



FAIR LABOR
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INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Delta Apparel, Inc
COUNTRY: El Salvador
ASSESSMENT DATE: 10/27/16
ASSESSOR: Francisco Chicas
PRODUCTS: Apparel
NUMBER OF WORKERS: 490

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 does not have written policies for the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination, Industrial Relations and Workplace Conduct & Discipline. However, there are some documents or systems in place to manage disciplinary practices.

2.The factory does not have written procedures on the following Employment Functions: Personnel Development, Hours of Work, Termination & Retrenchment, Industrial Relations (including Freedom of Association). However, there are some documents or systems in place to manage Hours of Work.

3.The factory's Workplace Conduct & Discipline procedures do not specify the type(s) of sanction(s) that will result if a worker commits a severe fault. The consequences for each different type of fault should be clearly defined.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.19.1, ER.23.1, ER.27.1, ER.28.1, ER.29.1, ER.30.1, ER.32.1, and ER.32.3)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory's management team is currently creating and updating written policies that cover all the functional areas listed in the first findings. This includes creating policies that deal with sanctions or disciplinary actions that are committed by associates. They have been asked to be quite specific with these policies so all associates will know what actions can and will be taken in the event policies and procedures are violated.

Once these new policies are created, management will discuss and train all associates for these new policies prior to them going into effect.

Policies for all the functions have been created and trained with all associates. Please see attached policies.

Company Action Plan Update

07/19/17 : In Progress Completed

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

- 1.The factory does not provide any ongoing training for workers or specific training for the relevant supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Industrial Relations.
- 2.Despite the documentary evidence of regular worker training on Freedom of Association, 98% of interviewed workers were not aware of their rights to Freedom of Association and Collective Bargaining.
- 3.The factory does not provide orientation training to new workers on Personnel Development.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.1, ER.17.1, and ER.17.3)

COMPANY ACTION PLANS

Action Plan no 1.

Description

As stated in the previous findings, once the new and updated policies are created and approved by management, all associates will go through training on the said policies prior to the effective date. Signed copies of this training will be provided to Delta Apparel for verification. Training has been conducted and signed verification is provided to Delta Apparel. Training updates are performed twice a year.

Company Action Plan Update

07/19/17 : In Progress Completed-Procedures have been created concerning performance reviews. These policies are in effect for 2017.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. As the factory is missing policies on the following Employment Functions, no communication is provided to workers on these policies or their possible updates: Recruitment, Hiring & Personnel Development, Termination, and Industrial Relations. There is some communication on disciplinary practices, but as the factory is missing a formal policy on Workplace Conduct & Discipline the communication is limited.
2. As the factory is missing procedures on the following Employment Functions, no communication is provided to workers on these procedures or their possible updates: Personnel Development, Hours of Work, Termination & Retrenchment, and Industrial Relations (including Freedom of Association). There is some communication on Hours of Work, but as the factory is missing a formal policy on Hours of Work the communication is limited
3. The Worker Involvement component is missing from all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically involved nor consulted in the decision-making processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.1.3, ER.16.1, ER.25.2, ER.29.1.1, and ER.30.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

We have asked the management of the factory to be sure they involve a representation of workers to discuss any new or updating any existing policies. Their input is necessary as well as beneficial. Once these policies are approved the policies will be communicated with the workforce. Again verification will be provided.

Company Action Plan Update

07/19/17 : In Progress Completed-Will make recommendation to factory for postings. The employee committee is also aware of any new or updated policies and will assist in notify employees of these changes.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. As the factory does not have written policies on the following Employment Functions, there is also no review process: Recruitment, Hiring & Personnel Development, Termination, Industrial Relations and Workplace Conduct & Discipline.
2. As the factory does not have written procedures on the following Employment Functions, there is also no review process: Personnel Development, Hours of Work, Termination & Retrenchment, Personnel Development and Industrial Relations.
3. Although the factory reviews its Workplace Conduct & Discipline procedures, it does not ensure that they are updated in alignment with the FLA Workplace Code and Benchmarks, since they do not specify the type(s) of sanction(s) that will result if a worker commits a severe fault.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29.1.1, and ER.30.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

We have recommended that the factory create a process in which their policies are reviewed on an annual basis to be sure they are in alignment with local laws and regulations as well as meeting the requirements of the FLA code and benchmarks. Verification of this annual review will be required.

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

- 1.The factory does not conduct performance reviews for production workers.
- 2.Workers are not provided written outcome regarding decisions made on promotion, demotion, or job reassignment.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.29.1 and ER.30.1.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Performance reviews for production associates will be conducted annually beginning in 2017. Evaluations for this section of associates should be completed by 2/27/17. Decisions on promotions, demotions, job assignments, etc should be made orally or in writing to any associated that is considered for some action.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

In May 2015, the Ministry of Labor released an opinion [TU1] that employers are responsible for paying workers for the first three days of medical leave. For medical leave longer than 3 days, the Social Security Institute is responsible. The factory does not compensate workers who are entitled to medical leave when they take leave for three days or less.

Local Law or Code Requirement

General Inspection Directorate from the Ministry of Labor, Legal Opinion dated May 8, 2015; Salvadoran Constitution, Article 50, Section 4; Labor Code, Articles 169 and 307; Regulations for the Implementation of Social Security Regime, Article 24; FLA Workplace Code (Employment Relationship Benchmark ER.22.1; Hours of Work Benchmark HOW.16; Compensation Benchmarks C.1 and C.5)

Recommendations for Immediate Action

Compensate workers for the first three days of medical leave.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Beginning January 1, 2017 all eligible associates will be paid the mandatory three days of medical leave required by law.

Company Action Plan Update

07/19/17 : Action Completed

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

Workers sign a permanent contract with the factory at the beginning of their employment. According to local law, workers are entitled to one month's pay per every year of service for severance payments. However, the factory pays the severance pay (one month's of workers' salary) in advance to the workers after one year of service and then on an annual basis. Although this practice is legal, workers have to sign a settlement letter every year when they receive the severance payment in advance, stating that the employment relationship has ended although workers are not actually terminated and they continue working at the factory. Currently, the factory has drafted a new settlement letter in which this issue highlighted by the assessors will be properly addressed. The factory will start to implement this new document in December 2016, when the yearly severance payments are made. (Note: This is a common practice in the region since factory closures with no severance payments to workers are a common threat. Therefore, the practice of paying severance in advance, on an annual basis, is typically preferred by workers, as they risk losing their severance payment in its entirety if a factory closes. However, even though this practice is legal, there are no specific regulations on how to implement it. It also carries the risk of workers receiving a lower amount than they would otherwise, since they might receive a salary increase throughout their years of service and the lump sum amount they would have received would be higher than the sum of the annual amount as the former would have been based on the most recent salary figure.)

Local Law or Code Requirement

Labor Code, Article 25; FLA Workplace Code (Employment Relationship Benchmarks ER.19.1 and ER.19.3)

Recommendations for Immediate Action

Implement the new the settlement letter which includes a clause ensuring that workers are still permanent employees even though they had received their annual severance compensation. Additionally, ensure that all annual severance payments are adjusted based on the last salary increase. Retroactively compensate any workers who did not receive the correct payout as a result of salary increases within the last 12 months.

COMPANY ACTION PLANS

Action Plan no 1.

Description

New Settlement letter was created stating that severance will be paid for the year based on the latest payroll information. Also the letter states that employees are still permanent employees despite them receiving their severance compensation. See attached copy of said document.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The Material Safety Data Sheets (MSDS) for two cleaning products (Cured Plastisol Remover and Bactericide Alcohol in Gel) in the chemical storage room are incomplete; they do not include emergency procedures and steps to follow in case of accidental contact, exposure or any other potential incident.
2. The shower available for workers in the screen-printing area is not regularly maintained or inspected, in case of accidental chemical exposure or contact. During the assessment, its lever handle did not easily open due to a lack of lubrication.
3. There is no eyewash station in the chemical storage room that allows workers to wash their eyes for at least 15 consecutive minutes in case of accidental contact, as required by some of the MSDS for stored chemical products. The factory only has eyewash bottles, which would not provide a sufficient amount of water for workers to wash their eyes for 15 consecutive minutes.

Local Law or Code Requirement

General Regulations on Risks Prevention at the Workplace, (Decree 89), Article 204, Section 1, and Article 221; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.6, HSE.9.1, and HSE.10.1)

Recommendations for Immediate Action

- 1.Keep complete MSDS in the chemical storage room. Specifically ensure that all MSDS includes emergency procedures and steps to follow in case of accidental contact, exposure or any other potential incident.
- 2.Regularly inspect and maintain the shower in the screen-printing area to ensure its lever handle can be easily opened in case a worker needs to use it.
- 3.Install an eyewash station in the chemical storage room that allows workers to wash their eyes for 15 consecutive minutes.

COMPANY ACTION PLANS

Action Plan no 1.

Description

MSDS's sheets have been updated as well as the lever for the shower has been fixed. Also in the shower room is an eye wash station. Please see attached documents and picture. There is a shower and eyewash station in the Screen Print Department as well as a shower in the chemical storage area.

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

- 1.One electrical panel in the packing department was blocked with boxes containing finished goods. In case of fire, it might be necessary to turn off the electricity; hence, electrical panels must be unblocked at all times.
- 2.The factory has not conducted an ergonomic risk assessment; as a result, no proactive steps to reduce repetitive-motion injuries have been taken (e.g. training on ergonomics for those positions that involve repetitive movements, ergonomic breaks, or adjusting

workstations to fit individual workers).

Local Law or Code Requirement

General Regulations on Risks Prevention at the Workplace, (Decree 89), Article 34, Section 2, and Articles 129 and 179; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5.1, HSE.6, and HSE.17.1)

Recommendations for Immediate Action

Ensure that all electrical panels are unblocked at all times.

COMPANY ACTION PLANS

Action Plan no 1.

Description

All electrical panel boxes have been unblocked. See attached photo as an example.

Also the factory will conduct in 2017 a risk assessment on ergonomics within the factory. Upon completion of assessment factory will strive to improve any recommended findings the assessment may identify.

Company Action Plan Update

07/19/17 : Completed