



FAIR LABOR  
ASSOCIATION®

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: The Bradford Exchange

COUNTRY: Mexico

ASSESSMENT DATE: 08/29/19

ASSESSOR: VeLar

PRODUCTS: Apparel

NUMBER OF WORKERS: 18

## 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.

FLA Code Element	Number of Violations
Compensation	2
Employment Relationship	80
Health, Safety, and Environment	28
Forced Labor	1
Freedom of Association	1

## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Responsibility & Accountability (Macro)

##### Finding Explanation

1. The factory has not defined in written the responsible or accountable person for Health & Safety or Environmental Protection for the factory. [ER.1, ER.31]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1 and ER.31)

#### COMPANY ACTION PLANS

##### Action Plan no 1.

##### Description

Factory has not yet assigned person responsible. Will discuss when we visit week of Feb 18th

##### Company Action Plan Update

During our recent visit the company informed us that they are moving to a new larger location by January 2021. The factory owner has made a commitment to us that he is going to hire a new staff member with experience who can help them develop policy for the new location. We will continue to monitor this situation with the factory as we work through other issues.

### FINDING NO.2

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Training (Macro)

#### Finding Explanation

1. The factory has not provided new workers with specific training on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, Health & Safety, Termination & Retrenchment. [ER.1, ER.15, HSE.5]
2. The factory has not provided supervisors with specific and recorded training on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, Health & Safety, and Termination & Retrenchment. [ER.17, ER.27]
3. The factory has not provided workers with ongoing training on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, Health & Safety, and Termination & Retrenchment. [ER.1]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, ER.27, ER.15; Health, Safety, & Environment Benchmark HSE.5).

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

We are working with a local government representative who is extremely helpful in outlining the factories to do list as well as educating us on what is possible in the short term and tasks they need to complete before information can be shared with the factory. They have even gone so far as to assist the factory in developing some training and offering to provide training. We will continue to work with all parties to update all policies and procedures with the help of local government.

#### Company Action Plan Update

Factory has received information from the local government regarding the legalities behind hiring, recruitment, firing, training etc. We have encouraged them to begin training now since the policies will still pertain to the company even when they move in 2021.

The factory is hiring a training professional from the local government to deliver the training. We will continue to push for a start date.

## FINDING NO.3

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Communication & Worker Involvement (Macro)

#### Finding Explanation

1. The factory does not communicate the Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, Health & Safety, and Termination & Retrenchment policies and procedures and their updates to the general workforce. [ER.15, ER.16, ER.25, ER.27, ER.28.2, ER.30.2, ER.32, C.17]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.15, ER.16, ER.25, ER.27, ER.28.2, ER.30.2, ER.32; Compensation Benchmark C.17).

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

This is in various stages due the similarities with the other violations. The factory is ticking off some of the smaller tasks like creating evacuation maps, connecting that to employees and machine training.

#### Company Action Plan Update

During our visit we learned the factory had decided to hire a professional to manage their training. Information regarding local law has already been collected and shared with top management. Now information from these documents needs to be put into a training module of some kind to share with management and then employees,

## FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Review Process (Macro)

#### Finding Explanation

1. The factory does not have a system, protocol or responsible person to ensure policies and procedures are updated in periodically. They are not updated in accordance with changes in local law, FLA code, or internal and/or external audit results. [ER.1, ER.29, ER.30, ER.31]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.30, and ER.31)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Not started

#### Company Action Plan Update

The factory has decided to hire an addition to their HR team who will be responsible for reviewing and updating policy and procedures. Per our contact with the local government, the factory has already started the search for this new person. We will continue to monitor and update as information becomes available.

## FINDING NO.5

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Recruitment, Hiring & Personnel Development

#### Finding Explanation

1. There is no evaluation or promotion procedure in place. Workers are not periodically evaluated. [ER.29] 2. The factory does not have a program to encourage employees' ongoing training to increase their skills. [ER.28]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.29, ER.28)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

The factory does have a procedure along with a layout for training. However the training is not yet scheduled.

The factory still needs to assign management people responsible and work with the local government to receive formal training.

This factory is having some trouble connecting all of the training needs to current employees because they feel since they are not hiring anyone the existing staff should know everything automatically.

#### Company Action Plan Update

The factory is in process of hiring a new HR person who will be responsible for policy, procedure and training. For now, they have implemented a "Connect Point" process to meet with employees.

## FINDING NO.6

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

1. The factory does not have written disciplinary rules, policy, procedures, or practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination). [ER 27]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

We have received some initial information from the local government regarding the forms and policy/procedures.

They report that additional research is required by them before we can proceed with creating a policy and procedure for the factory.

#### Company Action Plan Update

-Chamber of Commerce rep is working with the factory to develop a policy.

-Procedures are details in the documents attached.

## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. Employees received their Profit-Sharing Bonus. However, the factory did not deliver the financial profit report to employees and did not share Profit-Sharing commission with employees and employer's representatives to develop the Profit-Sharing Project. Therefore, the legal protocol was not followed. Since there is no Profit-Sharing Project, it is not possible to determine if the calculation was correct or not. [C.1, C.5]

##### Local Law or Code Requirement

Ley Federal del Trabajo Artículo 125 párrafo I; FLA Workplace Code (Compensation Benchmark C.1 and C.5)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

We have not addressed this violation yet.

## FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. The factory does not declare 10% of the workers' salary in financial documents; the factory pays this percentage in cash directly to the workers. Although workers are aware of this practice, this under-reporting of salary means that this 10% is not included as part of social security contributions. [C.5]

##### Local Law or Code Requirement

Ley del Seguro Social, Artículo 115 párrafos I, II y IV; FLA Workplace Code (Compensation Benchmark C.5)

##### Recommendations for Immediate Action

1. Accurately record and disclose all compensation paid to workers. Ensure that all social security contributions are correct and based off of workers' actual salaries.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Violation has not yet been addressed. We will discuss when onsite.

##### Company Action Plan Update

Factory reports that they receive so little business that they cannot afford the 10% additional pay at this time.

If we are able to increase business they will readdress.

## FINDING NO.9

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. The factory did not provide records of annual vacations provided to workers. During worker interviews, employees stated that they are able to use their vacation days but they were unable to tell assessors the number of legally allowed vacation days. Since there are no records, it is not possible to determine if workers have received the correct number of vacation days. [HOW.11]

##### Local Law or Code Requirement

Ley Federal del Trabajo Artículos 76 y 79; FLA Workplace Code (Hours of Work Benchmark HOW.11).

##### Recommendations for Immediate Action

1. Ensure all workers are provided with their annual leave in correspondence with seniority and under legal periods. Record annual leave and provide those records to third party auditors when requested.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

We have had communication with the factory but have hit a roadblock.

Our orders have dropped significantly at this factory and this violation is not one the factory wants to address with us.

We will discuss in person when we visit the factory the week of Feb 18th.

##### Company Action Plan Update

Factory has shown us documents indicating they do pay correctly and do allow the appropriate amount of vacation days.

Please see attached and confirm.

The document appears to be missing information but we are not sure what to ask for.

## FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

1. Although there is a suggestion box, there is no procedure for investigation, action plan development, or providing feedback and

updates to workers. During worker interviews, employees declared they have used the suggestion box and can speak directly to managers and management if they have concerns. [ER.25]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

The factory has created a form for employees to use when making suggestions or filing a grievance. But we have no evidence of a box for employees to use or evidence of any announcement to employees.

-We will discuss when onsite.

#### Company Action Plan Update

Attached is the Grievance form and procedure.

## FINDING NO.11

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory has not developed a General Firefighting Training Program. Although the firefighting brigade members are trained, the rest of the employees have not received training. [HSE.1]
2. The factory has not conducted a machinery risk assessment and does not have a machinery safety operation program. [HSE.4]
3. The Factory has not developed and implemented a LOTO system. [HSE.13, HSE.14]
4. The factory has not elaborated the safety and health at work diagnosis; neither developed the safety and health at work program with the preventive and corrective actions to mitigate the detected risks. [HSE.1]
5. The factory has not conducted the lighting level assessment. [HSE.13]
6. The factory has not provided employees with training provided on PPE use, revision, reposition, cleaning, limitations, maintenance, storage and final disposition. [HSE.8]
7. The racks located at the materials warehouse are missing the stowage capacity and the stowage height limit signs. [HSE.14]
8. The storage racks are not attached to the floor or a wall. [HSE.1]
9. The Health and Safety Commission members have not received proper training. [HSE.1]
10. The Health and Safety Commission does not perform injury analysis or track illnesses. In addition, there is no evidence of correction actions taken in response to the risks noted during the health and safety inspection tours. [HSE.3]
11. The factory does not have a chemical risk assessment to analyze the potential risks of dangerous chemical substances and how to safely handle, transport, and store chemicals. [HSE.9]
12. Employees have not received training on how to safely handle, store, and dispose of chemicals [HSE.9]
13. The factory has not conducted a working environment assessment, which is required to ensure adequate air in the production area. [HSE.13]
14. The factory does not take proactive steps to reduce repetitive-motion stress/injuries. [HSE.17]

#### Local Law or Code Requirement

Norma Oficial Mexicana NOM-002-STPS-2010 punto 5.8; Norma Oficial Mexicana NOM-004-STPS-1995. puntos 5.2 y 5.3, inciso "a" y punto 7.2.2 inciso "c"; Norma Oficial Mexicana NOM-030-STPS-2009 punto 5.1 y 5.2; Norma Oficial Mexicana NOM-025-STPS-2008 punto 12.1; Norma Oficial Mexicana NOM-017-STPS-2008 punto 5.6; Norma Oficial Mexicana NOM-006-STPS-2014 punto 9.1 inciso "c" y punto 9.4 inciso "d.1"; Norma Oficial Mexicana NOM-019-STPS-2011 punto 5.13, 5.9 incisos "a", "b" y "c", 9.11 y 9.12 inciso "i"; Norma Oficial Mexicana NOM-005-STPS-1998 puntos 5.2, 5.3 y 5.13; Norma Oficial Mexicana NOM-010-STPS-1999 Point 5.3; Norma Oficial Mexicana NOM-036-1-STPS-2018 punto 5.2; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.3, HSE.4, HSE.8, HSE.9, HSE.13, HSE.14, and HSE.17).



## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

-The factory have provided information about their firefighting program and have shown progress with CPR,search and rescue and first aid. Additional training is scheduled for July 2020.

-Factory has assigned a worker to oversee the training and this person has already begun receiving training on LOTO program and is scheduled to receive additional training in October 2020.

-The factory as not addressed any of the other assessments or training.listed in this violation. We will review when onsite to determine next steps and timing.

#### Company Action Plan Update

-Attached are photos showing employee training by the local fire department. They employees will receive additional training/updates in July 2020.

-Factory has implemented the LOTO program. Official training is scheduled for October 2020 and will be given by the local government office.

-PPE delivery and training is complete.

-Storage area racks have been secured. However, the factory still needs to reduce the height of the material stored. We are working to learn what that maximum is so that we can inform the factory.

-Factory has formal Heath & safety training scheduled for April. Meanwhile they are tracking illness and accidents and reporting same to the local government. Documents are attached.

-Some chemical training has been completed, see attached. More is scheduled as indicated.

-Assessments are on hold at the moment as the factory completes their plans to move in January 2021.

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The evacuation route plan is missing required information, including adjoining buildings, the alarm, extinguishers, and the first aid locations. [HSE.5]
2. Three of the six doors along the evacuation route do not open outwards. Additionally, all six doors do not have emergency lights.

[HSE.5]

3. There is no evidence of PPE delivery to workers; in addition, the employee at the ironing position is missing PPE to protect its hands.

[HSE.7]

4. There are a total of eight automatic sewing machines and all of them are missing the needle safety guards. [HSE.14]

5. Chemicals, including cleaners, oil, and sprays, are not labeled with name and risk level information (as established by law) and are missing the corresponding MSDS. [HSE.9, HSE.10]

6. The factory does not have a chemicals warehouse with safety conditions posted. Chemicals are stored in several areas throughout the building and far from the eye shower station. [HSE.9]

#### Local Law or Code Requirement

Norma Oficial Mexicana NOM-002-STPS-2010 puntos 5.2, 7.15, inciso "c" y punto 7.16, inciso "c"; Norma Oficial Mexicana NOM-017-STPS-2008 punto 5.4; Norma Oficial Mexicana NOM-004-STPS-19995. punto 7.1, inciso "a"; Norma Oficial Mexicana NOM-005-STPS-1998 puntos 5.4, 8, inciso "a", 9.6 y 9.7; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.5, HSE.7, HSE.9, HSE.10, and HSE.14)

#### Recommendations for Immediate Action

1. Post the evacuation route plan with all required information.
2. Signal all doors in the evacuation route, install emergency lights and ensure all doors open outwards or slide.
3. Provide the ironing employee with PPE and keep records of all PPE delivered.
4. Install safety guards in sewing machines. Once installed, ensure workers are trained on the importance of using the guards.
5. Label all chemicals and keep available the corresponding MSDS in the local language.
6. Handle chemicals in a designated and secure area in accordance with the NOM-005-STPS-1998 requirements.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Factory has created a new map but we cannot clearly see all of the required information to confirm its all there. We will review onsite and make any necessary corrections. We also want to document where the maps are located.

-According to the factory all 6 doors have been corrected to open outwards. We not not received photos of all 6 doors. We will review when we are onsite.

-PPE has been issued to all employees. No evidence of training has been received.

-Per the factory they have installed needle safety guards on 4 machines. They report that the other 4 machines are different and adding a guard would actually cause injury if the fabric becomes lodged. We will review when onsite.

-Chemical storage and labels have been completed. Except for secondary containers which we will explain when onsite.

-There is some confusion about the eyewash station. Originally it was located in a good location but for some reason the factory moved it and appears to have done the opposite of what was instructed. We will review when onsite.

-MSDS sheets location needs to be confirmed when onsite.

#### Company Action Plan Update

- Chemical storage area has been created along with correct labeling.
- Evacuation Drills are being held and scheduled. Map and locations are attached.
- MSDS sheets are have been created.
- All doors open outwards. Photos attached.
- Machine instructions are complete and posted near machines.

Machine Guards are on for those machines that are used for regular material. Four machines do not have guards because they are used to attach trim and zippers which are thicker. So workers wear safety glasses when using these machines.

- PPE registration and photos showing workers using same are attached.
- All labeling has been completed and attached correctly.

-Factory does have a designated area for chemical storage along with safety precautions and signage. Secondary container is still needed even though local government says they don't need it because they have other approved safety application in place. Eyewash station is still not located close enough to the chemicals. It measures around 15 feet away. Can this be accepted?

## FINDING NO.13

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. There is no hazardous waste area in the facility. Additionally, the factory does not separate hazardous wastes such as oil and chemicals' containers. [HSE.9]
2. There is no evidence that the factory properly disposes of hazardous waste. [HSE.9]

##### Local Law or Code Requirement

General Law for the Prevention and Integral Management of Waste Article 48 and Article 54; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.9)

##### Recommendations for Immediate Action

1. Segregate Hazardous waste.
2. Dispose of hazardous waste in accordance with the law.

### COMPANY ACTION PLANS

Action Plan no 1.

##### Description

-A separate area has been created to store hazardous chemicals. However, secondary containers have not been placed as instructed. We will review onsite the week of Feb. 18th and provide additional evidence when we return.

-The factory has contracted with a chemical disposing company. We are in process of confirming pick up frequency and will provide more information after we return from visiting the factory.

-Labels in the local language have been created and are affixed to the containers. We will review during our upcoming visit to confirm everything is correct.

-Training info graphics have been created. We need to work onsite with the factory regarding our expectations for training as the factory is not understanding what we need or what needs to happen.

#### Company Action Plan Update

During our visit we did collect additional information. We learned that the factory is registered as a Micro generator of waste. This classification is given by the local government. The factory does not generate enough waste for regular pick up. Instead they have to have pick up every 120 days.

Per the Chamber of Commerce rep who was onsite during our meeting, the chemical training cannot be done until April 30th when he will conduct the training himself. Chemical training he says requires a specific person authorized to conduct the training because completion certificates will be issued to each employee attending the training. During this meeting the rep also informed us that there is no need for a secondary container based on what he saw in the factory. We explained that this was a requirement by us and the containers needed another container to collect any spillage from leaks. He will help the factory buy and install the secondary container in the coming weeks.

## FINDING NO.14

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

1. The facility does not have any policies or procedures related to health and safety or environmental protection. [ER.31]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

We have reviewed the current policy and procedure and find it is outdated. We have reached out to the local government to obtain updates to local laws.

##### Company Action Plan Update

We just received the factories draft today in Spanish, 3/6/2020. We will review and report our findings within the next 7-10 days. We need to translate and digest.