

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

17 Oct 2022



Factory Information

FLA Affiliates	Hybrid Apparel
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

Compensation (C)	2
Employment Relationship (ER)	3
Health, Safety And Environment (HSE)	1
Hours Of Work (HOW)	1

Assessment Information

Assessor	Rodriguez Compliance Group
Assessment Date	17 Oct 2022
Assessment Purpose	

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	A review of pay records identified inconsistencies regarding loans made to the workers. Workers arrange for these loans with the cooperative and repay the loans through deductions from their pay. In some cases, the deduction listed on the wage statement is a different amount than the amount stipulated in the loan authorization letter signed by the employee. Management explained that the company makes the deductions based on a list generated by the cooperative and that the company's payroll department does not verify the deduction amount against the authorization document signed by the employee.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	C.21.1
Benchmark Details	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.
Finding Details	The company does not provide a nursery/day care for the children of female workers. Under current local law, employers with more than 20 female workers must provide adequate space for mothers to leave their children, when the mothers are at work.

<p>Recommendation for Immediate Action</p>	<p>(1) Review the elements of the legal requirements. (2) Search for established daycare within proximity to factory, as a potential resource. (3) Identify an appropriate service provider, and review credentials of staff to care for children. (4) Identify the proper local or space for the nursery /day care, whether on-site within community adjacent to factory. (5) Identify the equipment and supplies to maintain a daycare, including appropriate food and water supplies. (6) Communicate plan to all employees, both at new hire, and annual refresher. (7) Train factory staff (such as plant nurse, or HR department) to oversee daycare operations. (8) Identify or sign up eligible employees for the daycare service.</p>
<p>Compliance Classifications</p>	<p>Immediate Action Required</p>
<p>Local Law</p>	<p>Article 142 of the Labor Code; Article 59 of the Law on Equal Opportunities for Women; Article 138 of the Code for Children and Adolescents</p>

Employment Relationship (ER)

<p>Benchmark ID</p>	<p>ER.2</p>
<p>Benchmark Details</p>	<p>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.</p>
<p>Finding Details</p>	<p>Currently, the company has three (3) individuals with disabilities on its payroll; however, this number of workers does not comply with the legal requirement. According to Article 2 of the Law for the Promotion of Employment for People with Disabilities, a company must hire 4 workers with disabilities for every 100 employees. Therefore, for a total of 906 workers who are on payroll, the company should hire a minimum of 36 individuals with disabilities.</p>

Recommendation for Immediate Action	(1) Define the type of disability which meet or qualify per the legal requirement. (2) identify the job category or tasks within the company which a disabled person may perform, review identified roles with members of the disabled community.. (3) Identify non profit within the disabled community to promote the potential job or tasks. (4) Conduct job fairs targeted towards the disabled community. (5) Consider current disabled workers as "ambassadors" within the disabled community to promote employment at the factory.
Compliance Classifications	Immediate Action Required
Local Law	Article 2 of the Law for the Promotion of Employment for People with Disabilities,
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 carry out performance evaluations of direct workers (operators), only indirect workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.6
Benchmark Details	The workplace shall commit to non-retaliation for all steps of the disciplinary process, including for a worker requesting a witness and filing an appeal of disciplinary action.

Finding Details	A review of personnel files identified a few disciplinary action forms that lacked the signature of the 3rd party witness and/or did not indicate the legal provision or the article of the Internal Work Regulations that the worker had violated to trigger the disciplinary action.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

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	During the review of payroll records, specifically of calculations and payments of payouts for workers who leave the company, the auditor noticed in the personnel files, a document identified as "tool solvency". The document records whether or not the worker must pay for work tools at the time of separation from the company. The auditor did not find documentary evidence to prove the company has as a practice of charging for work tools, and when questioned management denied that this practice occurs. During interviews with current workers, who are on payroll, none provided testimony of paying for their work tools or PPE to perform their respective tasks. The auditor recommended that management eliminate or stop utilizing the "tool solvency" document whenever a worker separates from the company.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Hours Of Work (HOW)	
Benchmark ID	HOW.11.1
Benchmark Details	Employers shall provide workers with paid annual leave as required under national laws, regulations and procedures.
Finding Details	In the selected sample of 25 workers, the assessment identified three (3) workers with days of vacation pending or not taken: - Two (2) workers have 3.5 days of vacation pending; - One (1) worker has 6 days of vacation pending. The auditor noticed that in many cases the vacation days are divided into individual days and not taken in a consecutive period.
Recommendation for Immediate Action	(1) Meet the legal requirements regarding vacation days, which stipulates consecutive period, not split days of vacation. (2) Establish a vacation calendar based on the work anniversary of the worker. (3) Develop a communication strategy regarding vacation to announce at on boarding and annual refresher. (4) Train worker and supervisor on vacation day legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	Article 346 of the Labor Code establishes that vacation days must be consecutive. Article 348 of the Labor Code indicates that the vacation time must granted by the employer, no later than three (3) months after the anniversary date on for which the worker is entitled to vacation is entitled. Article 351 of the Labor Code Labor regulates that workers must enjoy their vacation period without interruption.

