

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

31 Aug 2021



Factory Information

FLA Affiliates	adidas,Pinehurst Manufacturing,Test Participating Company,Triform Custom Apparel, LLC
Country	Honduras
Number of Workers	

Understanding this Report

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

FLA Code Element

Number of Violations

FLA Code Element	Number of Violations
Compensation (C)	1
Employment Relationship (ER)	2
Forced Labor (F)	1
Freedom Of Association And Collective Bargaining (FOA)	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	6
Hours Of Work (HOW)	3
Nondiscrimination (ND)	3

Assessment Information

Assessor	Rodriguez Compliance Group
Assessment Date	31 Aug 2021
Assessment Purpose	Factory Assessment (Virtual Compliance Check)

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.
Finding Details	<p>There are errors in voluntary deductions: Issue #1 Through document review of 25 sampled workers, identified 2 workers with loans not properly documented with an external cooperative [lender], while the company serves as the facilitator of payroll discounts. The request for payroll deduction signed by the worker does not have complete information which describes the economic commitment between the employee and the cooperative. The authorization of the payroll deduction for the loan with the Cooperative does not indicate terms, such as the start and end date of the deduction, the frequency of the deduction (weekly or monthly), the rate of interest, or the total amount to be repaid. Two cases: Worker 1: On June 7, 2021, the worker signed and authorized a deduction for 200 Lempiras. However, the payroll wage statement of May 31 to June 6, 2021, the Coop made the first deduction before the worker signed the authorization (for the 200 Lempiras). Worker 2: On June 7, 2021, the worker signed and authorized a deduction for 300 Lempiras. However, the payroll wage statement of May 31 to June 6, 2021, the Coop made the first deduction before the worker signed the authorization (for the 300 Lempiras). Issue #2 When the facial scanner malfunctions or isn't operational, the cafeteria [third party service provider] makes handwritten notations to manually record the various food charges requested by the workers. However, this manual record has many errors and lacks identifying details such as the name and employee ID, of the worker who charged meals. According to the payroll supervisor at the company who is responsible for making the the correct deductions from payroll, the lack of details complicates the proper and accurate payroll deduction. On average, the cafeteria records between 17 to 40 workers who request payroll deductions in lieu of paying cash for the meal charges.</p>

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Art 96 of the Honduran Labor Code

Employment Relationship (ER)

Benchmark ID	ER.2
Benchmark Details	Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, probationary workers, home workers, and pregnant or disabled workers, are implemented. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	The factory does not meet the minimum number of disabled workers as per the Honduran labor law, Art. 35, which addresses the equal hiring of disabled workers. Presently, the factory has 22 disabled workers when there should be at least 42 disabled workers. The HN labor law states for 100 workers, the factory should hire 4 disabled workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Honduran labor law, Art. 35
Benchmark ID	ER.17.1

Benchmark Details	Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, worker committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives.
Finding Details	The suggestion box is reviewed every 15 days, which is not timely. The company has not posted clear procedures for collection or timely review of suggestions submitted, or the logs of suggestions collected.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Forced Labor (F)

Benchmark ID	F.4.2
Benchmark Details	No terms imposed by the employer or any employment agencies or intermediaries shall confine or restrict employees' freedom of movement or free transit
Finding Details	The factory provides transport for night shift workers but only at the end of the shift and not for the trip to work. The night shift workers are not compensated for transport to work. The Honduran labor law (Art 42 of the HN Labor Code) stipulates the employer must pay for transport or provide compensation for transport. The plant has 15 buses for the transportation of workers to/from work for the day shift only. The transportation is part of the union agreement which stipulates 9 buses but the company provides 15 buses.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	Honduran labor law (Art 42 of the HN Labor Code)

Freedom Of Association And Collective Bargaining (FOA)

Benchmark ID	FOA.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning freedom of association and collective bargaining. national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	The CBA expired in September 1, 2020, and the new CBA contract has not been renewed. The company has requested a 36 month extension but the Union has not responded, nor agreed to the 36 months. The new CBA is delayed due to the Covid -19. During the audit, the Union rep commented that she is prepping for the CBA renewal, and is prepared to present issues by 30 Sept 2021.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Art 54 of the Honduran Labor law

Harassment Or Abuse (H/A)

Benchmark ID	H/A.10.1.3
Benchmark Details	Body searches shall not be undertaken in public and the person who undertakes the search shall be of the same sex as the person who is being searched.

Finding Details	The facility conducts body search or pat downs on a daily basis, and at a minimum of four times per day. The service is provided by a third party service provider.
Recommendation for Immediate Action	The company must cease all body search or pat downs of workers. The company must communicate to and provide training for security guards on the allowable and acceptable security measures.
Compliance Classifications	Immediate Action Required
Local Law	

Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.3
Benchmark Details	Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually.
Finding Details	The factory has not included the night shift of the embroidery area in any fire drill. This night shift became operational in 14 May 2021, and consists of 15 employees, both men and women.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Honduran law: Article 221 General Regulation of Preventive Measures of Work Accidents and Occupational Diseases.
Benchmark ID	HSE.5.1

Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	1. One of the three doors in the maintenance department does not open in the direction of evacuation. 2. The COVID clinic lacks emergency exit signage and evacuation routes out of the clinic.
Recommendation for Immediate Action	In the maintenance department, review and install the door to permit the outward flow to permit quick and easy egress. In the COVID clinic, identify and mark emergency exits, and provide floor markings to guide for quick and easy egress in emergency.
Compliance Classifications	Immediate Action Required
Local Law	Honduran Labor Code, Article 61
Benchmark ID	HSE.5.1.3
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of emergency lighting
Finding Details	There are two doors which lack proper lighting: one of the three doors in the maintenance department, and the exit door in the lunch room.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	General Regulations of Preventive of Work place Accidents and Professional Illnesses (Honduras)
Benchmark ID	HSE.5.1.2

Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of fire alarms;
Finding Details	During the virtual review of the factory, a test of the alarm system was conducted, and the worker in the screen cleaning room confirmed not hearing the alarm. The factory has not installed the proper lighting to alarm disabled workers or for workers in high noise areas. The factory did advise they have hired deaf mutes.
Recommendation for Immediate Action	Review and install the necessary equipment to improve the sound of alarm system. Review and install the necessary equipment such as emergency lighting to assist disabled (deaf mute) employees.
Compliance Classifications	Immediate Action Required
Local Law	General Regulations of Preventive of Work place Accidents and Professional Illnesses (Honduras)
Benchmark ID	HSE.18.2.1
Benchmark Details	An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under national law.
Finding Details	1. The clinic is operational only during the day shift. The doctor has trained the supervisor of the night shift on basic first aid. 2. The night shift lacks individual trained on emergency evacuation or workers trained on first aid.
Recommendation for Immediate Action	The company must provide the appropriate medical service for night employees, as required by law. Maintain documentation of the medical staff in attendance.
Compliance Classifications	Immediate Action Required
Local Law	Honduran law: Articles 426 and 427 General Regulations for Preventive Measures for Work Accidents and Occupational Diseases
Benchmark ID	HSE.1

Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	The processed water used for the cleaning of screen is not treated prior to discharge. The facility does not clean or treat processed water.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	The general law on Environment, Article 60

Hours Of Work (HOW)

Benchmark ID	HOW.13.1
Benchmark Details	Any workplace procedures regulating the timing of annual leave (e.g., requiring a minimum period of service before being allowed to use annual leave, written requests to be submitted a certain time before the annual leave) must be in line with national laws, regulations and procedures.
Finding Details	In a review of annual leaves, 12 workers from the 25 sampled workers have not taken the full annual leave as required by law. The average days of vacation owed to the workers in the sample is approximately or on average 15 days, however, there is a worker in sewing who has more than 34 days of vacation not taken. The law requires annual leave to be taken no later than 3 months after the work anniversary date, and the annual leave must be taken in full without interruption. In addition, the facility management does not utilize a vacation calendar, and allows the production supervisor, not the HR department, to determine if the vacation can be taken. This violates the labor law: Article 348, 350 and 351 of the Honduran Labor Code, which is also part of the company's employee handbook.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	Article 348, 350 and 351 of the Honduran Labor Code,
Benchmark ID	HOW.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.
Finding Details	The facility has a practice of not providing the legal daily breaks, or not granting early departure from work, for nursing mothers as stipulated by law; the company's current practice is to accumulate the legal breaks into days, then either grant or pay for the time. This practice of accumulation of breaks into days does not meet the legal requirement for nursing mothers. At the time of the audit, there were 13 women identified as nursing mothers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Honduran Labor Code, Article 140
Benchmark ID	HOW.15
Benchmark Details	Employers shall not impose any sanction on workers for requesting or taking any type of leave, such as annual, sick, or maternity, in line with all applicable rules and procedures.

Finding Details	Please refer to details under benchmark HOW.13.1 In a review of annual leaves, the sample of 25 workers identified that 12 workers have not taken the full annual leave as required by law. The average days of vacation owed to the workers in the sample is appropriate 15 days, however, there is a worker in sewing who has more than 34 days of vacation not taken, The law required that the annual leave be taken no later 3 months after the work anniversary date, and the annual leave must be taken in full without interruption. In addition, the facility management does not utilize a vacation calendar, and allows the production supervisor, not that the HR department, to determine if the vacation can be taken. This violates the labor law: Article 348, 350 and 351 of the Honduran Labor Code, which is also part of the Pinehurst employee handbook.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Article 348, 350 and 351 of the Honduran Labor Code,

Nondiscrimination (ND)

Benchmark ID	ND.4
Benchmark Details	Employers may not request the disclosure of any personal, non-job related information during the application, recruitment, or hiring process, including but not limited to gender, race, religion, disability, sexual orientation, nationality, political opinion, social group, ethnic origin, or marital status.
Finding Details	Please refer to details under benchmark ND.3
Recommendation for Immediate Action	The company must revise the employment application (in all formats including paper and online) and remove all questions of a personal nature. All questions for employment must focus on skill and/or abilities.
Compliance Classifications	Immediate Action Required

Local Law	
Benchmark ID	ND.8.1
Benchmark Details	Employers shall abide by all protective provisions in national laws and regulations benefitting pregnant workers and new mothers, including provisions concerning maternity leave and other benefits; prohibitions regarding night work, temporary reassignments away from work stations and work environments that may pose a risk to the health of pregnant women and their unborn children or new mothers and their new born children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities.
Finding Details	During the COVID-19 pandemic, the government implemented a nationwide closure of childcare centers, Although the 2021 SCI was conducted at this factory, the assessors could not review the implementation of the factory’s plan to comply with Honduran law which requires workplaces with more than 30 employees to provide childcare centers. The assessor confirmed that the factory had partnered with local churches and an international NGO to make off-site childcare available to its employees. Because of the COVID-19 restrictions, this childcare facility was not operational at the time of the assessment. In August 2022, the FLA confirmed that the childcare facility, which is offsite, had reopened, but none of the workers opted to utilize this childcare benefit due to issues related to work schedules, transportation, and cost. FLA has delivered this finding to the companies for remediation according to FLA’s SCI procedures.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ND.3

Benchmark Details	Recruitment and employment policies and practices, including job advertisements, job descriptions, application and interview questions and job performance/evaluation policies and practices shall be free from any type of discriminatory bias.
Finding Details	The facility uses an online application which asks several questions of a personal nature and not related to skills or abilities. For example, the questions of a personal nature ask - where do you live, do you have children?, are you parents alive?, do you have siblings, and how many?, who takes care of your children?.
Recommendation for Immediate Action	The company must revise the employment application (in all formats including paper and online) and remove all questions of a personal nature. All questions for employment must focus on skill and/or abilities.
Compliance Classifications	Immediate Action Required
Local Law	

