry of Labor, as the law requires (Art. 61 of the Labor Law). 3) Factory does not have a registry of voluntary overtime.

Plan Of Action: Complete a follow-up visit to verify that the production goals were revisited and communicated to employees.

Deadline Date: 01/15/2009

Supplier CAP: Production goals are established based on clients needs. The goals will be revised and communicated to employees.

Supplier CAP Date: 10/31/2008

Action Taken: Productions charts were created for employees so they can track their efficiency.

Plan Complete:**Plan Complete Date:****Action Verified:****Action Verified Text:****Action Verified Date:****Comments:****Forced Labor: C. Employment Terms/Voluntary Agreement**

F.3 Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below provisions of local laws, freely negotiated and valid collective bargaining agreements, or the FLA Code. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Administrative workers told us that some Saturdays, the management orders them to sweep and do other cleaning activities, while in the

contract terms it never was stipulated.

Plan Of Action: Complete a follow-up visit to verify that the practice was stopped.

Deadline Date: 01/15/2009

Supplier CAP: All personnel will perform their duties based on their job descriptions.

Supplier CAP Date: 10/15/2008

Action Taken: All personnel will perform their duties based on their job descriptions.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Forced Labor: N. Forced Overtime

F.14 The imposition of mandatory overtime beyond the limits set by the law, a freely negotiated collective bargaining agreement, and/or the FLA Code, in an environment where a worker is unable to leave the work premises, constitutes forced labor. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Overtime is performed with no consent of the workers creating a form of forced labor. According to the labor contracts reviewed all the personnel (production and administrative) work from 7:00 a.m. to 4:30 p.m. from Monday to Thursday and from 7:00 a.m. to 3:30 p.m. on Friday, it means 9.5 hours from Monday to Thursday and 8.5 hours on Friday, which exceed the ordinary 44 hours work week established by the national law (article 38, subsection 6 of the Constitution and article 16, paragraph 3 of the Labor Code). But from the worker's interviews, we realized that this situation is worse, because administrative personnel work from 7:00 a.m. to 5:30 p.m. from Monday to Friday and the Saturday's they work from 8:00 a.m. to 12:00 m; it means that administrative personnel really work 56.5 hours per week (exceeding 12.5 hours the legal maximum). And the supervisors interviewed said that they work form 7:00 a.m. to 6:00 p.m. from Monday to Friday and from 8:00 a.m. to 12:00 on Saturday, this means 59 hours per week (exceeding 15 hours the legal maximum). Regards to the operational personnel, some workers said that sometimes they work more than the ordinary working day, but the management never pays them this overtime. This entire situation implies that the workers exceed ordinary 44 hours work week established by the national law and the factory does not pay them this overtime. Also from the interviews, 9 workers said that they feel pressured to work overtime and think they might have problems if they refuse to stay.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.

Deadline Date: 01/15/2009

Supplier CAP: A new working hours policy will be established to include: From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plan will be close Saturday.. In case we need to work more hours we'll

put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sign a letter let in know that the facility is not forcing it to work outside the labor hours.

Supplier CAP Date: 10/15/2008
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Forced Labor: R. Other - Forced Labor

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Other noncompliance: a) The request of marital status and age information could lead to the establishment of discriminatory distinctions. b) The factory does not have a registry of voluntary overtime. c) Workers are not provided with a copy of the labor contract. d) The labor contracts are not registry in the Ministry of Labor.

Plan Of Action: Complete a follow-up visit to verify these issues were resolved.

Deadline Date: 01/15/2009

Supplier CAP: a) The code of work of El Salvador asks that it has to be in the contract the status and age information of each employee. It is not discrimination, it is obligatory by the code of work of El Salvador. b) We will start registering the overtime in the payroll. d) All contracts will be registered with the Ministry of labor by the end of October.

Supplier CAP Date: 10/31/2008

Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Freedom of Association: I. Production Shift/Factory Closure to Prevent Exercise of Freedom of Association

FOA.9 Employers shall not (threaten to) shift production or close a factory in an attempt to prevent the formation of a union, in reaction to the formation of a union, in reaction to any other legitimate exercise of the right to freedom of association and collective bargaining, including the right to strike, or in an effort to break up a union. (S) If a factory is closing and is suspected of doing so to prevent or hamper the legitimate exercise of the right to freedom of association, the employer shall provide proof that can be assessed by a third party to determine the validity of these reasons given for closure. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	2 (out of 5)

Explanation: From the interviews, 2 workers said that once, the management said that "it is better to close the factory instead of having a union". Management just said that there is not union, "because there are not problems at the factory". But we could not get more evidences in order to prove this.

Plan Of Action: We do not have evidence to track this.

Deadline Date:

Supplier CAP: The plant still says that there is no union because there is no problems in the plant and the employees do not have the need to form a union.

Supplier CAP Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Freedom of Association: Z. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Factory does not have a written grievance procedure, the workers interviewed did not know any grievance procedure, and some of them said that they could directly talk with the supervisor. Even though the workers are able to deposit their comments, suggestions or grievances on a mailbox, during the observation tour we discovered that the locations of the mailboxes are not appropriate because one is placed in the dinner room and the other one on the bathrooms. In both cases, the human resources manager can see the workers when they are placing their comments, suggestions and grievances (in the bathroom, because there is a window).

Plan Of Action: Complete a follow-up visit to verify that the policy was created and deployed.

Deadline Date: 01/15/2009

Supplier CAP: Facility will create a grievance policy and procedure.

Supplier CAP Date: 01/01/2009

Action Taken:

Plan Complete:
 Plan Complete Date:
 Action Verified:
 Action Verified Text:
 Action Verified Date:
 Comments:

Freedom of Association: ZB. Other - Freedom of Association and Collective Bargaining

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	2 (out of 5)

Explanation: 1) The factory does not have a policy for the protection of workers against reprisal for be part of a union or other worker association.

Plan Of Action: Encourage facility to establish a non-discrimination policy and communicate it to all employees. Follow-up visit to verify it.

Deadline Date: 01/15/2009

Supplier CAP: The plant still says that there is no union because there is no problem in the plant and the employees do not have the need to form a union.

Supplier CAP Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Harassment or Abuse: A. General Compliance Harassment or Abuse

H&A.1 Employers shall comply with all local laws, regulations and procedures concerning discipline, violence, harassment and abuse. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: There is systematic verbal abuse of the employees by the supervisors and the management. 11 workers argued that they have had verbal confrontations with the supervisors and with the management and, as a consequence, they have felt disrespected, humiliated and threatened to be fired. Also, some of them said that have known other similar cases. The verbal abuses consist in yelling, screaming and speaking in a rude way. No supervisor has been disciplined for this. Besides during the closing meeting, the General Manager told us that, some days before the audit she had had a confrontation with a woman that we interviewed during the

audit, who was a pregnant woman". The general manager told us that, this woman supposedly had written offenses in the walls of the bathroom against the production manager, the general manager and the supervisor. When the general manager heard this, she asked the worker to come to her office. The worker was called over the microphone for three times, but she did not attend to the general manager office. Then the general manager went to talk with this pregnant worker and while she was speaking to her, "she was touching her stomach", in the presence of the rest of workers. We consider that this behavior from the general manager was a way to intimidate the worker. In the closing meeting, the general manager also told us that she wanted to fired this pregnant woman, but she did not do it because the labor law protects her (according to the labor law a pregnant worker can not be fired and during the pregnant period must receive a salary) and, in opinion of the general manager "it is better to have this worker producing for the factory instead of resting in home and gaining a salary". This entire situation gave us an idea of the intimidating environment of this factory for several workers.

Plan Of Action: Complete a follow-up visit to verify that the policy was created and deployed.
Deadline Date: 01/15/2009
Supplier CAP: Facility will create a harassment / abuse policy.
Supplier CAP Date: 10/15/2008
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Harassment or Abuse: B. Discipline/Progressive Discipline

H&A.2 Employers shall have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination). Any exceptions to this system (e.g., immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Factory has a written system of progressive discipline, but factory fails to clearly communicate to workers, because most part of them did not know such a system.
Plan Of Action: Complete a follow-up visit to verify that the procedure was deployed.
Deadline Date: 01/15/2009
Supplier CAP: Communicate the procedure to all employees.
Supplier CAP Date: 11/14/2008
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:

Action Verified Text:
 Action Verified Date:
 Comments:

Harassment or Abuse: C. Discipline/Review of Disciplinary Action

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The disciplinary system that the factory has designed does not include the possibility to appeal.

Plan Of Action: Complete a follow-up visit to verify that the policy was revised to include appealing process.

Deadline Date: 01/15/2009

Supplier CAP: Review existing policy to include appealing process and communicate it to all employees.

Supplier CAP Date: 11/14/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Harassment or Abuse: E. Discipline/Written Disciplinary System

H&A.5 Employers shall maintain a system of written disciplinary rules, procedures and practices. Disciplinary rules, procedures and practices shall be clearly communicated to all workers. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: There was a lack of awareness of the factory's disciplinary policy and process.

Plan Of Action: Complete a follow-up visit to verify that the procedure was deployed.

Deadline Date: 01/15/2009

Supplier CAP: Communicate the procedure to all employees.

Supplier CAP Date: 11/14/2008

Action Taken:

Plan Complete:

Plan Complete Date:
 Action Verified:
 Action Verified Text:
 Action Verified Date:
 Comments:

Harassment or Abuse: F. Discipline/Worker Awareness and Participation of Workers

H&A.6 Workers must be informed when a disciplinary procedure has been initiated against them. Workers have the right to participate and be heard in any disciplinary procedure against them. Employers shall maintain written records of all disciplinary actions taken. Workers must sign all written records of disciplinary action against them. Such records must be maintained in the worker's personnel file. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Many of the interviewed workers said that they do not have the opportunity to participate and be heard in the disciplinary procedures. Also, the factory does not recognize such right by written. Finally, maintenance of written records related to disciplinary actions taken against workers is disordered. For instance, in some cases these records were found in the personal records, but in other cases they were found in an auxiliary registry.

Plan Of Action: Complete a follow-up visit to verify that the procedure was reviewed and deployed.

Deadline Date: 01/15/2009

Supplier CAP: Review the existing procedure to assure that all disciplinary actions are properly kept in the employees files. Communicate the procedure to all employees.

Supplier CAP Date: 11/14/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Harassment or Abuse: G. Discipline/Training of Management

H&A.7 Employers shall ensure managers and supervisors are fully familiar with the factory disciplinary system and trained in applying appropriate disciplinary practices. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Factory has not provided trainings on the disciplinary system. Supervisors assure that, and also were corroborated by records review.

Plan Of Action: Complete a follow-up visit to verify that the procedure was properly communicated to all employees.

Deadline Date: 01/15/2009

Supplier CAP: Communicate the procedure to all employees.

Supplier CAP Date: 11/14/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Harassment or Abuse: J. Discipline/Physical Abuse

H&A.10 Employers shall not use any form of, or threat of, physical violence, including slaps, pushes or any other forms of physical contact as a means to maintain labor discipline. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: As explained before, in the closing meeting the General Manager told us that some days before the audit she had had a confrontation with a woman that we interviewed during the audit, who was a pregnant woman. The general manager told us that, this woman supposedly had written offenses in the walls of the bathroom against the production manager, the general manager and the supervisor. When the general manager knew this, she asked the worker to come to her office. The worker was called over the microphone for three times, but she did not attend to the general manager office. Then the general manager went to talk with this pregnant worker and while she was speaking to her, "she was touching her stomach", in the presence of the rest of workers. We consider that this behavior from the general manager was a way to intimidate the worker. In the closing meeting, the general manager also told us that she wanted to fired this pregnant woman, but she did not do it because the labor law protects her (according to the labor law a pregnant worker can not be fired and during the pregnant period must receive a salary) and, in opinion of the general manager "it is better to have this worker producing for the factory instead of resting in home and gaining a salary".

Plan Of Action: Complete a follow-up visit to verify that the policy was created and deployed.

Deadline Date: 01/15/2009

Supplier CAP: Facility will create a harassment / abuse policy. Communicate the policy to all employees.

Supplier CAP Date: 11/14/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:
 Action Verified Date:
 Comments:

Harassment or Abuse: K. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: In general, several workers said that, the general manager, the production manager or the supervisors, display behavior that constitutes verbal abuses: yelling, screaming, rude words.

Plan Of Action: Complete a follow-up visit to verify that the policy was created and deployed.

Deadline Date: 01/15/2009

Supplier CAP: Facility will create a harassment / abuse policy. Communicate the policy to all employees.

Supplier CAP Date: 11/14/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Harassment or Abuse: M. Violence/Harassment/Abuse

H&A.13 Employers shall ensure that the workplace is free from any type of violence, harassment or abuse, be it physical, psychological, sexual, verbal, or otherwise. Employers shall refrain from any action, and shall take all appropriate action to ensure that all workers refrain from any action, that would result in an intimidating, hostile or offensive work environment for workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: According to the workers interviews the verbal abuses are displayed with frequency. The management behavior during the closing meeting, gave us an idea of the hostile environment in this factory.

Plan Of Action: Complete a follow-up visit to verify that the policy was created and deployed.

Deadline Date: 01/15/2009

Supplier CAP: Facility will create a harassment / abuse policy. Communicate the policy to all employees.

Supplier CAP Date: 11/14/2008

Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Harassment or Abuse: O. Security Practices/Body Searches

H&A.15 All security practices shall be gender-appropriate and non-intrusive, so that the dignity of the worker concerned is protected when a search is undertaken. Searching of bags and other personal items to prevent theft is acceptable. Body searches and physical pat-downs shall only be undertaken when there is a legitimate reason to do so and upon consent of the worker, unless a state official with the power to do so (such as police officer) has ordered the search. Body searches cannot be undertaken in public and the person who undertakes the search shall be of the same sex as the person who is being searched. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	2 (out of 5)

Explanation: Complaints about the way the human resources manager makes the search body procedure. During the observation tour we saw that a person from the administrative personnel was conducting the body searches in an appropriate way, at least in front of us. Human Resources Manager did not conduct the body searches during the audit, as she usually does.

Plan Of Action: During our verification visit we'll make sure that the searches are being conducted in a proper and respectful way. We'll question employees to verify it.

Deadline Date: 01/15/2009

Supplier CAP: Company management will establish a searching procedure and communicate it to supervisors and HR personnel.

Supplier CAP Date: 01/01/2009

Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Harassment or Abuse: P. Punishment of Abusive Workers/Supervisors/Managers

H&A.16 Management shall discipline anyone (including managers, supervisors or fellow workers) who engages in any physical, sexual, psychological or verbal violence, harassment or abuse, regardless of whether such action was intended as a means to maintain labor discipline. Such discipline could include (combinations of) compulsory counseling, warnings, demotions and termination. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
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08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)
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Explanation: Despite of the systematic abuses displayed for the supervisor, none of them have been disciplined for this. Also the factory did not have records that prove that once a supervisor has been sanctioned for this reason.

Plan Of Action: Complete a follow-up visit to verify that the procedure was reviewed and deployed.

Deadline Date: 01/15/2009

Supplier CAP: Review the existing disciplinary procedure to assure that all disciplinary actions include management and that are properly kept in the employees files.

Supplier CAP Date: 01/01/2009

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Harassment or Abuse: Q. Other - Harassment or Abuse

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: 1) Lack of awareness of the factory's harassment and abuse policy and process.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.

Deadline Date: 01/15/2009

Supplier CAP: Facility will create a harassment / abuse policy.

Supplier CAP Date: 11/14/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Child Labor: J. Legal Compliance (Apprenticeships and Vocational Training)

CL.10 Employers shall comply with all regulations and requirements of apprentice or vocational

education programs, and shall be able to document to monitors that these are legally recognized programs. Informal arrangements of any kind are not acceptable. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The factory has never registry the apprentice workers in the Ministry of Labor as the labor law requires (Art. 61 Labor Code). The Ministry of Labor must authorize the apprentice work.

Plan Of Action: Complete a follow-up visit to verify that the procedure was established and deployed.

Deadline Date: 01/15/2009

Supplier CAP: Facility will review the existing recruiting procedure to include the registration of temporary employees.

Supplier CAP Date: 11/14/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Non-Discrimination: A. General Compliance Non-Discrimination

D.1 Employers shall comply with all local laws, regulations and procedures concerning non-discrimination. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	2 (out of 5)

Explanation: The General Manager recognized some attitudes, that constitute discrimination against pregnant women: during the closing meeting, the General Manager told us that, some days before the audit she had had a confrontation with a woman that we interviewed during the audit, who was a pregnant woman". The general manager told us that, this woman supposedly had written offenses in the walls of the bathroom against the production manager, the general manager and the supervisor. When the general manager knew this, she asked the worker to come to her office. The worker was called over the microphone for three times, but she did not attend to the general manager office. Then the general manager went to talk with this pregnant worker and while she was speaking to her, "she was touching her stomach", in the presence of the rest of workers. We consider that this behavior from the general manager a form of worker intimidation. In the closing meeting, the general manager also told us that she wanted to fired this pregnant woman, but she did not do it because the labor law protects her (according to the labor law a pregnant worker can not be fired and during the pregnant period must receive a salary) and, in opinion of the general manager "it is better to have this worker producing for the factory instead of resting in home and gaining a salary". And finally it is important to mention that there was a case of a pregnant

woman who told us that she did not feel comfortable with the task she perform, because she must remain stand up all the time; she told us that she has never asked for a change of positions, however, the factory does not have a policy or procedure to apply in this cases. Probably, this entire situation means a discriminatory treatment against pregnant women, but we could not get more evidence.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.
Deadline Date: 01/15/2009
Supplier CAP: Facility will create a harassment / abuse policy.
Supplier CAP Date: 11/14/2008
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Non-Discrimination: C. Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The factory has no taken steps to promote the participation of male and female employees in non-traditional roles or occupations, it was corroborated that the management does not assigns women to the warehouse. Also the request of marital status and age information in the job application and labor contract could lead to the establishment of discriminatory distinctions.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.
Deadline Date: 01/15/2009
Supplier CAP: Facility will create a no-discrimination policy.
Supplier CAP Date: 11/14/2008
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Non-Discrimination: E. Marital Discrimination

D.5 Employers shall not discriminate on the basis of marital status. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	2 (out of 5)

Explanation: It could not be corroborated, but the request of the marital status in the job application and the labor contract could lead to the establishment of discriminatory distinctions.

Plan Of Action: There is no substantial evidence to track and monitor any corrective actions on this matter

Deadline Date:

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Non-Discrimination: I. Protection and Accommodation of Pregnant Workers and New Mothers

D.9 Employers shall abide by all protective provisions in local laws and regulations benefiting pregnant workers and new mothers, including maternity leave/benefits, prohibitions regarding night work, temporary reassignments away from work that pose risk to the health of women and their children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities. Where such legal protective provisions are lacking, employers to take reasonable measures to ensure the safety and health of pregnant women and their unborn children. Such measures shall be taken in a manner that shall not unreasonably affect the employment status, including wages and benefits of pregnant women. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The right of a working mother to have one paid hour daily to nurse her baby is not respected.

Plan Of Action: Complete a follow-up visit to verify that the policy was deployed.

Deadline Date: 01/15/2009

Supplier CAP: Communicate all benefits policy to all employees.

Supplier CAP Date: 11/14/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Non-Discrimination: O. Other - Non-Discrimination

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: 1) Lack of awareness of the factory's discrimination policy and process. 2) Lack of a written procedure to dismiss employees and of an authority to appeal this decision. 3) The facility is not handicapped accessible; there is not a ramp for the workers who use wheelchair. 4) Lack of procedure to ensure the pregnant women do not perform uncomfortable positions.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.

Deadline Date: 01/15/2009

Supplier CAP: Facility will create and deploy a no-discrimination policy.

Supplier CAP Date: 10/15/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Miscellaneous: A. 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.

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Hanesbrands Inc provided its code of conduct to the factory, which was posted in the production plant and in Spanish. Russell has not provided any workplace standard (factory did not show us anything).

Plan Of Action:

Deadline Date:

Supplier CAP:

Supplier CAP Date:

Action Taken: Both codes were posted in a high traffic area.

Plan Complete:

Plan Complete Date: 10/15/2008

Action Verified:

Action Verified Text:**Action Verified Date:****Comments:**

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
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Workers did not know the workplace standards of both companies, they have not heard about any code or conduct, despite Hanesbrands code of conduct is posted and in Spanish.

Plan Of Action:**Deadline Date:****Supplier CAP:****Supplier CAP Date:****Action Taken:** Both codes were posted in a high traffic area.**Plan Complete:****Plan Complete Date:** 10/15/2008**Action Verified:****Action Verified Text:****Action Verified Date:****Comments:**

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Workers did not know any communications channel to report to the companies on noncompliance related to the workplace standards.

Plan Of Action: Complete a follow-up visit to verify that the procedure was established and deployed.

Deadline Date: 01/15/2009**Supplier CAP:** Create a procedure to establish the communication channels between employees and management to address violations to conduct codes.**Supplier CAP Date:** 11/14/2008**Action Taken:****Plan Complete:****Plan Complete Date:**

Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: A. General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The factory neither has the proper authorization from the Ministry of Environment and Natural Resources nor a health permit for the cafeteria from the Ministry of Health. Besides, the factory has not established a Health and Safety Committee authorized by the Ministry of Labor.

Plan Of Action: Complete a follow-up visit to verify that the company obtained the required permits for the cafeteria.

Deadline Date: 01/15/2009

Supplier CAP: Company will apply for the appropriate operating permits required by local laws.

Supplier CAP Date: 10/31/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: D. Worker Consultation

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

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: From the workers and management interviews we corroborated that the employees are not consulted by the factory to develop and implement the health and safety policy.

Plan Of Action:

Deadline Date:

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: E. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The health and safety policy does not include procedures for reporting death, injury, illness. Also, the factory does not regularly test and review such policy.

Plan Of Action: Assist the company on their review of their actual Safety and Health policies and procedures

Deadline Date: 01/15/2009

Supplier CAP: Facility will review the existing Safety and Health procedures to improve its scope.

Supplier CAP Date: 01/05/2009

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: F. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: From the interviews with workers, we can conclude that there is a lack of awareness of the health and safety policy and procedure among employees.

Plan Of Action: Assist the company on their review of their actual Safety and Health policies and procedures.

Deadline Date: 01/15/2009
Supplier CAP: Facility will review the existing Safety and Health procedures to improve its scope.
Supplier CAP Date: 01/05/2009
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: G. Notification and Record Maintenance

H&S.7 Employers shall notify the relevant authorities of all illnesses and accidents as required by applicable laws. All illness, safety and accident reports shall be maintained on site for at least one year, or longer if required by law. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Factory did not even record the illnesses and accidents; management begun to record them during the audit, when we explained the importance of maintain such registry.
Plan Of Action: Assist the company on their review of their actual Safety and Health policies and procedures and review their procedure on record keeping during a scheduled follow-up visit
Deadline Date: 01/15/2009
Supplier CAP: Establish a record keeping procedure and incorporate it to the actual Safety and Health policy.
Supplier CAP Date: 11/14/2008
Action Taken: Already started to record accidents and illnesses.
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: H. Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador	1 (out of 5)

(GMIES)

Explanation: The factory neither has the proper authorization from the Ministry of Environment and Natural Resources nor a health permit for the cafeteria from the Ministry of Health. Besides, the factory has not established a Health and Safety Committee authorized by the Ministry of Labor.

Plan Of Action: Complete a follow-up visit to verify that the company obtained the required permits for the cafeteria and that the Safety Committee was registered as required by the Ministry of Labor

Deadline Date: 01/15/2009

Supplier CAP: Company will apply for the appropriate operating permits required by local laws and will register the Safety Committee as required.

Supplier CAP Date: 01/02/2009

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

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
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The first aid supplies are storage improperly, because they are not in a first aid kit, factory storage these supplies in a desk drawer. We found two first aid kits empty and dirty.

Plan Of Action: Review first-aid stations during follow-up visit

Deadline Date: 01/15/2009

Supplier CAP: Establish a procedure for periodic inspections to first-aid station and the replacement of supplies.

Supplier CAP Date: 01/02/2009

Action Taken: All first-aid stations were replenished.

Plan Complete:

Plan Complete Date:

Action Verified:

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

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(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
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Even when there is no cutting department, a worker was seen handling a cutting machine without PPE (protection gloves).

Plan Of Action: Complete follow-up visit to confirm that the PPE policy is in place.

Deadline Date: 01/15/2009

Supplier CAP: The employee was trained and had the PPE; the company reinforced the importance of its usage.

Supplier CAP Date: 10/15/2008

Action Taken: There is no cutting operation being performed at the facility.

Plan Complete:

Plan Complete Date: 10/15/2008

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: P. Protection Reproductive Health

H&S.16 Employers shall ensure that women are not engaged in work that constitutes a substantial risk to their reproductive health. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The factory has not listed the dangerous activities and also, the factory has not implemented a program or procedure in order to determine if the tasks that pregnant women perform are adequate or comfortable for them. A pregnant woman told us that she did not feel comfortable in the position she performs because it is required for her to be stand up all day long. It is important to mention that she has not asked for a change of position up to this moment. But the factory has not applied any procedure to ensure the pregnant women do not perform uncomfortable positions.

Plan Of Action: Assist the company in the completion of a risk assessment and incorporate this activity into their Safety and Health policy.

Deadline Date: 01/15/2009

Supplier CAP: Complete a risk assessment and incorporate findings their Safety and Health policy.

Supplier CAP Date: 01/02/2009

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

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
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The factory has poor ventilation. It was corroborated from the interviews with workers and the inspection tour. We found a lot of spotted fabric in the environment, what confirms the ventilation system does not work adequately.

Plan Of Action: Complete follow-up visit to confirm that the procedure is in place.

Deadline Date: 01/15/2009

Supplier CAP: Establish a preventive maintenance procedure for al ventilators and extractors.

Supplier CAP Date: 01/02/2009

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: R. Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Not all sewing machines have protection against broken needles. At least 40% of the seats for the operational personnel is not comfortable and properly designed for ergonomic concerns. Also we took information about an accident: a woman had been ran out by a freight elevator, we found out that the accident happened because the breaks of the freight elevator did not work at all. It showed us that management did not regularly maintain such machine.

Plan Of Action: Complete follow-up visit to confirm that the procedures are in place
Deadline Date: 01/15/2009
Supplier CAP: Review and update the actual Safety and Health program to include a comprehensive auditing procedure that will cover different aspects of the facility including machine guarding. Include forklifts as part of their preventive maintenance program. Establish a daily pre-shift inspection as part of their forklift program.
Supplier CAP Date: 01/02/2009
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
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
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Management does not use positive incentives to ensure workers use machinery equipment. Most part of the production workers does not use the mask, according to them because of the suffocating heat.
Plan Of Action: Encourage the facility to complete a total dust survey to validate the necessity of using dust masks in the production area.
Deadline Date: 01/15/2009
Supplier CAP: Complete group meetings with all employees to reinforce the importance of the usage of dust masks.
Supplier CAP Date: 01/02/2009
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
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
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08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)
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Explanation: At least 40% of the seats for the operational personnel is not comfortable and properly designed for ergonomic concerns.

Plan Of Action: Assist the company on the implementation of an ergonomics program that includes workstation analysis

Deadline Date: 01/15/2009

Supplier CAP: The facility claims that they do have spare ergonomic chairs but that the employees do not like to use them and that they prefer the ones they are using right now. We encourage the facility to make them mandatory based on the results of their workstation analysis.

Supplier CAP Date: 01/02/2009

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: U. Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: There is no medical staff at this factory. Only there is a person in charge of provide the medicine when it is necessary. But as it was explained before, the medicine is not kept in first aid kits, the factory storage the first aid supplies in a desk drawer.

Plan Of Action: HBI does not sponsor to have medicines in the first aid kits accessible to everyone, medicine should be controlled and provide by a certified health care provider.

Deadline Date:

Supplier CAP: Establish a procedure for periodic inspections to first-aid station and the replacement of supplies.

Supplier CAP Date: 10/31/2008

Action Taken: All first-aid stations were replenished.

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: V. Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: After midday the bathrooms keep dirty. Management assured that the cleaning personnel washes the bathroom each time it is needed but the workers make them dirty; but from the observation tour we corroborated that after midday the bathrooms stay dirty. Also, from the inspection tour we could see that the water containers are dirty.

Plan Of Action: Assist the company on the implementation of a housekeeping program that includes periodic inspection to the restrooms and cleaning procedures at least twice a day.

Deadline Date: 01/15/2009

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: Y. Food Preparation

H&S.25 All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws. All workers handling food shall be provided with the tools and equipment necessary to do so in a safe and sanitary manner. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	Notable Feature

Explanation: The factory provides the workers free coffee during the mornings and food at accessible prices. For instance, they sell a whole meal during lunch hours for US\$0.75.

Plan Of Action:

Deadline Date:

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: Z. Drinking Water

H&S.26 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) must be safe and sanitary and available in an appropriate number. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	2 (out of 5)

Explanation: Six workers set complaints about the taste of the water. We reviewed the water testing records and apparently there are no problems regarding to the water, but as we indicated before, the water containers were dirty by the time of the audit.

Plan Of Action: Assist the company on the implementation of a housekeeping program that includes periodic replacement of water containers.

Deadline Date: 01/15/2009

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

Action Verified Text:

Action Verified Date:

Comments:

Health and Safety: ZC. Other - Health and Safety

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: 1) There is no program to investigate the cause of the accidents. 2) Lack of awareness of a health and safety policy and procedure among the workers. 3) Lack of awareness of the existence of a health and safety committee. 4) The facility is not handicapped accessible; there is not a ramp for the workers who use wheelchair. 4) Hazardous materials, chemicals and effluents are not properly disposed of. According to the management, the bottles are removed by the municipal garbage truck.

Plan Of Action: Assist the company on their review of their actual Safety and Health

policies and procedures and review their procedure on record keeping during a scheduled follow-up visit

Deadline Date: 01/15/2009
Supplier CAP: Establish a record keeping procedure and incorporate it to the actual Safety and Health policy.
Supplier CAP Date: 01/02/2009
Action Taken: Already started to record accidents and illnesses and opened a file to keep the information. There is an access ramp through the emergency exit #2.
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Hours of Work: A. General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: 1) According to the labor contracts reviewed all the personnel (production and administrative) work from 7:00 a.m. to 4:30 p.m. from Monday to Thursday and from 7:00 a.m. to 3:30 p.m. on Friday, it means 9.5 hours from Monday to Thursday and 8.5 hours on Friday, which exceed the ordinary working day in El Salvador. But from the workers' interviews, we realized that this situation is worse, because administrative personnel work from 7:00 a.m. to 5:30 p.m. from Monday to Friday and the Saturdays they work from 8:00 a.m. to 12:00 m; it means that administrative personnel really work 56.5 hours per week. And the supervisors interviewed said that they work form 7:00 a.m. to 6:00 p.m. from Monday to Friday and from 8:00 a.m. to 12:00 on Saturday, it means 59 hours per week. Regards to the operational personnel, some workers said that sometimes they work more than the ordinary working day, but the management never pays them this overtime. This entire situation implies that the workers exceed the ordinary working day and the factory does not pay them overtime. 2) The time recording system was not reliable, accurate and updated. By the time of the audit it did not work at all and we realized that the system was failing since April, and the factory has not shown interest for repair it. 3) While the audit was conducting, we saw that the clock was manipulated because it rang 15 minutes late than the time establish to finished their daily jobs.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.
Deadline Date: 01/15/2009
Supplier CAP: A new working hours policy will be established to include: From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plan will be close Saturday.. In case we need to work more hours we'll

put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sign a letter let in know that the facility is not forcing it to work outside the labor hours.

Supplier CAP Date: 10/15/2008
Action Taken: The new schedule was put in place. Policy pending.
Plan Complete:
Plan Complete Date:
Action Verified:
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
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Considering the time recording system did not work at all, most part of workers did not use their time cards. On the other hand, we consider there was record fake: the management took a long time to provide us the records relating to the hours of work: the factory provided the records the midday of the third day of the audit, the day that it supposed the audit would finish. Besides, during the audit we received an anonymous call from a worker who told us that the management had faked the records; and administrative worker interviewed confirmed this issue too. Probably, this was the reason why they took such a long time to handle us the information. Also, considering that the time recording system did not work at all, it would be difficult for them to provide us authentic records. By reviewing the records provided, we observed that in 10 cases, workers did not have their hours of work recorded since April 2008 until august; 3 workers did not have their hours of work recorded since august 2007 to December 2007. Also, in some cases, employees worked overtime, while the management had said that nobody works more than the ordinary working day. So, all these circumstances lead us to assure that the factory does not count with accurate, updated and reliable working hours records. On the other hand, there was another suspicious circumstance: considering the factory's delay to provide us the records relating to hours of work, the second day of the audit we requested the management to provide us another registry where we could see the hours of work that employees have made. Then, the management provided us a manual registry correspondent to one two-weeks period, but this registry was very informal because did not show neither the workers' signature or the supervisor's signature; also, the time worker begins and ends the working day did not appear; it really was an attendance control, not a record relating to hours of work. The next Monday (the fourth day of the audit) they told us that during the weekend, they, accidentally, threw the rest of these records out and for that reason they did not provided us all these manual records.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and

deployed. And that an accurate time recording system has been implemented.

Deadline Date: 01/15/2009

Supplier CAP: A new working hours policy will be established to include: From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plan will be close Saturday.. In case we need to work more hours we'll put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sing a letter let in know that the facility is not forcing it to work outside the labor hours .From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plan will be close Saturday.. In case we need to work more hours we'll put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sing a letter let in know that the facility is not forcing it to work outside the labor hours.

Supplier CAP Date: 10/15/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Action Verified:

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
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	2 (out of 5)

Explanation: Management claimed that they do not pay overtime because "nobody" works more than the ordinary working day. However, according to the workers interview, there are occasions in which employees perform overtime. By records review it was not possible to verify this situation, considering that the factory does not pay overtime, the payroll does not show this payment; and the time cards records are not reliable, update or accurate.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.

Deadline Date: 01/15/2009

Supplier CAP: A new working hours policy will be established to include: From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (

first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plan will be close Saturday.. In case we need to work more hours we'll put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sing a letter let in know that the facility is not forcing it to work outside the labor hours.

Supplier CAP Date: 10/15/2008
Action Taken: The bonuses practice was stopped.
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Hours of Work: I. Overtime/Positive Incentives

HOW.9 Employers shall use positive incentive schemes to induce overtime and shall ensure such incentive schemes are known by workers. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Factory does not use any incentive scheme to induce overtime. It was corroborated from the workers interviews and from the management interview.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.

Deadline Date: 01/15/2009

Supplier CAP: A new working hours policy will be established to include: From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plan will be close Saturday.. In case we need to work more hours we'll put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sing a letter let in know that the facility is not forcing it to work outside the labor hours .From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plan will be close Saturday.. In case we need to work more hours we'll put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sing a letter let in know that the facility is not forcing it to work outside the labor hours.

Supplier CAP Date: 10/15/2008
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:

Action Verified Date:

Comments:

Hours of Work: K. Extraordinary Business Circumstance/Forced Labor

HOW.11 In case of extraordinary business circumstances, employers shall make reasonable efforts to secure voluntary overtime work prior to mandating involuntary overtime. Employers must get workers voluntary consent periodically for all overtime that is above the 12 hours as provided for in the Code and that is not due to extraordinary business circumstances. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	2 (out of 5)

Explanation: Both, management and workers said that in the factory there are not cases of extraordinary business circumstances, however, considering that several workers said they felt pressured to work overtime or feel that the factory could take reprisals if they deny to work overtime, and also considering that the management does not have records that show voluntary overtime, we label this as a non corroborated non compliance.

Plan Of Action:**Deadline Date:****Supplier CAP:****Supplier CAP Date:****Action Taken:****Plan Complete:****Plan Complete Date:****Action Verified:****Action Verified Text:****Action Verified Date:****Comments:**

Hours of Work: N. Annual Leave

HOW.14 Employers shall provide workers with paid annual leave as required under local laws, regulations and procedures. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: The factory never pays annual leave, it was confirmed by the management, who told us that "never have dismissed anyone". Factory does not even pay annual leave to the active workers, never has made such payment. However we found out that is not true: the management stated that they have not dismissed anyone from the factory, so, up to this moment, they have never paid severance and never have arrived to final settlements. This situation contradicts what has been told by the workers when they said that they have heard that some people had been fired. Also, we received an anonymous call from a worker that was fired from the

factory in February 2008 and she said that several workers have initiated legal processes against the factory requesting severance payments. This female worker is requiring the factory pays her most than US\$ 2,000.00, correspondent to around 15 years working for The Factory. This worker was fired in February 2008 and she contacted us thanks to another worker who still works in the factory.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.
Deadline Date: 01/15/2009
Supplier CAP: Review their current benefits program to include the payment of annual leave as required by law.
Supplier CAP Date: 12/19/2008
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

Hours of Work: W. Other - Hours of Work

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/20/2008	External	FLA Independent External Monitoring	Grupo de Monitoreo Independiente de El Salvador (GMIES)	1 (out of 5)

Explanation: Due to the lack of reliable, update and accurate hours of work records, it was not possible to assure some situations, for instance: a) if there was evidence that any work over 60 hours was voluntary; or b) clear distinctions between ordinary working day and overtime.

Plan Of Action: Complete a follow-up visit to verify that the policy was established and deployed.
Deadline Date: 01/15/2009
Supplier CAP: A new working hours policy will be established to include: From this week all the personal would work according to the stipulated hours from Monday to Thursday from 7:00am to 12:00pm (first turn labor day) and 12.35pm to 4:35pm (second turn labor day), Friday from 7:00am to 12:00pm (first turn labor day) and 12:35 to 3:35pm (second turn labor day) also the plan will be close Saturday.. In case we need to work more hours we'll put it as overtime or if an employee needs to be in the plant several minutes by his own will to finish some work, the person will sing a letter let in know that the facility is not forcing it to work outside the labor hours.
Supplier CAP Date: 10/15/2008
Action Taken:
Plan Complete:
Plan Complete Date:
Action Verified:
Action Verified Text:
Action Verified Date:
Comments:

