



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: YETI Coolers LLC

COUNTRY: Mexico

ASSESSMENT DATE: 09/02/19

ASSESSOR: VeLar

PRODUCTS: Housewares

NUMBER OF WORKERS: 941

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
Hours of Work	3
Employment Relationship	5
Health, Safety, and Environment	12
Nondiscrimination	4
Freedom of Association	7

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

The legal protocol for profit sharing indicates that the factory must create a Profit-Sharing Commission composed of management and employee representatives (elected by the workers) that must review the attendees and payment records to develop the profit-sharing project. In practice, the Profit-Sharing Commission is composed of two management representatives and the union delegate. Workers do not elect the union delegate and do not know his identity. In addition, the profit-sharing project was created directly by the payroll calculation system and not developed by this commission. This is not in compliance with the law because employees do not have the opportunity to witness the process as indicated by law and they were not able to make sure all legal specifications for calculation were considered. [C.1]

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Develop a committee and process to include workers elected union representatives and management in developing a profit sharing program. Include a review of this program in yearly Management reviews.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

There is a labor union in the factory and employees are aware of the existence of this union. Union dues are deducted from their paychecks. However, the employees do not know the union representatives, or where to find them. Employees have not participated in any meetings or union decisions, such as representatives' elections for instance. [FOA.1, FOA.2]

There is no contact between the employees and the union. [FOA.1, FOA.2, FOA.11]

The factory has not posted the CBA in the factory or distributed to the employees. However, it was verified during the audit that employees receive all benefits included in the CBA. [FOA.2, FOA.20]

The factory has not provided a facility space where union representatives can meet privately with the employees. [FOA.15]

Employees are informed at beginning of the relationship about the existence of the Labor Union, however there is no evidence that they are really able to decide if they want to enroll or not in the union. [ER.16, FOA.2 FOA.17]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.16; Freedom of Association Benchmarks and Collective Bargaining FOA.1, FOA.2, FOA.15, FOA.17, FOA.20)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. a.The facility must develop a plan to include interested employees in the union process.

b. Union reps should be identified in a common area for workers to see.

Action Plan no 2.

Description

2. The facility must develop a plan to include interested employees in the union process. Additionally, union reps should be identified in a common area for workers to see.

Action Plan no 3.

Description

3. The facility must provide a copy of the CBA during orientation and post the CBA in a common area for workers to view.

Action Plan no 4.

Description

4. The facility must provide space for regular meetings with union representatives and workers.

Action Plan no 5.

Description

5. Would Scanpaint consider including a signature page during orientation both providing information on the union, and a

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

There are loose cables in 1 out of 25 emergency buttons of the fire alarm system. In addition, the facility does not have any smoke detectors. The factory is in the process of implementing a restructuring project of the fire alarm system and hydrants. [HSE.5]
Eight out of the 10 first-aid kits in the facility are locked and only the area supervisor has the key. Additionally, some medications, such as Aspirin and pills for stomachaches, were found without their original packaging. [HSE.6]
The factory has a railing without correct grounding on the second floor of the compressor area. [HSE.13]
Four out of 123 fire extinguishers were blocked in the Mechanical Workshop (2), Canteen (1) and Production areas (1). [HSE.6.1]

Local Law or Code Requirement

Norma Oficial Mexicana NOM-002-STPS-2010 Artículo 5.10 y 7.4; Norma Oficial Mexicana NOM-030-STPS-2009 Guía de Referencia II Fracción II.2.3.3 Inciso b); Norma Oficial Mexicana NOM-001-STPS-2008 Artículo 7.1.2; Norma Oficial Mexicana NOM-002-STPS-2010 Artículo 7.2 Inciso b); FLA Workplace Code (Health, Safety, & Environment Benchmark, HSE.5.1, HSE.6.1 and HSE.13)

Recommendations for Immediate Action

1. Ensure to protect the fire alarm system cables; install smoke detectors and finish the restructuring project of the fire alarm and hydrants system.
2. Make sure the first aid kits can be easily open in case of emergency with medications and supplies in adequate conditions.
3. Ensure to have all railing grounded.
4. Ensure to keep all fire extinguishers free from obstruction and implement conditions and training programs to ensure they are not obstructed again.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.
 - a. The facility will schedule maintenance for the emergency buttons in the fire alarm system.
 - b. The facility will install an appropriate amount of smoke detectors throughout the facility.
 - c. The facility will develop a preventative maintenance program to regularly check emergency equipment and assess the need for future equipment.

Company Action Plan Update

12/12/2019 - The auditor was shown the system engineering, as well as the supplier selection process for the installation of smoke detectors. The

Action Plan no 2.

Description

2. The facility will remove locks from all medical kits, as well and implement a process to supply them with the original packaging for all general medications.

Company Action Plan Update

The block was removed from all medical kits, as well as specifically supplied with healing material, eliminating medications for general health issues.

Action Plan no 3.

Description

3. a. The facility must create a work order to secure the rail on the second floor of the compression area.

b. Rails, stairways, and walking paths must be included within the regular risk assessment performed by the facility.

Company Action Plan Update

The Work Order was made to the Maintenance area to request support with the welding of the compressor area protection and the rail has been grounded.

Action Plan no 4.

Description

4. a. The facility must perform a safety walk and remove all obstructions from any fire equipment.

b. Train all safety personnel to recognize the standard for fire safety equipment, and the risk of obstructing this equipment.

Company Action Plan Update

The fire extinguishers were unblocked. The facility has retrained safety team members to maintain this condition.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory did not have Material Safety Data Sheets (MSDS) in the workshop, restrooms and production areas, where oils, lubricants, cleaning chemicals, acetone and sodium hydroxide are used. [HSE.10.1]

There is no eye shower station at the plug wash area which is near the process where chemicals are directly handled. [HSE.9]

The assessors noted a lack of order and cleaning in the hazardous chemicals warehouse. In addition, there are missing emergency lights, smoke detectors, anti-spillage container, and a secondary container. Also, the materials are not labeled. [HSE.5, HSE.9, HSE 10.1]

Local Law or Code Requirement

Recommendations for Immediate Action

1. Have available MSDS for all chemicals used. Ensure that they are in the local language and that workers know where the MSDS are and can reference them when necessary.
2. Install an eye shower station near the plug washing area.
3. Ensure the hazardous chemicals warehouse has adequate conditions such as: an order, emergency lights, smoke detector, anti-spillage container, a secondary container and keep all materials correctly labeled.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Update the MSDS for all production areas, where oils, lubricants, cleaning chemicals, acetone and sodium hydroxide are used and provide and provide copies of the MSDS for each applicable area. Develop a process to regularly verify and update MSDS.

Company Action Plan Update

Dec 12, 2019 - Chemical MSDS sheets have been updated in both areas.

Action Plan no 2.

Description

2. Add an eye wash station must be installed closer to the plug wash area.

Company Action Plan Update

Dec 12, 2019 - The eye wash station has been ordered and is waiting for parts to arrive. The CAP will be updated with dates when parts arrive at Scanpaint.

Action Plan no 3.

Description

3. Include the hazardous chemical warehouse in the regular risk assessment performed by the Scanpaint Safety Team. Label all materials and install all required emergency lights smoke detectors.