

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**08 Oct 2024**



## Factory Information

FLA Affiliates	Next Level Apparel
Country	Nicaragua
Number of Workers	218

## 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)	7
Health, Safety And Environment (HSE)	5
Hours Of Work (HOW)	1
Nondiscrimination (ND)	1

## Assessment Information

Assessor	VeLar International
Assessment Date	08 Oct 2024

Assessment Purpose	
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## ASSESSMENT RESULTS

### Compensation (C)

Benchmark ID	C.15.1
Benchmark Details	Employers shall provide workers a pay statement in languages understood by workers each pay period and not less frequently than once a month,
Finding Details	In interviews, all 27 workers reported not receiving any payslip detailing holiday payments. Workers indicated they were aware of the payment only because management asked them to sign the payroll.
Recommendation for Immediate Action	Provide employees with holiday paystubs that include detailed information on paid holiday days.
Compliance Classifications	Immediate Action Required
Local Law	Nicaragua Labor Law, Art. 76)

### 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 factory does not provide workers with ongoing training on the following Employment Functions: Recruitment, Hiring and Personnel Development, Compensation, Hours of Work, Termination and Retrenchment, Industrial Relations, Workplace Conduct and Discipline, and Grievance System. The facility only conducted an initial training on WRAP Principles for their certification process.
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	The factory does not provide ongoing training to supervisors on the Workplace Conduct & Discipline system.
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 facility conducted an initial training on WRAP Principles for certification, but it does not provide ongoing training for supervisors on key Employment Functions, including Recruitment, Hiring and Personnel Development, Compensation, Hours of Work, Termination and Retrenchment, Industrial Relations, Workplace Conduct and Discipline, and the Grievance System.
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 facility has not established a written procedure for termination and retrenchment, nor a protocol to ensure consultation meetings with workers before management makes final layoff decisions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.6.1
Benchmark Details	Employers shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.

Finding Details	The facility does not have policies and procedures on personnel development that encourages ongoing training with the goal of raising or broadening worker's skill to advance in their careers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.1.1
Benchmark Details	The disciplinary system shall be applied in a fair and nondiscriminatory manner and include a management review of the actions by someone senior to the manager who imposed the disciplinary action.
Finding Details	The facility has an Internal Rules Handbook detailing a progressive disciplinary system; however, file reviews revealed that informal warning memos, referred to as memoranda, lack key information. These memos do not reference the progressive disciplinary process or identify the supervisor responsible. Additionally, they do not include documented evidence of the employee's violation or any employee feedback, and the system does not involve a third-party witness.
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	The disciplinary procedure does not include a third-party witness.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

### Health, Safety And Environment (HSE)

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	During the factory tour of the chemicals warehouse, nine chemicals, including thinner and oil, were found stored in beverage containers, four of which were unlabeled. Additionally, eight oil barrels were not properly labeled or stored
Recommendation for Immediate Action	Provide appropriate chemical containers for oil transfer and implement a system to label and identify all chemical containers, ensuring employees who use them receive proper training.
Compliance Classifications	Immediate Action Required
Local Law	General Law of Hygiene and Safety at Work Law No. 618, (Article 194.)

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	1. Two out of 27 fire extinguishers located in the locker area and chemical warehouse were obstructed: one by a metal structure and the other partially blocked by workers' personal belongings. 2. The eye shower did not have sufficient water pressure, rendering it ineffective in an emergency.
Recommendation for Immediate Action	1. Ensure all fire extinguishers remain unobstructed by training employees and continuously monitoring compliance. 2. Provide maintenance for the eye shower station and establish a periodic maintenance program to ensure it is always in good condition.
Compliance Classifications	Immediate Action Required
Local Law	General Law of Hygiene and Safety at Work Law No. 618, (Article 194.)
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. In the chemical warehouse, containers with used or burned oil were found that should be separated, labeled, stored, and disposed of as hazardous waste. 2. During the factory tour, it was observed that while the first aid kit is stocked with necessary supplies, it lacks a medicine checklist to ensure regular restocking and review; one expired topical solution was also found.
Recommendation for Immediate Action	1. Ensure all hazardous wastes are separated, clearly labeled, stored in a designated area, and disposed of properly. 2. Develop and implement a checklist to regularly inspect and maintain medical supplies.
Compliance Classifications	Immediate Action Required
Local Law	General Law of Hygiene and Safety at Work Law No. 618, (Article 194.)
Benchmark ID	HSE.3.1

Benchmark Details	Employers shall notify the relevant national and/or local authorities of all illnesses and accidents and environmental emergencies as required by applicable laws.
Finding Details	During the review of the monthly Health and Safety minutes from December 2023 to January 2024, it was noted that no accidents occurred in the factory during this period, a statement confirmed by management. However, it is a legal requirement to maintain periodic injury records, even if there are no injuries, and to submit these records to the competent authority. It was observed that incident records for the period from December 2023 to January 2024 were neither created nor presented to local authorities.
Recommendation for Immediate Action	Implement robust controls to maintain all legally required records and ensure timely submission to the relevant authority.
Compliance Classifications	Immediate Action Required
Local Law	General Law of Hygiene and Safety at Work Law no. 618, article 61.
Benchmark ID	HSE.5.4
Benchmark Details	The emergency evacuation plan (EEP) includes procedures for notifying local community authorities in case of accidental discharge or release of chemical/waste products or any other environmental emergency.
Finding Details	The facility has not provided training on chemical spillage to relevant employees nor conducted anti-spillage drills.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

## Hours Of Work (HOW)

Benchmark ID	HOW.14
Benchmark Details	Employers shall provide workers taking annual leave their normal or average wages for the full period of annual leave in advance, unless specified differently under national laws, regulations and procedures.
Finding Details	Every six months, workers are entitled to 15 days of holiday leave. However, payroll records from September 2024 indicated that management compensated workers with a proportion of annual leave instead of granting the designated time off for rest, as required by labor law. The compensation varied based on each worker's hiring date. In interviews with all 27 workers, they confirmed receiving proportional payments for annual leave rather than being granted the full 15 days for rest.
Recommendation for Immediate Action	Develop a clear annual holiday leave plan to comply with local law.
Compliance Classifications	Immediate Action Required
Local Law	Nicaragua Labor Law, Art. 76.

### **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	During the revision of 29 personnel files, it was identified that the application form included questions about applicants' age, height, and weight.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	

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