

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

22 Aug 2022



Factory Information

FLA Affiliates	Hanesbrands
Country	Honduras
Number of Workers	625

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)	3
Employment Relationship (ER)	5
Health, Safety And Environment (HSE)	2
Hours Of Work (HOW)	2
Nondiscrimination (ND)	1

Assessment Information

Assessor	Rodriguez Compliance Group
Assessment Date	22 Aug 2022

Assessment Purpose

Factory Assessment (Virtual Compliance Check)

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.16.1
Benchmark Details	All compensation records, including wages and benefits whether in cash or in-kind, must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (e.g. signature, thumbprint).
Finding Details	A review of employer social security contributions for 3 pay periods [Dec 2021, June and July 2022] indicated that the company paid the contributions for these months in a timely manner. However, the corresponding receipts show a balance in arrears of HNL 945,943.63. The company assured the assessor that this balance was paid off many years ago and that management is taking the necessary legal steps to resolve the problem. Management explained that the balance was inherited from another commercial entity when Hanesbrands acquired the business.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Article 43 Regulation For The Application Of The Social Security Law
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>The factory's current childcare scheme does not meet the requirements of Article 142 of the Honduran Labor Code, which requires that employer childcare be free of cost and provided for all employees. The company has a Childcare and Educational Center Scholarship program sponsored by Hanesbrands Inc. The program costs \$3.00 per day per child, of which Hanesbrands contributes \$2.00 and the worker must pay \$1.00, which is deducted through payroll. The daily costs cover breakfast, lunch, two snacks, education, medical attention, and the use of the facilities. For the facility assessed in this SCI, Hanesbrands has allocated only 50 childcare 'seats.' Furthermore, the program limits eligibility by requiring that the worker be employed for at least two years as a permanent employee, have perfect work attendance and 100% performance ratings, and have no disciplinary sanctions within the last 6 months. In addition, the child must reside in the same canton as the childcare facility. The program permits only one child per family. Presently, there are only 7 children from workers in attendance at the school. The facility could not provide historical information on this program, prior to the Covid 19 pandemic.</p>
Recommendation for Immediate Action	<p>(1) Revise the current program to meet legal requirements. (2) Provide the program free of charge to all workers.</p>
Compliance Classifications	<p>Immediate Action Required</p>
Local Law	<p>Article 142 of the Honduran Labor Code, Article 59 of the Law on Equal Opportunities for Women, Article 138 of the Code for Children and Adolescents.</p>
Benchmark ID	<p>C.21.1</p>
Benchmark Details	<p>Employers shall provide all legally mandated benefits, including holidays, leave, bonuses, severance payments and 13th month payments to all eligible workers within legally defined time periods.</p>

<p>Finding Details</p>	<p>(1) In December 2021, the company took 14 days of collective vacation. However, some employees who were legally entitled to more than 14 vacation days only received these collective 14 days. The Honduran Labor Code, which regulates vacation time for employees, establishes a seniority system in which after one year of service, a worker is entitled to 10 vacation days per year; after two years of service, 12 vacation days; three years of service, 15 days; and finally, after four years of service, 20 days annually. Of the 25 workers sampled in this assessment, 13 had more than 3 years of service but only received the company-wide 14 vacation days. They received a payout for the additional days to which they were entitled, but were not given the opportunity to use them. The assessment noted that this finding was also cited in the 2015 SCI at this facility. (2) The company does not provide transportation for workers as required by local law. Local law requires employers to provide transportation or pay transportation costs for workers whose main residence is more than two kilometers from the work center. During the assessment, factory management explained that they do not interpret this legal requirement as applicable to the factory. The assessment noted that this finding was also cited in the 2015 SCI at this facility.</p>
<p>Recommendation for Immediate Action</p>	<p>(1) Ensure all employees receive all vacation days to which they are entitled. (2) Provide transportation or pay transportation costs for workers in accordance with local law.</p>
<p>Compliance Classifications</p>	<p>Immediate Action Required</p>
<p>Local Law</p>	<p>(1) Honduran Labor Code, Article 346. (2) Honduran labor Code - Article 42, third paragraph of the Labor Code</p>
<p>Employment Relationship (ER)</p>	
<p>Benchmark ID</p>	<p>ER.2</p>

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 company has not hired any workers with disabilities who would qualify under Article 2 of the Law for the Promotion of Employment for Persons with Disabilities. The law states that companies must hire four disabled workers for every 100 employees. Currently, the company has a total workforce of 846 workers, none of whom are classified as disabled. The assessment noted that this finding was also cited in the 2015 SCI at this facility.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Article 2 of the Law for the Promotion of Employment for Persons with Disabilities
Benchmark ID	ER.1.1
Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.

<p>Finding Details</p>	<p>The factory's policies and procedures on downsizing lack the following necessary elements: (a) communication with the workforce and consultation with worker representatives as soon as possible to avoid or minimize layoffs (b) plans to mitigate the negative effects of these changes on workers and their communities (c) methods for calculating final payments, taking into account national legal requirements (d) a confidential channel for workers to express any concerns or problems they might experience regarding severance. Management provided the policy document "Reduction of Personnel and Plant Closure," dated 6/22/2017. This document, however, did not address consultation with workers or their representatives as a procedural step.</p>
<p>Recommendation for Immediate Action</p>	
<p>Compliance Classifications</p>	<p>Sustainable Improvement Required</p>
<p>Local Law</p>	
<p>Benchmark ID</p>	<p>ER.18.1</p>
<p>Benchmark Details</p>	<p>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).</p>

<p>Finding Details</p>	<p>The current policy for disciplinary action, dated 10-05-2021, does not detail if a worker can select a third-party witness of their choice during disciplinary procedures. In addition, article P16 of the policy briefly mentions the option of appeal but does not detail the appeal process, such as who is the ultimate authority to review the appeal, the timeline to review an appeal, or feedback provided to the worker during the appeal process. Through worker interviews, the assessment determined that none of the workers were aware of or understand either the concept of a third-party witness in the disciplinary process or the appeal process. A review of personnel files identified some examples of disciplinary actions which include a signature of a "witness," but factory management could not confirm if the witness was a member of management or an individual selected by the worker. The assessment noted that this finding was also cited in the 2015 SCI at this facility.</p>
<p>Recommendation for Immediate Action</p>	
<p>Compliance Classifications</p>	<p>Sustainable Improvement Required</p>
<p>Local Law</p>	
<p>Benchmark ID</p>	<p>ER.7.1</p>
<p>Benchmark Details</p>	<p>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.</p>
<p>Finding Details</p>	<p>The company does not have a policy on performance reviews and does not conduct annual performance reviews for production employees. Management explained that supervisors perform daily efficiency evaluations of direct personnel and that workers receive feedback on their performance in meetings held on the production floor. Management also explained that administrative employees receive performance evaluations on a quarterly basis. During worker interviews, none of the workers recalled receiving this feedback from supervisor/managers, nor do the workers remember having the opportunity to comment on this topic.</p>

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.
Finding Details	The factory provides communication and training on policies to all workers, but management did not provide evidence of having consulted with workers or solicited worker input on policies and procedures. This facility does not have an active union.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Health, Safety And Environment (HSE)	
Benchmark ID	HSE.13
Benchmark Details	All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.

Finding Details	A noise study conducted at the factory in July 2021 concluded that 17% of the factory area has noise above 85 decibels and would require hearing protection. The noise study identified the darkroom, washing machine area, compressed air workspace, spotting section, and Embroidery section #12 as problem areas.
Recommendation for Immediate Action	Review the noise study of July 2021 and implement the corrective actions recommended. identify and provide the appropriate hearing protection. Train workers on the proper usage of the hearing protection. Monitor proper usage of hearing protection. After implementation of corrective measures, conduct a new noise survey to ensure improvements or measures are effective.
Compliance Classifications	Immediate Action Required
Local Law	Article 357 of the General Regulations on Preventive Measures for Labour Accidents and Professional Diseases.
Benchmark ID	HSE.10.1
Benchmark Details	Material Safety Data Sheets (MSDS) for all chemicals and hazardous substances used in the workplace must be available at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.
Finding Details	The virtual tour of the workplace revealed that the MSDS for Ethyl Alcohol 030 was not available in the ink mixing area.
Recommendation for Immediate Action	Provide MSDS, in the language/s understood by the workforce, for all chemicals where needed.
Compliance Classifications	Immediate Action Required
Local Law	Honduran Law - Article 377 of the General Regulation of Preventive Measures for Occupational Accidents and Occupational Illnesses.

Hours Of Work (HOW)

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 work schedule for Shift B is not included in the Internal Work Regulations, nor has the Shift B work schedule received the required approval from the Ministry of Labor. Shift B works from 7:00am to 6:30pm on Friday, Saturday, Sunday, and one additional day for a total of 44 hours per week. This schedule is indicated in the Third Clause of the worker's employment contract.
Recommendation for Immediate Action	Present the work schedule for Shift B to the Ministry of Labor and secure approval.
Compliance Classifications	Immediate Action Required
Local Law	Labor Code: Articles 89, 92 literal "d" and 90 of the Labor Code, Article 89 of the Labor Code, Article 92 literal "d" of the Labor Code, and Article 90 of the Labor Code.
Benchmark ID	HOW.12.2
Benchmark Details	The time at which annual leave is taken is determined by employers in consultation with workers, taking into account work requirements and the opportunities for rest and relaxation available to workers.
Finding Details	The length and start/end dates of annual leave are set by the factory without consultation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Labor Code, Article 346.

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	(1) The current policy statement on discrimination does not address the categories of political opinion, social group, or ethnic origin. (2) Although the current policy communicates that there can be no discrimination based on disability, the company does not meet the legal requirements of employing/hiring disabled workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

