

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

07 Oct 2021



Factory Information

FLA Affiliates	New Era Cap
Country	Mexico
Number of Workers	80

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

Employment Relationship (ER)	10
Freedom Of Association And Collective Bargaining (FOA)	2
Health, Safety And Environment (HSE)	10
Nondiscrimination (ND)	1

Assessment Information

Assessor	VeLar
Assessment Date	07 Oct 2021
Assessment Purpose	Factory Assessment (In-Person)

ASSESSMENT RESULTS

Employment Relationship (ER)

Benchmark ID	ER.1.2
Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.
Finding Details	The company's code of conduct and onboarding training evidence is incomplete as there is no training evaluation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.2
Benchmark Details	Employers shall ensure managers and supervisors are fully familiar with the workplace disciplinary system and in applying appropriate disciplinary practices.
Finding Details	Supervisors, managers and medical and security personnel have not received training in the Disciplinary Protocols.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Benchmark ID	ER.5.1
Benchmark Details	Employers shall ensure that all supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance.
Finding Details	Supervisors, managers and medical and security personnel have not received training in the Company Code of Conduct.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	Employees have not received training on the company's grievance system.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.1

Benchmark Details	Employers shall have written disciplinary rules, procedures and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).
Finding Details	Last update of the registered Internal Rules Handbook is from 2019; however there are clauses that need updates in accordance with actual practices and requirements. Due to the pandemic, the updated version has not been registered at the Labor Authority and therefore it cannot be enforced yet.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Federal Labor Law Art. 422 to 425.
Benchmark ID	ER.7.1
Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
Finding Details	The company does not have a written procedure regarding employees' performance evaluations that specify the steps and evaluation process.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.4

Benchmark Details	Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas.
Finding Details	Neither the FLA Code of Conduct or the company affiliate's Code of Conduct has been communicated to the workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.19.1
Benchmark Details	Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.
Finding Details	The company has developed, implemented, and communicated a personal data privacy policy that (as required by law) establishes the employees' personal information that will be collected, and the reason. However, this policy is incomplete since it does not include the "ARCO" rights established by the law. This rights are Access, Rectification, Cancellation and Opposition from the employees.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Federal Law for Protection of Personal Data in Particulars Possession Article 28.
Benchmark ID	ER.3.1

Benchmark Details	Employers shall provide an orientation to new employees at the time of hiring, which includes explanations of the employers' rules, compensation package and policies for human resources, grievance systems, industrial relations, including respect of the right to freedom of association, workers' rights and responsibilities, FLA Code of Conduct, health and safety, and environmental protection.
Finding Details	The factory and workers have not received training on the FLA Code of Conduct or the company affiliate's code of conduct.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.3.2
Benchmark Details	Workers have the right to participate and be heard in any disciplinary procedure against them.
Finding Details	The factory is missing a complete sanctions procedure, where the worker is given the right to express his observations and/or respond to the sanction received.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Freedom Of Association And Collective Bargaining (FOA)	
Benchmark ID	FOA.11

Benchmark Details	Employers shall not interfere with the right of workers to: draw up their constitutions and rules; to elect their representatives; or to organize their administration and activities
Finding Details	There is no evidence that employees elected their union representatives.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	FOA.15
Benchmark Details	Worker representatives shall have the facilities necessary for the proper exercise of their functions, including access to workplaces and office space where required by law.
Finding Details	The factory is missing a physical place within the premises for union representative to exercise its functions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Health, Safety And Environment (HSE)	
Benchmark ID	HSE.5.1.5
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: employee education and training

Finding Details	The factory is missing training on fire fighting and fire extinguishers use for all employees.
Recommendation for Immediate Action	Deliver training on fire fighting and fire extinguishers use for all employees.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-002-STPS-2010, Chapter 11
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	Due to changes and modifications evacuation route signs are no longer in accordance with the evacuation route. Additionally, there is one emergency exit not identified.
Recommendation for Immediate Action	Keep all evacuation routes and exits properly identified and accurate.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-003-SEGOB-2011, clauses 5.1, 6.1 and 6.4.
Benchmark ID	HSE.5.1.4
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following: ensuring aisles/exits are not blocked and that workers are not blocked within their workstations

Finding Details	It was noted that the main aisle of the dry-cleaning and finishing area is obstructed with tables of products in process; this aisle is part of the main evacuation route of the dry-cleaning building.
Recommendation for Immediate Action	Keep all aisles and evacuation routes free from obstruction.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-002-STPS-2010, clause 9.1.3 PUNTO B).
Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	1. There are chemicals in wrong containers and not labeled. 2. Chemical containers are missing a secondary container or anti spillage devices.
Recommendation for Immediate Action	1. Ensure to use only the correct containers for chemicals and keep them properly identified. 2. Install a secondary container or anti-spillage devices for chemical containers.
Compliance Classifications	Immediate Action Required
Local Law	1. Mexican NOM-018-STPS-2015, clause 8. 2. Mexican NOM-005-STPS-1998, clause 9.6.
Benchmark ID	HSE.19
Benchmark Details	All facilities including workplace 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.

Finding Details	While visiting the production, dry cleaning and finishing areas, auditors found materials out of place. These areas were dirty, and they found moisture and sludge on the ground.
Recommendation for Immediate Action	Keep all operation areas clean and in order.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-001-STPS-2008, clause 7.1.1.
Benchmark ID	HSE.6.1
Benchmark Details	All safety and medical equipment (e.g. fire fighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.
Finding Details	There are missing eye-shower station in production areas, warehouses, and nursery.
Recommendation for Immediate Action	Install eye shower station in all required areas.
Compliance Classifications	Immediate Action Required
Local Law	Nom NOM-005-STPS-1998, clause 5.4.
Benchmark ID	HSE.4.1
Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.
Finding Details	1. Electrical system assessment is missing. 2. Building structure assessment is missing.

Recommendation for Immediate Action	Conduct electrical system and building structure assessments.
Compliance Classifications	Immediate Action Required
Local Law	1. Mexican NOM-001-SEDE-2012, Chapter 1. 2. Civil Protection State Law article 67, municipal civil protection regulations article 46 and 48.
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	1. The steam tank is not clearly identified and is missing security devices. The pipes are also not identified. 2. The welding presents electrical risks, and it is missing safety requirements. 3. Ergonomic risk factors assessment is incomplete, and the corresponding training has not been delivered. 4. Assessment for tasks at heights is incomplete. 5. One steam generator has not been categorized.
Recommendation for Immediate Action	1. Identify the steam tank and install the required devices. Identify the piping system according to the coloring code required by the NOM. 2. Address the welding risk, and ensure implementation of all security requirements of the NOM. 3. Complete the ergonomic risks assessment and train relevant employees on this topic. 4. Complete the assessment for activities at heights risks. 5. Categorize all steam generators.
Compliance Classifications	Immediate Action Required
Local Law	1. Mexican NOM-026-STPS-2008, Chapter 9 2. Mexican NOM-029-STPS-2011 clause 4.22 3. Mexican NOM-036-1-STPS-2018 Chapter 7 4. Mexican NOM-009-STPS-2011 Chapter 16. 5. Mexican NOM-020-STPS-2011 Chapter 7.
Benchmark ID	HSE.8

Benchmark Details	Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.
Finding Details	The safety equipment used in the chemical area (gloves, bibs and gowns) to move and transport chemicals requires training on its use, maintenance and storage. However, this training has not been delivered.
Recommendation for Immediate Action	Deliver training in PPE (gloves, bibs and gowns) use, maintenance and storage.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-017-STPS-2008, Point 5.6
Benchmark ID	HSE.14.2
Benchmark Details	Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use.
Finding Details	Employees that perform tasks at heights have not received required training in the specific security measures.
Recommendation for Immediate Action	Deliver training to employees performing tasks at heights.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-009-STPS-2011 Chapter 16
Nondiscrimination (ND)	
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	Company policies state no aspirants under 18 years will be hired. However, the Federal Labor Law approves hiring employees over 16 years without requiring parents authorization.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Federal Labor Law Articles 3, 173 and 174.

