

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**22 Sep 2022**



## Factory Information

FLA Affiliates	Hybrid Apparel
Country	Mexico
Number of Workers	756

## 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)	2
Employment Relationship (ER)	10
Forced Labor (F)	1
Freedom Of Association And Collective Bargaining (FOA)	2
Health, Safety And Environment (HSE)	10
Hours Of Work (HOW)	2
Nondiscrimination (ND)	3

## Assessment Information

Assessor	VeLar
Assessment Date	22 Sep 2022
Assessment Purpose	

## ASSESSMENT RESULTS

### Compensation (C)

Benchmark ID	C.9.3
Benchmark Details	Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country
Finding Details	The assessment reviewed a sample of 45 working hour and payroll records from August 2022, July 2022 and December 2021. The review found that the factory's overtime rate is calculated off of the employee's daily wage and does not include all other salary components such as production bonuses.
Recommendation for Immediate Action	Include all salary components when calculating the overtime wage.
Compliance Classifications	Immediate Action Required
Local Law	Federal Labor Law Article 84
Benchmark ID	C.15.1.2
Benchmark Details	Employers shall provide workers a pay statement each pay period and not less frequently than once a month, which shall show wage calculations.
Finding Details	Paystubs at the factory do not include the number of regular and overtime hours paid.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
<b>Employment Relationship (ER)</b>	
Benchmark ID	ER.17.5
Benchmark Details	Employers shall have in place procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.
Finding Details	The assessment found no evidence of the factory having investigated, followed up or resolved the grievances raised by employees.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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 factory does not provide training to workers on the FLA Code Elements and Employment Functions. The factory mentions the FLA Participating Company's own Code of Conduct during worker onboarding trainings, but does not train workers on it in depth.
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	The company has not delivered training to supervisors on either the FLA Code Elements/Employment Functions or the FLA Participating Company's own Code of Conduct.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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.
Finding Details	The factory lacks policies on forced labor, health & safety, environmental protection, compensation, working hours and urgent needs.
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	The factory's internal handbook has not been updated with accurate information. For instance, the handbook states that employees must use their badge to register attendance. In fact, this method is no longer available. Workers are aware of the current system for registering attendance, but the handbook reflects the outdated information. Furthermore, changes in worker shifts have not been reflected in the handbook.
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	The factory does not post or communicate the FLA Code to workers. Factory management explained that they had not been provided with the FLA Code.
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	(1) The FLA Participating Company's Code of Conduct was not posted in the facility. (2) Employment contracts at the factory lack components that are required by law: (a) beneficiaries that will receive the severance payment in case of employee' death (b) the factory's private information policy to protect employees' personal information.
Recommendation for Immediate Action	(2) Update the factory's employment contracts to include all aspects required by law.
Compliance Classifications	Immediate Action Required
Local Law	(2) Federal Labor Law article 25
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 lacks internal policies on retrenchment, freedom of association, grievance mechanisms, and employee development. Workers' orientation trainings do not cover these elements, and therefore are not sufficient to inform workers of their rights and the standards governing their work.



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	(1) The factory does not conduct periodic reviews of its policies. (2) Employees are not integrated into decision-making processes about policies affecting their work.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.4
Benchmark Details	The disciplinary system shall include a third party witness during imposition, and an appeal process.
Finding Details	There are no protocols for employees to exercise their right to appeal disciplinary actions or to have a third party witness during the imposition of disciplinary actions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
<b>Forced Labor (F)</b>	
Benchmark ID	F.1.1
Benchmark Details	Employers, employment agencies, and intermediaries shall comply with all national laws, regulations and procedures concerning the prohibition of forced labor and human trafficking.
Finding Details	The factory's employment contract states that employees are committed to working overtime upon request by the factory. The factory's Handbook does not mention that overtime work is voluntarily. Although the assessment did not detect forced labor and interviewed employees confirmed that overtime work is voluntary, the lack of a policy to specify this rule poses a risk of forced labor.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
<b>Freedom Of Association And Collective Bargaining (FOA)</b>	
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 factory does not have a policy on freedom of association.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	FOA.5.1
Benchmark Details	Employers shall not engage in any acts of anti-union discrimination or retaliation, i.e. shall not make any employment decisions which negatively affect workers based wholly or in part on a workers' union membership or participation in union activity, including the formation of a union, previous employment in a unionized facility, participation in collective bargaining efforts or participation in a legal strike.
Finding Details	The factory's job application form includes a section asking employees if they are members of a union. Factory management explained that this information is not used to determine whether the applicant is hired or not, but the presence of this question poses a risk of anti-union discrimination.
Recommendation for Immediate Action	Remove all questions related to union affiliation from the job application form. Review to ensure that other personnel documents do not include this question.
Compliance Classifications	Immediate Action Required
Local Law	

### Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.1
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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	The signs marking the evacuation route point in different routes, causing confusion.
Recommendation for Immediate Action	Review and relocate or replace the signs marking the evacuation route so that they indicate the correct and nearest routes to the meeting point.
Compliance Classifications	Immediate Action Required
Local Law	NOM-002-STPS-2010 Clause 7.15 subsection A
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) Although the factory has an emergency protocol in case of accidental chemicals spillage, there is no protocol for chemical dust spillage (several chemical dusts are used for production). The assessment also observed chemical dust leakage on the production floor without any actions or devices to contain it. (2) Containers for liquid chemicals are missing secondary containment. (3) The assessment found chemical containers without labels in the production area. Furthermore, those that were labeled were not labeled using the proper identification standard. (4) One emergency shower in the outside warehouse was obstructed.

Recommendation for Immediate Action	(1) Establish protocols and obtain equipment to handle potential chemical dust leakage. (2) Maintain secondary containers for all liquid chemicals. (3) Label all chemical containers, following the proper identification standard. (4) Keep all emergency showers unblocked.
Compliance Classifications	Immediate Action Required
Local Law	(1) (2) NOM005 STPS 1995 Chapter 8 section G point 1. (3) NOM-005-STPS-1998 Chapter 8 section A. (4) NOM-005-STPS-1998 Clause 5.4
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	(1) The company performs audiometry tests as required due to the noise assessment results. However, there is no evidence of follow-up or corrective actions for those employees who these tests found to have hearing damages. (2) Based on the results of the working environment pollutants assessment performed in May 2022, the factory requires more ventilation. The company has installed new ventilation equipment, but it has not performed a new assessment to validate that the facility now meets the required ventilation standards. (3) The electrical grounding system assessment has been completed. However, the certificate provided for review is missing the signature of the engineer who certified the assessment. In addition, the assessment recommends that the system's electrodes be replace; this issue has not been closed.
Recommendation for Immediate Action	(1) Take corrective actions to protect employees who were found to have hearing damages. (2) Perform a new assessment to validate the new ventilation system. (3) Obtain a signed copy of the electrical grounding system assessment. Perform the corrective actions required by the assessment results.
Compliance Classifications	Immediate Action Required

Local Law	1.- NOM-011-STPS-2001 clause 8.6. 2.- Mexican NOM-010-STPS-2014 clauses: 6.6, 6.1, 6.2 and 6.3. 3.- NOM-022-STPS-2015 Clause 9.5 section A subsection 4.
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	Signs indicating the location of fire extinguishers are in a foreign language (English) instead of local language as required by the law. Some fire extinguishers, such as those in the chemical warehouse and the shipping area, were obstructed.
Recommendation for Immediate Action	Keep all fire extinguishers properly identified and free from obstruction.
Compliance Classifications	Immediate Action Required
Local Law	NOM-026-STPS-2008 clause 5.4. and NOM-002-STPS-2010 Clause 7.2 subsections B and C
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 factory could not provide evidence of follow-up and corrective action addressing the risks detected by the Security Committee during monitoring visits. (2) The pressure vessels room and the steam generator room both lack signs restricting access.
Recommendation for Immediate Action	(1) Conduct and record corrective actions to address the risks detected by the Security Committee during the monitoring visits. (2) Place "restricted access" signs on the pressure vessels room and the steam generator room.
Compliance Classifications	Immediate Action Required

Local Law	(1) Mexican NOM-019-STPS-2011 Clause 5.11 (2) Mexican NOM-020-STPS-2011 Clause 12.1.2 Section E.
Benchmark ID	HSE.14.3
Benchmark Details	Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.
Finding Details	All five machines in the heating area lacked safety guards and safety warnings.
Recommendation for Immediate Action	Install safety guards for all machines where needed. Post safety warnings in the workforce's language(s) for all machinery.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-004-STPS-1999 Chapter 7
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	Paints used in the production process do not have MSDS available.
Recommendation for Immediate Action	Maintain MSDS for all chemicals used.
Compliance Classifications	Immediate Action Required
Local Law	NOM-005-STPS-1995 Chapter 8 section A.
Benchmark ID	HSE.30.2

Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system within which the following are clear and regularly tested and reviewed; procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies
Finding Details	The factory could not provide evidence of having investigated accidents and injuries to avoid recurrence, as required by local law.
Recommendation for Immediate Action	Investigate all accidents that occur at the factory and maintain documentation, as required by local law.
Compliance Classifications	Immediate Action Required
Local Law	Mexican NOM-019-STPS-2011 Clause 5.9
Benchmark ID	HSE.7
Benchmark Details	Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.
Finding Details	The factory lacks PPE such as earplugs, pollution masks filters, and gloves.
Recommendation for Immediate Action	Provide the required PPE to employees free of charge.
Compliance Classifications	Immediate Action Required
Local Law	NOM-017-STPS-2008 clause 5.4.
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 assessment observed employees who had access to PPE but were not using it due to lack of enforcement. In addition, multiple areas in the facility lack posted notices requiring personal protective equipment, including the production area, printing area, pressure vessels area, and powder warehouse area.
Recommendation for Immediate Action	Supervise all employees to use their corresponding PPE. Post the corresponding safety obligation signs in all areas requiring PPE.
Compliance Classifications	Immediate Action Required
Local Law	NOM-017-STPS-2008 clause 5.4. and Mexican NOM-017-STPS-2008, Clause 5.8

### 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 night working shift starts at 6:30 p.m. and ends at 6:00 a.m. During this shift, there is one break of 20 minutes and a second break of 40 minutes. Local law, however, establishes that if a break lasts less than 60 continuous minutes, the break time is considered part of the working shift. As a result, workers on the night shift work 46 hours per week as understood by local law. This amount is in violation of local law, which limits night shift work to 42 hours per week.
Recommendation for Immediate Action	Ensure that all shifts respect the maximum hours established by law.
Compliance Classifications	Immediate Action Required

Local Law	Federal Labor Law articles 58 to 64.
Benchmark ID	HOW.22.1
Benchmark Details	Employers shall have in place policies for managing all working hour, overtime, and leave records in normal and exceptional circumstances.
Finding Details	The factory lacks a policy on hours of work. The factory's Code of Conduct and its policy against forced labor both lack stipulations on exceptional circumstances for overtime hours.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

### **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	The factory's job application form and the medical test applied during the hiring process both ask applicants about their civil status.
Recommendation for Immediate Action	Remove questions about the applicant's/worker's civil status from all steps and documents of the application process.
Compliance Classifications	Immediate Action Required
Local Law	

Benchmark ID	ND.6.2
Benchmark Details	Employers shall not threaten workers with dismissal or any other employment decision that negatively affects their employment status in order to prevent them from changing their marital, partnership, or family status (including getting married or becoming pregnant.)
Finding Details	During the recruitment process, the factory's nurse questions female applicants about their pregnancy status.
Recommendation for Immediate Action	Stop asking female aspirants about pregnancy. Avoid all lines of questioning not directly related to the job position.
Compliance Classifications	Immediate Action Required
Local Law	Federal Labor Law Article 56
Benchmark ID	ND.5
Benchmark Details	There shall be no differences in compensation for workers for work of equal value on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.
Finding Details	The company has established a wage range for every job position, specifying the minimum and the maximum wage for each position. For example, an Operator "A" must earn between MX \$359.7 and \$720. Records provided for review indicate that employees in the same position may receive different salaries within these bands. It is not clear, however, how the exact amount within the band is decided, particularly for workers performing the same tasks in the same position. There is no written procedure specifying whether these differences depend on experience, working seniority, or any other criteria.
Recommendation for Immediate Action	Specify the criteria used to determine employees' salaries in writing, communicate this regulation to employees, and keep all corresponding records for review.

Compliance Classifications	Immediate Action Required
Local Law	Federal Labor Law Article 86.

