



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: League Collegiate Wear, Inc. (L2 Brands)

COUNTRY: El Salvador

ASSESSMENT DATE: 12/18/17

ASSESSOR: Francisco Chicas

PRODUCTS: Apparel

NUMBER OF WORKERS: 149

Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The factory is missing written policies on the following Employment Functions: Recruitment, Hiring and Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations and Freedom of Association, and Workplace Conduct & Discipline. ER.1, ER.23, ER.28, ER.29, ER.30, ER.32
2. Factory is missing procedures on Retrenchment; as a result, there are no procedures on consultation with worker representatives before reaching a final decision on retrenchment either. ER.1, ER.32
3. Termination procedures do not include methods for calculating termination payouts. ER.19
4. There are no procedures on Industrial Relations, including Freedom of Association, and Environmental Protection. ER.1

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.19.1, ER.23.1, ER.28.1, ER.29.1, ER.30.1, ER.30.1.1, ER.30.1.2, ER.32.1 and ER.32.3)

Root Causes

Factory started operations in 2009 as a very small business and the most significant growth started in 2015; hence, management has not seen the need for developing written policies and procedures for all Employment Functions.

FLA's Recommendations for Sustainable Improvements

1. Develop written policies on Recruitment, Hiring and Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations and Freedom of Association, and Workplace Conduct & Discipline.
2. Develop procedures on Retrenchment that include consultation with worker representatives before reaching a final decision on retrenchment.
3. Revise Termination procedures to include methods for calculating termination payouts.
4. Develop written procedures on Industrial Relations, including Freedom of Association, and Environmental Protection.
5. All policies and procedures should be created in a consultative manner with workers and regularly reviewed.
6. Provide regular communication and ongoing training to workers, supervisors and managers on the newly created policies and procedures.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Complete policies for the following Employment Functions: Recruitment, Hiring and Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations and Freedom of Association, and Workplace Conduct & Discipline.

Company Action Plan Update

Created policies for Recruitment, Hiring and Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations and Freedom of Association, and Workplace Conduct & Discipline.

Action Plan no 2.

Description

2. Create procedure on consultation with worker representatives

Action Plan no 3.

Description

3. Include method for calculating termination payouts in Termination Procedure

Company Action Plan Update

Procedure is complete - need to add the actual calculation

Action Plan no 4.

Description

4. Create procedure on Industrial Relations, including Freedom of Association and Environmental Protection

Company Action Plan Update

Procedure created on Industrial Relations.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The worker integration component is missing throughout all Employment Functions: workers are not systematically integrated or consulted in the decision-making process of aspects concerning labor conditions. They are not given the chance to provide feedback during the creation or revision of policies and procedures either. ER.1.3 and ER.25.2

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25.2)

Root Causes

- 1.It is a generalized practice, and culturally acceptable that employers from the garment sector establish a top-down communication model with workers, without taking into account workers' feedback in the decision-making process.
- 2.The management was unaware of the worker integration standard promoted by the FLA.

FLA's Recommendations for Sustainable Improvements

- 1.Develop and implement procedures on worker integration.
- 2.Provide regular communication and ongoing training to workers, supervisors and managers on the worker integration procedures.

COMPANY ACTION PLANS

Action Plan no 1.

Description

New procedures will be reviewed with Worker Groups prior to going into effect in order to ensure worker integration and communication.

Company Action Plan Update

Management is having weekly lunches with staff to ensure that workers feel included in decisions made at the management level. At these lunches, workers can express their thoughts and feelings on things happening at the facility.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not have policies and procedures for Personnel Development that encourages 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. ER.1, ER.28
2. The factory does not have policies and procedures on performance reviews that include steps and processes, demonstrate linkages to job grading, prohibits discrimination, and requirement for providing written feedback to workers on performance reviews. ER.1, ER.29
3. The factory lacks policies and procedures on promotion and job reassignment that outline the criteria followed on promotion and job reassignment decisions, demonstrate linkages to job grading, prohibit discrimination, and requires that workers receive written feedback. As a result, there is no documentary evidence of criteria and process followed by the factory management to promote and make job reassignment decisions and assessors could not corroborate that decisions are made fairly and objectively. ER.1, ER.30

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.28.1, ER.29.1, ER.30.1, ER.30.1.1 and ER.30.1.2)

Root Causes

1.The factory was not aware of the requirements for creating and implementing Personnel Development policies and procedures, as per FLA Compliance Benchmarks.
2.Factory started operations in 2009 as a very small business and the most significant growth started in 2015; hence, management had not seen the need for developing written policies and procedures on Personnel Development.

FLA's Recommendations for Sustainable Improvements

1. Develop and implement Personnel Development policies and procedures related to performance reviews, promotion, demotion and reassignment, and ongoing training for workers to broadening their skills in order to advance in their careers. Creation of policies and procedures should be done in a consultative manner with workers.
2. Provide ongoing training and regular communication to workers, supervisors and managers on the newly created policies and procedures on Personnel Development.
3. Assign responsible staff of implementing the Personnel Development policies and procedures.
4. Regularly review and update the Personnel Development policies and procedures.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Develop and implement Personnel Development policies and procedures related to performance reviews, promotion, demotion and reassignment.

Provide ongoing training for workers to broaden their skills in order to advance in their careers. Provide regular communication with workers, supervisors and managers on new policies and procedures on Personnel Development.

Conduct all employee reviews in the month of May/June - this is about halfway through the year, so it will allow them time to fix any necessary issues before contract termination in December.

Company Action Plan Update

Policies and Procedures created

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

During interviews with workers, assessors found that some production supervisors have been reluctant in providing leave to pregnant and lactating workers in order for them to attend medical leaves; specifically, those supervisors ask pregnant and lactating workers whether they can change dates of medical appointments already scheduled by the Social Security Institute. In this way, some of the workers have opted to miss their appointments and not take medical leave, which constitute a restriction for workers to freely use leaves to receive medical attention for them or for their newborns. HOW.15

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmark HOW.15)

Root Causes

Current procedure for managing leaves does not define clear timeframes for workers to request leaves to supervisors to attend medical appointments already scheduled; as a result, supervisors and workers are missing a standardized rule on the days in advance that leaves should be requested.

Lack of management monitoring on supervisors' practices for managing the provision of leaves to pregnant and lactating women.

FLA's Recommendations for Sustainable Improvements

1. Revise current procedures applicable to leaves to include timeframes for pregnant and lactating workers request leave to attend previously scheduled medical appointments.
2. Provide communication and training to workers, supervisors and managers on the timeframes and other applicable rules for requesting leave to attend previously scheduled medical appointments.
3. Regularly monitor the implementation of the revised procedures for requesting leaves.
4. Encourage workers to report any issue related to the provision of authorization for attending medical leaves by supervisors.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Add details of pregnant workers into Hours of Work procedure. Specify details of appointments and time for lactation.

Communicate new procedure with workers, supervisors and managers.

Regularly monitor procedure to ensure it is functioning properly and pregnant employees feel comfortable.

Company Action Plan Update

LCA established a procedure for lactating women who return to work. They are still working on adding a specific section into the Hours of Work procedure. They are also working on a harassment training plan which will include details about this issue.

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Disciplinary procedures are missing clear rules for the implementation of sanctions, as there are no criteria to determine in which cases management will impose verbal warnings, written warnings and suspensions. This exposes a risk of discretionary implementation of disciplinary actions. In practice, assessors did not find any instance of unfair imposition of sanctions. ER.27

2. The disciplinary procedures do not include an appeal process or a third party witness of the workers' choice during the imposition of disciplinary actions. ER.27

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.27.1 and ER.27.4)

Root Causes

The Ministry of Labor who is responsible of approving the employers' Internal Regulations, uses a limited Internal Regulations template, which does not include a progressive disciplinary system, appeal process and third party witness; management did not propose to include those elements, as it was missing awareness of the FLA Compliance Benchmarks applicable to disciplinary procedures.

FLA's Recommendations for Sustainable Improvements

- 1.Revise current disciplinary procedures to include: i) clear rules/criteria for implementing the different types of sanctions; ii) an appeal process of disciplinary actions.
- 2.Provide communication and training to workers, supervisors and managers on the revised disciplinary procedures.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Revise current disciplinary procedures to include: i)clear rules/criteria for implementing the different types of sanctions; ii)an appeal process of disciplinary actions.

Provide communication and training to workers, supervisors and managers on revised disciplinary procedures.

Company Action Plan Update

Revision of procedure to include above, complete.

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

- 1.At the time of the assessment, the factory was missing the Environmental Permit required by law. HSE.1, HSE.4
- 2.No ongoing training on Environmental Protection is provided to workers and supervisors. ER.1, ER.15, ER.17

Local Law or Code Requirement

Environmental Law, Article 19; FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.2, ER.17.1 and ER.17.3; Health, Safety and Environment Benchmarks HSE.1 and HSE.4)

Root Causes

- 1.The process for obtaining the permit was initiated in November 2016 and is currently underway; currently, the factory is in the process of completing the environmental impact study prior to getting the Environment Permit.
- 2.As a dedicated Health and Safety Department was formally created in 2015, the team has been working since then to ensure the factory fulfills all health, safety and environment requirements; currently they are waiting for the license from the Ministry of Environmental before they complete the development of the training program on environmental protection.

FLA's Recommendations for Sustainable Improvements

1. Once the factory receives the license, immediately complete the development of the training and provide workers with the training on environmental protection.
2. Provide ongoing training to workers and supervisors on Environmental Protection.
3. Keep records of training provided to workers and supervisors on Environmental Protection.

COMPANY ACTION PLANS

Action Plan no 1.

Description

A study of environmental impact was performed on April 3rd and sent to the Ministry of Environment and Natural Resources. It takes roughly 60 days to process the license. Once the license is received, LCA will conduct a mandatory training on Environmental Protection.

Company Action Plan Update

LCA is still continuing the process of obtaining this license. They sent final documents to the Ministry of Environmental and Natrual Resources on 7/17/18 and are waiting for a status update.

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory is missing procedures on machine guard, occupational noise, thermal comfort, illumination and cleanliness. ER.1, ER.31
2. The factory's procedures on chemical management are missing steps to follow in case of chemical spillage. ER.1, ER.31, HSE.1
3. There are no safety rules or guidance for contractors and visitors. ER.1, ER.31
4. The factory is not implementing the lockout/tagout procedure. ER.1, ER.31

Local Law or Code Requirement

General Regulations on Risks Prevention at the Workplace, Articles 214 section g); FLA Workplace Code (Employment Relationship Benchmarks ER.1.1 and ER.31.1; Health, Safety and Environment Benchmark HSE.1)

Root Causes

1. The factory started operations in 2009 as a very small business and the most significant growth started in 2015; hence, management had not seen the need for developing written policies and procedures for some aspects of health and safety.
2. As a dedicated Health and Safety Department was formally created in 2015 the team have been working since then to ensure the factory fulfills all health, safety and environment requirements; due to this, some written procedures and the implementation of the lockout/tagout program is still incomplete.

FLA's Recommendations for Sustainable Improvements

1. Develop, implement and regularly review procedures on machine guard, occupational noise, thermal comfort, illumination and cleanliness.
2. Assign responsible staff in charge of implementing the newly developed procedures on health and safety, and provide them with appropriate ongoing training.
3. Review the current procedures on chemical management to include steps to follow in case of chemical spillage, and train relevant staff in charge of its potential implementation.
4. Develop rules and guidance for contractors and visitors and communicate them to all contractors and visitors every time they enter the facilities.
5. Implement the procedure on lockout/tagout by acquiring the locks and tags. Provide training to the relevant maintenance staff in charge of its implementation.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Developed procedures on machine guard, occupational noise, thermal comfort, illumination and cleanliness.
Assigned staff in charge of implementing newly developed procedures - they will be provided with ongoing training.
Reviewed procedure on chemical management and trained relevant staff in charge of implementation.
Developed rules and guidance for contractors and visitors and they have been implemented.
Updated lockout/tagout procedure and trained necessary maintenance staff in charge of implementation

Company Action Plan Update

Developed procedures on machine guard, occupational noise, thermal comfort, illumination and cleanliness.
Assigned staff in charge of implementing newly developed procedures - they will be provided with ongoing training.
Reviewed procedure on chemical management and trained relevant staff in charge of implementation.
Developed rules and guidance for contractors and visitors and they have been implemented.
Updated lockout/tagout procedure and trained necessary maintenance staff in charge of implementation

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory is missing the Health Permit required by law. HSE.1, HSE.4

Local Law or Code Requirement

Health Code, Articles 101 and 109 section c); FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.4)

Root Causes

- 1.The factory management was not aware of the legal requirement for getting a Health Permit.
- 2.Previous labor inspections and buyers' audits failed to identify and report this issue.

Recommendations for Immediate Action

Start the administrative process for obtaining the Health Permit required by law.

FLA's Recommendations for Sustainable Improvements

Regularly consult with an internal or an external legal advisors on the legal operation requirements that private companies should comply with.

COMPANY ACTION PLANS

Action Plan no 1.

Description

LCA needs to acquire a Health Permit required by law.

Company Action Plan Update

LCA has had an environmental protection study in the factory and have acquired the permission for the permit. The permit is currently in process and should be received within 60 days.

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

- 1.The factory operates two forklifts; however, records of forklifts' maintenance were not available for assessors' review. ER.2
- 2.During the observation tour throughout all the production facilities, assessors noted that the following machines were missing safety instructions: one label impression machine; four heat transfer machines, two fabric inspection machines, two pad printing machines, one pressing machine, two sublimation machines, and one drill. HSE.14

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2.1 and ER.2.1.1; Health, Safety and Environment Benchmark HSE.14.3)

Root Causes

- 1.All machinery bought by the factory was put into operation as they are acquired, and many machines were missing safety instructions.
- 2.The factory management was not aware of the FLA Compliance Benchmarks that require that safety instructions are posted or displayed near machinery.

FLA's Recommendations for Sustainable Improvements

- 1.Assign someone responsible of keeping records of forklifts' maintenance.
- 2.Ensure that all machines in use have safety instructions attached to them. Safety instructions must be in the workers' native language.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The person in charge of the forklifts is in the process of performing maintenance on the machines.

Company Action Plan Update

The person in charge of the forklifts is in the process of performing maintenance on the machines.

Action Plan no 2.

Description

Safety instructions have been added to all machines

Company Action Plan Update

Safety instructions have been added to all machines

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. During the observation tour, assessors noted that the following chemical containers were missing labels: one cleaner container and one oil container at Electronic Cards Workshop, one oil container at Cutting Department, two solvent containers at Pad Printing Department, three water containers and one glue container at Screen-Printing Department. Also, for all these chemical products Material Safety Data Sheets (MSDS) were not readily available at the production areas where the chemicals were in use. HSE.1, HSE.9
2. MSDS of Pull & Out cleaner chemical used at Sewing Department was not readily available. HSE.10
3. MSDS of cleaning chemicals stored at Sublimation Department were not available for workers to consult them. HSE.10
4. There is no eyewash station at the proximity of Sewing Department where cleaning chemical products are in use. The nearest eyewash station was located around 20 meters from this department. HSE.1, HSE.6
5. There is no shower at the proximity of the chemical warehouse. HSE.1, HSE.6

Local Law or Code Requirement

General Regulations on Risks Prevention at the Workplace, Articles 214 section b), 221, 222; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.6.1, HSE.9.1 and HSE.10.1)

Root Causes

- 1.Regular monitoring led by the Health and Safety staff at production areas do not monitor the chemical management system to ensure proper function.
- 2.As the factory does not use or store hazardous chemicals and the amounts of chemicals stored at the chemical warehouse is low, management has not considered the need for installing a shower nearby.

Recommendations for Immediate Action

1. Keep all chemical containers labeled at all times.
2. Ensure that MSDS of chemical products in use at production areas are readily available for workers to consult them.
3. Install an eyewash station at the proximity of Sewing Production lines.
4. Install a shower at the proximity of the chemical warehouse.

FLA's Recommendations for Sustainable Improvements

1. Revise checklist used during internal visual inspections to include chemical management requirements, such as labeling of chemical containers, keeping MSDS on the production areas where chemicals are in use, and existence of showers and eyewash stations where applicable.
2. Train the health and safety staff on the newly revised checklist.
3. Ensure an active workers' participation on the reporting of issues related to the chemical management system, such as containers missing labels or missing MSDS.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Implement new labeling system.

Install new eye wash station in proximity of sewing department.

Complete MSDS for each chemical.

Develop a vehicle maintenance program.

Company Action Plan Update

Implemented new labeling system

The eye wash has been installed and the shower is in the process of being built.

An MSDS has been completed for each chemical.

A vehicle maintenance program will be developed.

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

A fire extinguisher for type K fires was missing at the food preparation area, where there is a risk of fires produced by oils. HSE.1, HSE.5

Local Law or Code Requirement

General Regulations on Risks Prevention at the Workplace, Article 119; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.5.1)

Root Causes

Since a different company manages the canteen, the factory is not actively monitoring health and safety conditions in this area.

Recommendations for Immediate Action

Install a fire extinguisher for type K fires at the food preparation area of the canteen.

FLA's Recommendations for Sustainable Improvements

Implement in-depth monitoring on the canteen to ensure it meets all fire safety requirements.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Extinguisher type K was installed in food prep area.

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

Worktable of one fabric inspector was not ergonomically designed, as its height was not adjusted to the worker stature, exposing a risk of musculoskeletal injury. HSE.1, HSE.17

Local Law or Code Requirement

General Regulations on Risks Prevention at the Workplace, Article 179 section b); FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.17.1)

Root Causes

The occupational risk assessment conducted by the factory failed to identify the ergonomic risk the fabric inspector was exposed to.

FLA's Recommendations for Sustainable Improvements

- 1.Update the current risk assessment to include ergonomic risk of fabric inspector position.
- 2.Follow proper remediation actions to eliminate the ergonomic risk of fabric inspector position, e.g., adjust work table to the workers' height.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Worker was moved to a more comfortable seated workspace closer to where the fabric enters the factory, so it is also more time effective.

Company Action Plan Update

Worker was moved to a more comfortable seated workspace closer to where the fabric enters the factory, so it is also more time effective.

FINDING NO.13

NOTABLE FEATURE

FINDING TYPE: Compensation

Finding Explanation

1. Factory pays for free medical appointments for workers and free pediatric appointments for children of workers. These medical services are provided at the clinic available inside the same free trade zone where the factory operates.
2. Factory subsidizes 60% of the total costs of monthly childcare services for children of factory workers.
3. Factory subsidizes 55% of the total cost of breakfast and 60% of the total cost of lunches for workers.
4. Factory has built rooms for five workers with disabilities nearby the factory. The factory also provides transportation for them to get to the factory and back to the rooms. Factory pays for the majority of the total costs of keeping rooms with energy and water services, maintenance and transportation to the factory. Eligible workers only pay USD\$30 per month.
5. Factory provides free English classes for all workers onsite. All workers dedicate 30 minutes on a daily basis to attend the English classes at the classrooms built by the factory onsite. Workers have signed an agreement with the factory to enter the factory 30 minutes before the regular starting time to be provided with the free English class.
6. Factory has signed cooperation agreements with private school and university for workers to have the chance to continue studying high school or university. These classes are provided in the classroom built by the factory onsite, after the working day has ended.
7. Following an agreement signed with the local high school in the nearest community, the factory hires workers who have achieved high school degree. This positively impacts the economy and social environment of the community, as young people are getting jobs and also getting the opportunity to continue their studies.