



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: Peru

ASSESSMENT DATE: 09/05/17

ASSESSOR: Francisco Chicas

PRODUCTS: Apparel

NUMBER OF WORKERS: 896

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

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Orientation training to new workers does not include Termination & Retrenchment, Industrial Relations/Freedom of Association, and Environmental Protection. ER.15

2. Factory has created job descriptions for managerial, supervisory and administrative positions only; however job descriptions for production positions have not been developed yet. ER.1

3. Questionnaire used during the recruitment process to interview applicants includes questions on applicants' marital status and number of children. Although there is no evidence that such information is requested for discriminatory purposes, this practice poses a risk of discrimination. ER.3, ND.2

4. The factory does not employ the legally required minimum number of disabled workers. Currently, there are 6 workers with a disability working at the factory; legally, there should be 27, based on the current workforce size (production and administrative workers). ND.1

5. It is the factory practice to employ all of its production workers (around 776) through multiple short-term contracts; all these workers renew their employment contracts every 3 months. This practice complies with local law and the prevailing practices in the country; however, it is not compliant with the FLA Workplace Code. ER.8, ER.9

Local Law or Code Requirement

General Law of People with Disabilities (Law 29,973), Article 49, Section 1; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.3.2, ER.8, ER.9.1, and ER.9.2; Non-Discrimination Benchmarks ND.1 and ND.2.1)

Recommendations for Immediate Action

1. Remove questions about marital status and number of children from the questionnaire used to interview applicants, and avoid asking those questions to ensure Recruitment & Hiring decisions are based solely on the applicant's qualifications.

2. Start to implement actions (such as engaging with government, brands and civil society organizations) to progressively comply with the legal requirement to employ a minimum number of disabled workers.

3. Start to take actions aiming to progressively stop the practice of employing workers through multiple short-term contracts and make all necessary efforts to shift employment contracts from temporary to permanent contracts. Engage with local and international civil society organizations to develop long-term solutions at the national level.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Will be included in PPT, version 2018, on induction. 2. Standard format will be established for job descriptions, in areas of production and administration 3. In the employment sheet, this information is used to insure the spouse and payment of family allowance per child. 4. The factory works with CONADIS, Ministry of Labor, CETPROS, making every effort to cover the percentage according to Law 5. Law 22342 in force, on Exportation of Non-Traditional Products, legally supports contracts

Company Action Plan Update

Update progress on 26 September 2019:

- 2. They have job descriptions for administration workers, supervisors and production workers. (Completed)
- 3. They maintain the entry form with marital status and number of children to pay the family allowance and assign social security (ESSALUD) to the children and wife/husband. They have a worker's data protection sheet signed by workers. (Completed)
- 4. They contact CONADIS and the Ministry of Labor to request people with disabilities, some do not comply with the profile. They currently have 5 people with disabilities. (Completed)

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

- 1. The factory is missing policies and procedures on Personnel Development 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. ER.1, ER.28
- 2. There are no 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. There are no 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)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1-3. A policy and procedure version one, 2018 will be established.

Company Action Plan Update

Update progress on 26 September 2019:

1. They have a Training Plan Procedure, Performance Evaluation Procedure and Promotion Procedure. (Completed)
2. They have a Performance Procedure. (Completed)
3. They have a procedure against discrimination and it is published in visible places. They have a procedure about promotions and job grading. (Completed)

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. As per legal requirements employers should pay annual profit sharing to workers when the factory reports profits to the Treasury authority in every fiscal year. In 2016, the factory did not pay profit sharing to workers. Assessors requested evidence showing that the factory has not reported profits during 2016, but said documentation was not provided. As a result, the factory has not demonstrated they are exempted of paying profit sharing to the workers. ER.2, ER.22, C.1

Local Law or Code Requirement

Legislative Decree D.L 892, Articles 1 and 2; FLA Workplace Code (Employment Relationship Benchmarks ER.2.1, ER.2.1.1, ER.22.1; Compensation Benchmark C.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The financial year of 2016, did not generate profits, according to accounting and financial documents submitted to SUNAT.

Update progress on 26 September 2019:

1. Attaching document of Sunat were we prove there was no profit on 2016 . This is a confidential document. Noted need to have available for next audit 2017-2018. (In Progress)

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. From a sample review of 59 time records from February, May, and July 2017, assessors noted 56 cases in which production workers

exceeded the 60 hours of work per week. In average, these workers worked 70 hours per week during the three months included in the sample. This issue affected production workers from Sewing, Cutting, Sampling, Finishing and Embroidery. HOW.1, HOW.8

2. From a sample review of the same 59 time records indicated above, assessors found 20 instances of workers working for seven consecutive days per week, and not receiving an additional rest day in the following seven day period, as per FLA Workplace Code Benchmarks. In the worst case, one worker worked continuously from Feb 03 to Feb 28 without receiving a rest day, for a total of 26 consecutive worked days. This issue affected production workers from Sewing, Cutting, Sampling, Finishing and Embroidery. HOW.1, HOW.2

3. Overtime work is not voluntary. Also, the factory does not inform workers of the need for performing overtime, sufficiently in advance to allow workers to make alternative plans. Normally, the need for working overtime is communicated two hours before the end of the regular workday. HOW.1, HOW.8, HOW.9

4. Worker interviews revealed that some workers do not fully rest the designated 45-minute lunch break, as they can opt to go back to continue working after taking 15 minutes for having lunch. Despite this is not mandated by management, the factory has failed to oversight that workers fully enjoy the designated lunch break. HOW.1, HOW.3

5. The factory has not demonstrated a commitment to reduce overtime, and there is no regular analysis of hours of work with a view to progressively reducing excessive hours of work. HOW.8

Local Law or Code Requirement

Legislative Decree 713, Article 1; Law of Working Time, Hours of Work and Overtime (Supreme Decree 007-2002-TR), Articles 7 and 9; FLA Workplace Code (Hours of Work Benchmarks HOW.1.1, HOW.1.2, HOW.1.3, HOW.2, HOW.3, HOW.8.2, HOW.8.3, HOW.8.4, and HOW.9.2)

Recommendations for Immediate Action

1. Ensure that workers do not work more than 60 hours per week.
2. Inform workers with sufficient time in advance of the need for working overtime, and ensure that all overtime is voluntarily performed.
3. Provide workers with 24 consecutive hours of rest in every seven-day period.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. National Law allows in cases of force majeure, work overtime. In the factory we work overtime only in cases of inconveniences for the fulfillment of the delivery of orders to our customers abroad. 2. Work on rest day is paid with double salary and is the decision of the employer and the worker, its concession and acceptance. They are extraordinary cases. The workers in their entirety always rest on Sunday. 3. In case of need to work overtime, the Supervisor calls the worker in advance and asks if he is willing to work overtime, in case of acceptance, he registers the additional authorized time. 4. The Factory grants 45 minutes for refreshments, the Supervisors do not allow any work during the time of refreshment. 5. The factory works according to the production needs for our clients, the daily workday of 8 hrs is fulfilled.

Update progress on 26 September 2019:

1. As of October 15 the factory is working between 48-60 hours of work per week, will be reflected on end of month payroll. (In Progress)

3. The provision of overtime is voluntary, we will start having a format signed by people doing overtime to prove it is voluntary. Starting Nov 11 we can send document signed .will have monthly meeting with workers to assure they are aware of limit and voluntary overtimes. (In Progress)

Company Action Plan Update

- Workers indicated that they have 45 minutes for lunch. (Completed)

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

- The factory is missing policies and procedures on Termination & Retrenchment. ER.19 and ER.32
- The factory does not arrange consultation meetings with workers or union representatives before management reaches any final decisions on layoffs. ER.32

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.19.1 and ER.32.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- The procedure will be established
- There are established hours of attention, for all labor claims of workers, in the area of Human Resources and Administration.

Company Action Plan Update

Update progress on 26 September 2019:

- The company has a Personnel Termination Procedure. (Completed)

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

- Factory's procedure on Grievance System is incomplete, as it does not define the deadline for resolving grievances and deadline and procedure for communicating results to the workers. This procedure does not mention the frequency for opening the suggestion boxes either. ER.1
- The factory has not established dialogue mechanisms with workers, and the actual grievance system is not functional as most of interviewed workers are unaware of the two available grievance channels (suggestion box and open door policy with Human Resources Department). ER.25
- The factory did not provide assessors with records of grievances and suggestions submitted by workers, as a result, assessors were not

able to assess how the factory follows up, resolves and communicates grievances. ER.2

4. The two available suggestion boxes are placed at the sight of other workers and factory guards, which does not provide confidentiality for workers who want to use this grievance system: one suggestion box is located at the canteen and the other one at an outside area in front of the dressing rooms. ER.25

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.2.1, and ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Will be edited, new version of suggestion mailbox procedure. 2. The Internal Work Regulation establishes the communication channels. The open door policy will be published on the communications wall, located in front of the dining room, where staff spend every day. 3. A record of complaints will be kept. 4. It will proceed with relocation

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory's disciplinary procedures do not include an appeal process. ER.27

2. Worker interviews revealed that supervisors at Sewing and Finishing Departments commit verbal abuse on a regular basis. Instances provided by workers included yelling in front of other workers and screaming using insulting words. H/A.1 and H/A.5

3. Factory has in place a set of Internal Regulations dated January 2014; however, there is no evidence that said document has been registered with the Ministry of Labor for its approval as required by local law. H/A.1

4. Workers have not received communication and training on the sexual harassment policy and reporting mechanism. H/A.1

Local Law or Code Requirement

Law of Employment Promotion (Legislative Decree 728), Article 66 section f); Law on Internal Regulations to Establish Working Conditions for Workers and Employers (Supreme Decree 039-91-TR), Article 4; Law on Prevention and Sanction of Sexual Harassment (Law 27,942); Article 7 section a); FLA Workplace Code (Employment Relationship Benchmark ER.27.4; Harassment or Abuse Benchmarks H/A.1 and H/A.5)

Recommendations for Immediate Action

1. Ensure that work environment is free from verbal abuse; specifically monitor supervisors' behavior at Sewing and Finishing Departments.

2. Provide communication and training to the workers on the factory's policies and procedures to prevent and sanction sexual harassment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The regulations, rules and procedures on the subject are fulfilled. The worker before any disciplinary action makes a discharge of the fault in which he has incurred, before his immediate superior, who in turn, if he considers it necessary, he / she elevates to the Area Manager, otherwise informs Human Resources of the sanction disciplinary. The worker can address the Area Manager, ultimately. 2. The Head of Human Resources met with the Supervisors and the Heads of Areas, to convey the topic of GOOD DEAL

WITH THE COLLABORATOR; is monitoring the proper compliance of this agenda. The Human Resources area will give talks on Labor Relations. 3. A copy of registration will be requested to the Ministry of Labor. 4. The factory complies with preventing and sanction sexual harassment. the procedure is in the Internal Work Regulation

Update progress on 26 September 2019:

1. When we gave workers the Internal Labor Regulation Manual , we have them signed and agreement of all points . However we will Post a reminder notice about chapter XV in the main showcase and also post it on the door of each area .This will be posted between 4-8 Nov. Monthly meeting will be implemented to re assure this point to workers. (In Progress)

Company Action Plan Update

Update progress on 26 September 2019:

2. The new supervisors were trained in good treatment of workers.

The workers interviewed indicated that there is no verbal abuse by the supervisors. (Completed)

3. The Internal Work Regulations issued on August 2019, was registered in the Labor Ministry on 09/09/2019. The Labor Ministry letter is available. (Completed)

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. Factory has two waste storage areas: one is located inside the factory and another one is outside. The waste storage area inside the factory is not protected from sun and rain, and it does not have segregation between hazardous waste (empty chemical containers) and regular solid waste (pieces of fabric). The waste storage room outside the factory does not have segregation between hazardous waste (electronic components) and regular solid waste (paper, cardboard, pieces of fabric). HSE.1, HSE.9

2. The factory is missing documentary evidence showing that hazardous waste from the clinic and from production process is properly disposed by an authorized external company. HSE.1, HSE.4

3. Last assessment of air emissions from the boilers were conducted in July 2015, results showed that levels of carbon monoxide exceeded the limits required by the reference norm used in Peru. This norm requires a limit of 100 L.M.P. and emissions from the boiler #2 reported 121.5 L.M.P. The factory developed a plan for reducing this level and engaged to conduct air emission assessments twice a year, as part of their internal Environmental Monitoring Program registered with the local authority; however, after the assessments from July 2015, no further air emission assessments have been conducted to determine whether carbon monoxide levels are now according to the law. HSE.1

Local Law or Code Requirement

General Law on Solid Waste, Articles 14 and 23.2; Monitoring Protocols of Liquid Effluents and Air Emissions (Ministerial Resolution 026-2000-ITINCI-DM), Article 4.6.2; Regulations to the Law of the National System for Environmental Impact Evaluation; Article 23; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.4, and HSE.9.1)

Recommendations for Immediate Action

1. Segregate solid waste from hazardous waste and protect all areas used to store the different types of waste from sun and rain.
2. Use authorized third party companies to dispose hazardous waste and keep corresponding documentation showing compliance with this legal requirement.
3. Conduct regular assessment of air emissions, as established in the factory's internal Environmental Monitoring Program registered with the local authority.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The internal area of waste collection will be confined, hazardous waste will be separated. It will be the same in the area of external waste. 2. Solid Waste Service Provider Company will be contracted (EPS-RS) 3. The boilers works with natural gas, atmospheric emissions will be measured

Update progress on 26 September 2019:

1. The two waste areas will be classified and a higher frequency of waste collection by third parties will be coordinated by Nov 20. Human resources will review every week this is being done and will register (In Progress)

2. A Solid Waste Operating Company will be hired, deadline at the end of January 2020. (In Progress)

Company Action Plan Update

Update progress on 26 September 2019:

3. They performed air monitoring in August 2019. The results show that carbon monoxide levels are within the permissible limits. (Completed)

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The female dressing rooms have unsafe conditions, as the floor at the showers was broken. Also, lockers used by workers to store their belongings were covered with dust, which is an unhygienic condition. HSE.1, HSE.19 and HSE.20
2. There is one broken hand drier at female restroom and two broken hand driers at the male restrooms. Also, soap containers were not properly working at both, male and female restrooms. Worker interviews revealed that hand driers and soap containers have been broken for a while ago. HSE.1, HSE.19 and HSE.20
3. Despite the factory cleaning restrooms, female and male restrooms had unhygienic conditions, the toilets were dirty and floor was wet. Interviews with workers revealed that restrooms are kept under these unhygienic conditions very often. HSE.1, HSE.19 and HSE.20
4. The factory does not provide toilet paper; hence, workers have to buy their own toilet paper. HSE.19 and HSE.20

Local Law or Code Requirement

Recommendations for Immediate Action

1. Repair the broken floor at the shower of female dressing rooms to eliminate the risk of injury.
2. Regularly clean the lockers used by workers to store their belongings.
3. Repair the broken driers and soap containers at both, male and female restrooms, and ensure these devices are properly working at all times.
4. Improve cleanliness at both, male and female restrooms.
5. Provide workers with toilet paper at all times.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Corrections have been made and the cleaning checklist has been implemented. 2. It is corrected 3. Cleaning and Hygienic Services facilities will be improved. 4. Hygienic Paper is provided. There is misuse.

Update progress on 26 September 2019:

3. A person has been designated since Oct 28 to supervise the cleanliness of bathrooms, changing rooms and a checklist will be implemented for daily monitoring. will be documented prove by Nov 8 (In Progress)

Company Action Plan Update

Update progress on 26 September 2019:

2. Hand driers and liquid soap containers work adequately. (Completed)

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Sewing operators have not been provided with adjustable chairs as legally required. HSE.1, HSE.17

2. Factory has not implemented proactive steps to reduce repetitive-motion stress or injuries. HSE.17

Local Law or Code Requirement

Peruvian Law on Health and Safety at the Workplace (Law 29783), Article 50 (section b); Basic Norm on Ergonomics and Procedure for Evaluating Ergonomic Risks, Annex 1, Article 17; FLA Workplace Code (Health, Safety and Environment HSE.1 and HSE.17.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. It has been implemented in two blocks, workers opinion is expected. 2. It will proceed to implement active breaks, after training Supervisors and Chiefs.

Company Action Plan Update

Update progress on 26 September 2019:

1. They have an active pause program that started in the Finishing Area. (Completed)

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. A third of workers at Finishing Department are handling chemicals to clean the garment pieces; however, this work area is missing an eyewash station. Also, these workers have not been provided with gloves, as required by the Material Safety Data Sheets (MSDS); as a result, no training on PPE use has been provided to those workers. HSE.1, HSE.6, HSE.7, HSE.8, HSE.9

2. One worker was mixing paints at the Screen Printing Department without using gloves. The factory has provided the gloves to the worker, but has failed to enforce PPE usage. HSE.1

3. One chemical container with glue was missing label at the Screen Printing Department. HSE.9

Local Law or Code Requirement

Peruvian Law on Health and Safety at the Workplace (Law 29783), Articles 21 (section e) and 60; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.6.1, HSE.7, HSE.8, HSE.9.1 and HSE.9.2)

Recommendations for Immediate Action

1. Equip Finishing Department with an eyewash station and train workers on the proper use of the eyewash station.

2. Provide workers handling chemicals at Finishing Department with the relevant PPE and train them on the proper and safe use of chemicals.

3. Enforce PPE usage at Screen Printing Department.

4. Ensure that all chemical containers are labeled at the Screen Printing Department.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Personal protection equipment will be provided to Desmanchado workers. The eyewash is installed. 2. The observation was corrected immediately 3. The containers are labeled. The observation was corrected.

Update progress on 26 September 2019:

1. Periodic monthly meetings will be held to explain the importance of this request, supervisors will review with workers this is a must to comply it , Human resources will review this weekly and register. (In Progress)

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. New workers are not subjected to a general health examinations during the hiring process. Also, workers are not subjected to the regular on-the-job medical examinations every two years, as legally required. Last on-the-job medical examinations were conducted in 2014. HSE.1

2. There is a doctor who visits the factory to provide weekly medical consultation to the workers from the daily shift on Tuesdays and Thursdays, during four hours each day. However, as per legal requirements, there should be a doctor present at the factory for at least, 6 hours a day during 5 days in a week. HSE.1, HSE.18.1, HSE.18.2.1

3. Workers from the night shift do not have access to a doctor. HSE.1, HSE.18.1, HSE.18.2.1

Local Law or Code Requirement

Peruvian Law on Health and Safety at the Workplace (Law 29783), Article 49 (section d); Law 30,222 that modifies Health and Safety Law 29,783, Article 2; Ministerial Resolution # 571-2014-MINSA from July 25, 2014, Article 1; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.18.1, HSE.18.2.1

Recommendations for Immediate Action

1. Conduct all legally required health examinations to workers during the regular employment and during the hiring process.

2. Ensure the presence of a doctor at the factory during the legally required hours and number of days per week; also, ensure that workers from the night shift have access to a doctor.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Occupational medical examinations will be carried out. 2. The factory has a full-time nurse and the medical professional attends regularly. 3. They work 13 collaborators, in emergency cases they are transferred to the Puente Piedra hospital.

Update progress on 26 September 2019:

2. An external medical surveillance service will be hired as of January 2020. (In Progress)

Company Action Plan Update

Update progress on 26 September 2019:

1. They perform occupational medical exams every 2 years, according to local law. (Completed)
3. Approximately 35 workers who eventually perform night shifts have first aid brigades. (Completed)

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The alarm system at the Boarding Department does not include a stroboscopic light (warning light), when it is required based on the specific working conditions at this area: high noise levels and hearing protection used by the workers, situations that pose a need for a visual alarm system, in addition to the alarm sound. HSE.1, HSE.5

Local Law or Code Requirement

Technical Norm A.130, Article 57; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.5.1)

Recommendations for Immediate Action

1. Equip the alarm system at Embroidery Department with a stroboscopic light, as legally required.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Stroboscopic light will be placed. The need is in embroidery and prints.

Company Action Plan Update

Update progress on 26 September 2019:

1. There is a fire alarm with stroboscopic light in the Printing Area. (Completed)

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. No training in the usage of PPE and safe use of machinery has been provided to the workers. HSE.1, HSE.8, HSE.14

Local Law or Code Requirement

Peruvian Law on Health and Safety at the Workplace (Law 29783), Articles 49 (section g) and 69 (sections b and e); FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.8, and HSE.14.2)

Recommendations for Immediate Action

1. Provide training to workers on the usage of PPE and safe use of machinery.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. it will proceed with training

FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Factory did not provide documentary evidence of drinking water test to demonstrate drinking water is appropriate for human consumption. Around 30% of interviewed workers complaint that drinking water has bad taste. HSE.1, HSE.23

Local Law or Code Requirement

Sanitary Norm NTS-071-MINSA/DIGESA, Article 6.2 section XVI.4; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.23.1)

Recommendations for Immediate Action

1. Conduct drinking water test and keep the corresponding documentation available in place.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. An analysis of the drinking water used in the kitchen will be carried out.

Company Action Plan Update

Update progress on 26 September 2019:

1. They have the monitoring report for drinking water carried out in the dining room and in a drinking fountain and comply with the maximum permissible limits. (Completed)

FINDING NO.16

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. There are no policies on Recruitment & Hiring, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety. ER.1, ER.23, ER.27, ER.31

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.23.1, ER.27.1, ER.31.1, ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. It will proceed with training.

Company Action Plan Update

Update progress on 26 September 2019:

1. They have procedures about:

- Working days
- Manage of Sanctions and Discipline
- Recruitment and Hiring
- Worker dismissal
- Promotions of workers
- Health and Safety Policy
- Code of conduct

(Completed)

FINDING NO.17

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not conduct ongoing training for workers and supervisors on Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, or Environmental Protection. ER.1, ER.15, ER.17, ER.27

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.2 and ER.17.1, ER.27.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. It will proceed with training.

Company Action Plan Update

Update progress on 26 September 2019:

1. The factory already proceed training. (Completed)

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. Factory provides sporadic communication on Compensation, Hours of Work and Workplace Conduct: In Aug 2016 the factory communicated 39 managers and supervisors the rules applicable to child labor, women's right, prohibition of discrimination, forced labor, and harassment and abuse; however, workers have not received communication on these topics. Also, during the observation tour, assessors noted that factory has provided partial communication on Compensation, Hours of Work and Workplace Conduct, by posting some applicable legal provisions. Out of this, no more additional communication efforts have been implemented on these areas with workers or supervisors. ER.1, ER.16, ER.25, ER.27, C.17

2. Workers and supervisors have not received communication on Recruitment, Hiring and Personnel Development, Termination & Retrenchment, Industrial Relations, Grievance System and Environmental Protection. ER.1, ER.16, ER.25, ER.29, ER.30

3. 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 and ER.25

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.1.3, ER.16.1, ER.25.1, ER.25.2, ER.27.3, ER.29.1.1 and ER.30.2; Compensation Benchmark C.17.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. There will be communications on missing areas

2. It will proceed with training.

3. There are work meetings in each area, recreation or general activities; the Occupational Health and Safety Committee, composed of collaborators, participates with suggestions on occupational health and safety issues

4. The worker integration component is missing throughout all Employment Functions: workers are not systematically integrated or consulted in the decision making Process.

Company Action Plan Update

Update progress on 26 September 2019:

1. The communications are posted in different places of the factory, and instead of announcements and communications, located in front of the dining room. (Completed)

2. The factory already proceed training. (Completed)

3. There are work meetings in each area, recreation or general activities; the Occupational Health and Safety Committee, composed

of collaborators, participates with suggestions on occupational health and safety issues. (Completed)

FINDING NO.19

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. As the factory is missing policies on Recruitment, Hiring and Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety, there is no review process either. ER.1, ER.29, ER.30, ER.31

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29.1.1, ER.30.2, ER.31.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Procedures will be established, indicating the version number, for future revisions and / or updates.

Company Action Plan Update

Update progress on 26 September 2019:

1/ They periodically review the procedures. Example: Procedure of Working hours review 6 (Completed)