



**FAIR LABOR
ASSOCIATION**

**FINAL REPORT:
THIRD PARTY COMPLAINT REGARDING F&D, S.A. DE C.V.
IN EL SALVADOR**

On June 3, 2011, the Fair Labor Association (FLA) issued an interim report regarding a Third Party Complaint (3PC) from representatives of Sindicato de la Industria Textil y Actividades Conexas y Similares (SITS) alleging violations with respect to Wages and Benefits, Overtime Compensation and Freedom of Association at the factory F&D, S.A. de C.V. ("F&D) in San Salvador. The interim report described remediation actions taken by Hanesbrands, the FLA-affiliated company sourcing from F&D, and included additional FLA recommendations to address the noncompliances identified by the complaint and the 2010 FLA Independent External Monitoring (IEM) event conducted at the factory.

Verification Overview

In February 2012, the FLA commissioned accredited monitor GMIES to verify the implementation and status of remediation at F&D, in particular:

- 1) examine and verify actions reported by Hanesbrands;
- 2) review the remediation plan arising from IEM findings from December 2010 and provide status of implementation;
- 3) review FLA's interim report dated June 3, 2011, in particular FLA's recommendations, and provide update on their implementation; and,
- 4) identify new or additional workplace noncompliances and recommend remediation steps, if necessary.

GMIES began the verification process at F&D on February 16, 2012 and concluded its onsite visit on March 2, 2012. The verification methodology comprised:

- Off-site factory activities, including interviews with a representative of Hanesbrands and legal counsel from the Foundation for the Study of Law (FESPAD), a local organization providing legal counsel to one of the trade unions representing workers at F&D.
- Onsite factory activities, including interviews with workers, union leaders, and management, document review, and visual inspection of the facility.

The full verification report, including a description of the GMIES methodology, verification results and remediation recommendations can be found at <http://www.fairlabor.org/report/fd-sa-de-cv-el-salvador>. A summary of the verification findings is provided below.

Summary of Verification Findings

The findings of the verification report indicate that Hanesbrands, in collaboration with F&D, are making progress in addressing workplace noncompliance issues raised in the complaint and IEM findings. GMIES verified that improvements have occurred with respect to a number of issues, with remediation steps either completed or ongoing. Some of the noncompliance areas where improvements have occurred include:

- calculation of Christmas bonuses, severances, and vacation pay;
- right for new mothers to have one-hour a day for nursing/lactation;
- body search procedures;
- freedom of association issues;
- payment of suspended workers from January 2011; and,
- payment of overtime to new workers.

There are several areas where remediation actions were still pending, including in the area of timely payments of social contributions, granting of loans to employees, disciplinary system, intimidation and threats against union leaders, verbal abuse, communication/complaints channel directly to Hanesbrands, and issues related to health and safety. With regard to the disciplinary system, GMIES identified a new noncompliance in the area of application of disciplinary procedures in cases involving physical and verbal violence and theft of belongings within the factory, particularly in cases where union leaders are involved.

FLA Recommendations

Although improvements have been made at F&D, the lack of a clear disciplinary system and its inconsistent implementation continue to be a significant issue at the factory that led to additional noncompliances and perhaps has aggravated other issues. The FLA strongly recommends that, in addition to GMIES' recommendations, Hanesbrands and F&D focus on developing and implementing a disciplinary system that:

- has written disciplinary rules, procedures and practices that embody a system of progressive discipline;
- ensures that managers and supervisors are fully familiar with the workplace disciplinary system and in applying appropriate disciplinary practices;
- will be communicated to all workers; and,
- include a third party witness during imposition and an appeal process.¹

¹ Referencing FLA's Benchmark Employment Relationship ER.27, Work Rules and Discipline.