

## FINAL REPORT

### Third Party Complaint: Apple Tree (El Salvador)

August 6, 2018



**FAIR LABOR**  
ASSOCIATION™

On December 6, 2017, the Fair Labor Association (“FLA”) initiated a Third Party Complaint from the Union of the Textile, Similar and Related Industries of El Salvador (“SITSCES”), affiliated with the Union Federation of El Salvador (“FESS”). FESS/ SITSCES (hereinafter, “Complainants”) alleged violations of labor standards and of the FLA Workplace Code of Conduct at the factory Apple Tree S.A. de C.V. (hereinafter, “Apple Tree” or “the factory”), located in San Salvador, El Salvador. FLA-affiliated companies Dallas Cowboys Merchandising, Delta Apparel, and VF Corporation were sourcing from the factory at the time of the Complaint.

Specifically, the Complaint alleged lack of compensated time for workers to attend medical appointments; noncompliance with legal provisions regarding compensation for the first three days of medical leave, Christmas Bonus, annual leave, and overtime; off-the-clock work without compensation; health and safety issues including the ineffectiveness of the health and safety committee and inadequate filtering of drinking water; failure to inform workers of emergency calls received from the outside during working hours; and preferential treatment of other unions recognized in the factory.

These allegations, if true, appeared to violate FLA Workplace Code of Conduct benchmarks in the areas of hours of work, compensation, health and safety, freedom of association, and nondiscrimination.

The FLA accepted the Complaint at Step 2 of the Third Party Complaint process. As such, the three FLA-affiliated companies sourcing from the factory -- Dallas Cowboys Merchandising, Delta Apparel, and VF

Corporation -- were required to conduct an assessment of the allegations and inform the FLA of findings and remedial actions. Alternatively, the brands could waive their own assessment in favor of an independent assessment by the FLA. The brands chose to conduct their own assessment, as described below.

### **ACTIONS BY DALLAS COWBOYS MERCHANDISING, DELTA APPAREL AND VF CORPORATION**

Dallas Cowboys Merchandising, Delta Apparel, and VF Corporation engaged the auditing services of Underwriters Laboratories (“UL”) to conduct the assessment. UL’s monitoring team visited the Apple Tree facilities from February 20-22, 2018.

In the context of the visit to the factory, the auditing team:

- Interviewed management representatives;
- Reviewed HR and payroll records;
- Reviewed Apple Tree’s policies and procedures governing several employment functions;
- Walked through Apple Tree’s production areas, canteen, and chemical warehouse;
- Interviewed 20 workers within the factory; and
- Met with officials from two union organizations:
  - Union of Workers of the Textile, Synthetic Cotton, Textile Finishing and Similar and Related Industries

(“STITAS”), affiliated with the National Union Federation of Salvadoran Workers (“FENASTRAS”); and

- Trade Union of the Textile Industry of El Salvador (“SITS”), an independent union not affiliated with a federation.

Apple Tree management stated that three officials from the SITS union disaffiliated from that union and were still in the process of forming their own union. However, the Complainants stated, at the time they filed the Third Party Complaint with the FLA, that in August 2016 they already had formed a new union, the Trade Union of the Textile, Similar and Related Industries of El Salvador (“SITSCES”), affiliated with FESS.

UL’s monitoring team did not interview these three workers that had formed the SITSCES union during the February assessment. Once the FLA-affiliated companies identified this gap in the assessment process, they decided to engage independent consultant Francisco Chicas to reach out to the Complainants (from the SITSCES union) and gather any additional information that might prove relevant to the Complaint process.

On June 21, 2018, Mr. Chicas conducted a group interview with the General Secretary of FESS and three union leaders of SITSCES. In conducting his work, Mr. Chicas obtained the following information regarding the SITSCES union:

1. Apple Three factory management, specifically legal representative René Fuentes Rivera, was officially informed of SITSCES’ formation by a notification of the Salvadoran Ministry of Labor dated August 15, 2016. Mr. Fuentes responded to the Ministry notification, although his response was not made within the designated legal timeframe.
2. According to Ministry of Labor resolution 465/2017, dated June 9, 2017, the Director of the National Department of Social Organizations legally registered the Board members of SITSCES union

and confirmed that three active Apple Tree employees are members of the Board of SITSCES.

## **PRINCIPAL ALLEGATIONS, FINDINGS, RECOMMENDATIONS, AND REMEDIAL ACTIONS**

***Allegation No. 1:*** *Factory only provides two hours of leave for workers to attend medical appointments at the Salvadoran Social Security Institute (hereinafter “ISSS”); any time away from work taken by the workers beyond the 2-hour limit is treated as absence from work.*

*According to the Complainants, two hours is not sufficient to attend medical appointments, as most of the time medical facilities are bustling with patients. Workers who spend more than two hours on medical appointments and have to take additional leave are punished by the factory through denial of the opportunity to work overtime.*

**Findings:** Interviews with STITAS and SITS union officials, workers, and management and review of documents revealed that Apple Tree’s practice is to provide only two hours of paid medical leave to workers to attend medical appointments at the ISSS. After those two hours, salary deductions are applied. SITS officials noted that they have requested management to extend the medical leave time to up to three hours through the monthly management-labor meetings, a request that management did not accept. Management stated that unions have not requested additional leave time and added that the factory’s policy regarding personal and medical leave is explained during induction training of new workers, posted at the facilities, included as part of the content of the training materials, and that pamphlets outlining leave time to attend medical appointments at the ISSS are provided to workers every year. Management and SITS officials said that workers who spend more than two hours on medical appointment are not denied the opportunity to work overtime; in these

circumstances, the only action the factory takes is to apply the corresponding salary deductions. They added that all workers have the opportunity to work overtime, as required by business circumstances, depending on efficiency and position. The Complainants stated, however, that management is still implementing salary deductions for those workers who spend more than two hours at the ISSS, clinics and/or hospitals, and alleged that there are some cases where workers have been sent back to their homes for exceeding the two hours allowed by the factory. One of the SITSCES leaders told Mr. Chicas that she was moved from her previous work station after returning from a medical appointment.

**Remedial Recommendations:** Factory to train managers, supervisors, workers, and union officials on policies and procedures for granting medical leave. Factory to discuss with workers and with union officials the possibility of extending the time granted to workers to attend medical appointments at the ISSS, clinics, and/or hospitals.

**Allegation No. 2:** *Factory deducts from workers' salary all absences due to medical leave of three days or less. According to the Complainants, the Ministry of Labor has issued a legal opinion stating that employers should pay workers for the first three days of medical leave.*

**Findings:** Documentation reviewed, interviews with workers, and interviews with management confirmed that Apple Tree deducts from workers' salaries all absences during the first three days of medical leave.<sup>1</sup>

**Remedial Recommendations:** Factory to develop uniform policies and procedures regarding payment for medical absence, including the payment of the first three

<sup>1</sup> The Ministry of Labor has stated in several legal opinions that employers are responsible for paying workers the first three days of medical leave. Since 2015, the FLA has promoted adherence to this legal position among its affiliated brands and their suppliers. The most recent action taken by the FLA was to request on behalf of affiliated brands a general legal opinion on this issue from the Ministry of Labor; the Ministry of Labor responded that "the employer is required to pay the first three days of medical leave of the workers in his or her employment."

days of medical leave as required by the Ministry of Labor. Factory to train supervisors, managers, workers, and union officials on the policies and procedures, and communicate the policies and procedures across all levels of the company.

**Allegation No. 3:** *Sewing operators are not compensated for hours worked when they stay at the factory beyond regular work hours in order to reach production goals. In these cases, the factory only pays the production bonus, but does not pay the overtime rate.*

**Findings:** Documentation reviewed and interviews with workers and management found that since the 2017 national minimum wage increase, Apple Tree's compensation scheme has not included production bonuses. Workers are compensated based on a daily production goal. The daily production goals were established based on engineering output calculations, but they have not been reviewed since 2017. Workers that reach the daily production goal are allowed to leave the factory before the end of the working day. Upon request, workers can work overtime during the week or on Saturday and be paid at an overtime rate. STITAS and SITS union officials agree with this practice. However, the Complainants stated it is the factory's practice not to pay production bonuses and overtime hours in the same pay period; for example, if workers are asked to work overtime during a given pay period in order to reach the daily production goals, they will only be paid overtime, but not production bonuses during that pay period. In addition, they mentioned that a few sewing modules are being paid production bonuses only and shared detailed information with Mr. Chicas in this regard. He reviewed the pay slip of a SITSCES union leader for a two-week pay period and found that it included payment of overtime hours, but did not reflect payment of a production bonus (and moreover that the pay slip does not include a field for "production bonus"). Management acknowledged that no training

has been provided to workers in recent years on the factory's compensation policies and procedures.

**Remedial Recommendations:** Factory to update policies and procedures governing all aspects of its compensation system, to train management, supervisors, workers, and union officials on this updated policy, and to communicate the policies and procedures at all levels of the company. Factory to review daily, weekly and/or monthly production goals for all factory operations.

**Allegation No. 4:** *Mechanics are not compensated for overtime work. Their ordinary hours of work typically are more than eight hours a day (the legal daily limit), but they do not receive overtime payment.*

**Findings:** The UL auditing team confirmed that the company does not keep electronic records of working hours of all of its mechanics. Only 60 percent of the mechanics have their working hours tracked; the remaining 40 percent have signed an employment contract in which it is stipulated that they are not eligible for overtime payment. The auditing team interviewed three mechanics, all of whom stated that they usually work 10-30 minutes beyond the contracted working hours once or twice per week. Mechanics' average monthly wages start at \$450 to \$600. Complainants explained that mechanics usually work Monday to Friday from 7:00 am to 6:00 pm, and from 7:00 am to 4:00 pm on Saturday. SITSCEs union leaders also explained that mechanics earn a fixed salary of approximately \$500 monthly, with no overtime payment. SITSCEs officials also mentioned that of the approximately 15 mechanics, half of them earn a higher salary than the others, and the factory has not explained the criteria for those differences in salary levels. Finally, the independent consultant reviewed the two-week pay slip of one mechanic provided by the Complainants, and it did include payment of 20 overtime hours, consistent with applicable legal requirements.

**Remedial Recommendations:** Factory to include mechanics in the electronic record-keeping working hours system and to prepare uniform employment contracts with objective criteria for all mechanics in order to establish equivalent working conditions.

**Allegation No.5:** *Sewing production goals are set so high that workers prefer not to drink a lot of liquids to avoid having to go to the restroom. According to the Complainants, this promoted dehydration and resulted in some workers developing medical conditions.*

**Findings:** The UL auditing team verified that workers are granted time to take breaks during the workday to drink water and use the bathrooms as needed. Interviews with workers and with union STITAS and SITS officials further confirmed that workers are generally able to meet daily production goals, except when there are style changes and/or the difficulty of the operations increases. However, the Complainants reported that workers facing high work pressures may opt for not drinking water to avoid having to go to the restrooms. In addition, they mentioned that the day before the interview with the independent consultant (on June 20) the Production Manager yelled at a supervisor to hurry up when she was in the restroom.

**Remedial Recommendations:** Factory to work with worker representatives to ensure workers have adequate time to maintain hydration levels by drinking potable water and use the restrooms.

**Allegation No.6:** *Drinking water provided by the factory for workers is not potable/not fit for human consumption, as the filtering system the factory uses does not purify the water.*

**Findings:** The UL auditing team confirmed that the drinking water provided by the factory is potable. Apple Tree has a filtering system to purify the water; filters are cleaned every eight days; moreover, records show that water quality tests are carried out

every 2-3 months. The water filtering system maintenance procedures are included in Apple Tree's health and safety policies. Interviewed workers stated that the factory's drinking water supply is from local rivers, and it is common for these rivers to have algae. The auditing team, however, did not observe algae residues in any of the water filters. The Complainants remained firm in stating that workers continue to have issues with lack of potable drinking water, citing specific examples including one case where one of the SITSCES union leaders observed significant amount of foam in the drinking water and immediately reported the issue to the HR Manager, who in turn said the water was fine and she was the only one complaining about the drinking water. The SITSCES union leaders explained that some workers have opted to collect money to buy their own water from the same company that provides the drinking water to the factory's office staff.

**Remedial Recommendations:** Factory to improve preventive and corrective maintenance measures for the water filtering system and clean the water filters more frequently - every 2-3 days - in order to avoid potential impurities, including algae or foam.

**Allegation No. 7:** *Workers lack clarity on the system for defining production bonuses; they claim that during some weeks the production bonus might be \$10, while it might be \$6 the following week for the same level of production. Complainants also alleged that the factory arbitrarily denies production bonus to some workers who are working hard to meet their production levels (e.g., if someone from a module is absent from work, all of the members of that module will be ineligible for the production bonus).*

**Findings:** The UL auditing team verified that since 2017 Apple Tree has not had a production bonus system in place. Workers are motivated to reach the production goals by earning an incentive bonus and having Saturday off. The production manager

has the responsibility to determine the incentive bonus according to the style and the difficulty of the operation; supervisors verify if workers reach the production goals and decide if workers are allowed to take Saturday off. The Complainants confirmed that the weekly production bonuses of \$10 and \$6 have been eliminated and explained that a few modules are earning production bonuses of \$1 daily, and in some cases \$3 per day. All of the interviewed union officials recognized that workers do not have a clear understanding on how the incentive bonus is calculated, why it varies from one week to another, and how the approval process by management operates.

**Remedial Recommendation:** Factory to train and communicate with managers, supervisors, workers, and union officials regarding compensation policies and procedures, focusing on the method of calculation, approval, and payment of the incentive bonus.

**Allegation No. 8:** *Due to the high production goals, some workers do not fully enjoy their 45-minute lunch break or the 15-minute morning break, choosing instead to continue working. This time is not registered or compensated as overtime.*

Findings: Management stated that workers do not work during morning or lunch breaks. Apple Tree has a practice of cutting off power in the sewing area during the lunch break. The power is cut off at 11:55 and turned back on at 12:45. STITAS and SITS union officials stated that workers arrive on average 15 minutes before the shift starts, and further that during the lunch break, workers usually eat their meals in 30 minutes and work an average of 15 minutes. However, the Complainants said that the factory doors are kept open during the lunch break so that workers can enter and go back to work earlier; they also mentioned that a particular supervisor (whose name was provided) regularly asks workers to return early from lunch to continue working in order to reach the production goals. According to SITSCES union representatives, when there are

announced audits from buyers, the doors are closed during the lunch break, and the full lunchtime is respected. Workers do not clock out and in during lunchtime and only do so at the start and at the end of the working day. The UL auditing team corroborated that some workers – in particular, those in the warehouse area – do not fully enjoy their lunch break and continue to work in order to meet production goals.

**Remedial Recommendations:** Factory to continue to turn off the electric power during breaks to ensure that off-clock work is not performed by workers under any circumstances during the morning and lunch breaks, and further to take measures to ensure that warehouse workers take the required daily breaks. Factory to reinforce communication and training to managers, supervisors, workers, and union officials regarding its prohibition on work before the start of a shift, during morning and lunch breaks, or after a shift concludes.

**Allegation No. 9:** *Workers receive advance severance payments every year, paid in December, but the factory only provides 70 percent of the termination payouts. The other 30 percent is never paid to workers, not even when they are terminated or when they resign their jobs.*

**Findings:** Apple Tree, STITAS, and SITS have an agreement setting out that workers who want to receive an advance severance payment at the end of each year can do so by agreeing to be paid 70 percent of their total severance amount and forfeiting the remaining 30 percent. When workers who have taken advance severance payments are later dismissed or decide to resign, no additional severance is paid by the factory. STITAS and SITS union officials stated that the agreement is confidential and refused to share it with the UL auditing team. The Complainants expressed their view that this factory practice (and the apparent agreement with the two other unions) to pay only the 70 percent of the termination payouts in advance is inconsistent with Salvadoran law, and called on the factory

to pay the remaining 30 percent to workers when their employment relationship terminates. The Complainants mentioned to Mr. Chicas at least two instances of workers being dismissed this year to date without the payment of the remaining 30 percent.

**Remedial Recommendations:** Factory to disclose agreement with STITAS and SITS regarding severance arrangement with workers, providing a hard copy to all workers and posting it at the facility. Factory to confirm that advance severance payments are being made on an equal and non-discriminatory basis without regard to union affiliation. Factory to train workers and supervisors on the calculation of severance payment and the economic implications of the advance severance payments; conduct a survey of all workers about the practice of advancing severance payments, and to consider changes to the practice based on the results. Factory further to update policies and procedures regarding termination, resignation, and retrenchment with respect to severance eligibility.

**Allegation No 10:** *The factory is not providing full paid annual vacation as required by Salvadoran law (15 days). The Christmas bonus also is not calculated and paid according to legal requirements, as all workers receive a Christmas bonus payment for 15 days of work, when according to the law, workers with more than three years of service are eligible for a higher bonus payment.*

**Findings:** The UL auditing team verified that the factory calculates and pays Christmas bonus and annual vacation consistent with legal requirements. Document review confirmed that the factory maintains a specific payroll for each of the annual benefits. Management mentioned that the Ministry of Labor conducts an annual labor inspection to verify compliance with the Christmas bonus payment and that no cases of noncompliance have been found. The Complainants acknowledged to Mr. Chicas that the factory is providing full paid annual vacation according to the law (15 days in a

year), and that the Christmas bonus is also being calculated and paid as legally required (based on workers' seniority). It appears that this allegation was due to confusion concerning the legal requirements applicable to vacations and Christmas bonus.

**Remedial Recommendations:** No additional measures needed at this time.

**Allegation No 11:** *Factory is not reporting all compensation payments made to the workers in its payroll records and there is a double-booking system. According to Complainants, the factory does not report in the payroll system overtime and production bonus payments. This practice of underreporting hours of work and compensation affects workers' payments as well as the Christmas bonus, annual leave, and other benefits.*

**Findings:** The UL auditing team reviewed factory payroll records and determined that there is no double-booking system. Document review confirmed that Christmas bonuses, annual leave, and other benefits are calculated and paid in accordance with legal requirements and that payroll deductions are applied in accord with applicable labor laws. However, the Complainants stated the factory has two time recording systems: one is manual recording signatures by workers, and the other one is electronic. All overtime is manually registered in a separate sheet. Workers have to sign two receipts: one for the formal payroll payments (legal minimum wage and some overtime hours), and another one for the rest of overtime payments and the production bonuses. During the review of a pay slip of a SITSCES union official, Mr. Chicas found the payment of some overtime hours, but the union leader explained that payment corresponds to the overtime performed from Monday to Friday; while the overtime she performed on Saturday was paid but not registered on the payroll.

**Remedial Recommendations:** Factory to consider hiring an independent auditing firm to assess its compensation and payroll

system and address the above-referenced concerns.

**Allegation No 12:** *Factory's Health and Safety Committee is not functional; the Committee is not complying with the responsibilities mandated by law. For example, the Complainants alleged that in electing the members of the Committee, one of the union organizations is given preference by management; participation of all workers on the Committee is not achieved; and legally required training for Committee members is not taking place with the regularity mandated by law.*

**Findings:** Document review and interviews confirmed that the Health and Safety Committee is functioning properly. The Committee was formed in accordance with the requirements and regulations set out in the *Reglamento de Gestión y Prevención de Riesgos en el Lugar de Trabajo*. However, SITSCES does not have a representative on the Health and Safety Committee, and it raised concern that the Committee members were appointed by management rather than elected by worker vote, and therefore they are not known to most of the workforce.

**Remedial Recommendations:** Factory to establish a process for workers to elect their representatives to the Health and Safety Committee, and work with the three unions to develop regular training procedures for Committee members.

**Allegation No 13:** *The medical services provided to workers at the factory clinic are not adequate and the clinic's doctor refuses to issue medical leave when employees are sick in order to avoid excusing workers from work and therefore reducing absences. Workers wind up attending to their illnesses in the factory clinic - despite its limitations - rather than visiting ISSS in order to avoid having to take extra time and avoid wage deductions/penalties regarding overtime. (See Allegation No. 1 above.)*

**Findings:** Apple Tree has on staff one doctor and one nurse to provide services at the

factory's medical clinic. The doctor works daily from 7:00 am until 11:00 am and the nurse works until 4:00 pm. Workers have the option to go to a medical clinic outside the factory when they need medical attention after the doctor's working hours. Union officials interviewed reported that the doctor sees a limited number of patients during the four hours he is at the clinic and therefore many workers need to go to facilities outside the factory (including ISSS) to seek medical services. The UL auditing team found that the factory's medical staff observes ISSS-mandated guidelines on the number of patients to be attended per hour and day. There were no allegations raised by workers interviewed by UL's monitoring team regarding the quality of the medical attention that the clinic staff provides. However, one SITSCES official cited an example of the factory's doctor denying to issue medical leave to a worker, even though she later was diagnosed by a private physician as in need of medical care and monitoring.

**Remedial Recommendations:** Factory to discuss with workers and union officials the possibility of extending the time granted to workers to attend medical appointments at the ISSS (see under Allegation No. 1 above). Factory further to discuss increasing the doctor's working hours at the factory clinic.

**Allegation No 14:** *Emergency calls from outside the factory are not regularly transferred to the workers. Workers have even been denied calls from a local childcare provider about emergency situations involving their children.*

**Findings:** Factory HR staff is responsible for receiving and transferring calls to workers. Management stated that workers are informed through loudspeakers when they have been called about an emergency situation and allowed to take the call at the reception desk. In case of an emergency call, workers may be granted permission to use their cell phones, but they must request their supervisors' authorization. The UL

auditing team verified that HR staff does not keep records of incoming calls through the factory's phone lines and it is not possible to verify whether the calls are being transferred to workers on a timely basis. The Complainants continue to express concern about emergency calls not being transferred but did not provide to Mr. Chicas any specific instances.

**Remedial Recommendations:** Factory to develop a procedure to inform and transfer outside emergency calls to workers on a timely basis and to maintain records of such calls.

**Allegation No 15:** *Factory management provides preferential treatment to the other unions recognized in the factory, e.g., their leaders (but not those of the complainant union) are allowed to walk around the facilities to talk with workers, some of them receive 100 percent of advance termination payouts (instead of 70 percent as other workers do – see Allegation No. 9 above). There is not a communication channel with factory management through which SITSCES can present their petitions, raise their concerns/complaints, and discuss remediation actions. Factory management does not provide facilities to SITSCES members to carry out their meetings/related functions or enable them to display communications for their affiliates using the factory's bulletin boards, etc.*

**Findings:** The UL auditing team interviewed union officials from STITAS and SITS but was not able to identify officials from FESS/SITSCES during the assessment. Union officials interviewed said that management does not provide preferential treatment to any of the unions recognized in the factory, and regular meetings are held with management to discuss day-to-day labor issues. They also stated that communication with management has improved in the last years. However, the independent consultant interviewed FESS/SITSCES officials and they reported the following cases of preferential treatment:

- A SITS union leader does not regularly show up to work but is paid his full salary. On the occasions he does come to the factory, he meets with his union affiliates on the premises, and the management allows this, while SITSCES union leaders are not able to meet with workers onsite and are not provided with any other means of sharing information on their activities.
- Workers who are affiliated with FENASTRAS are treated differently with respect to the time for attending medical appointments at ISSS, as they are provided more than two hours if needed without negative consequences.
- SITS and FENASTRAS have representatives on the Health and Safety Committee, while SITSCES does not.
- FENASTRAS leaders are able to freely use cell phones inside the facilities, while SITSCES leaders –and the rest of workers– cannot do so.
- There is no dialogue process between SITSCES and factory management, while there is such a process in place with the other two unions.

The Human Resources Manager and other high-level managers are responsible for industrial relations on behalf of management at the factory. Management stated that they do not refuse meetings with any of the unions and meetings can be organized upon union request via letter or phone call. The UL auditing team confirmed that union officers have received advance severance payments according to the same terms that apply to all workers.

**Remedial Recommendations:** Factory to engage in a dialogue with the SITSCES union and its representatives. Factory to keep up-to-date information and records of all existing trade unions and of their officers, and to hold regular management-labor meetings with representatives of all unions.

Factory to address freedom of association concerns through procedures to (a) prevent anti-union violence and discrimination; (b) ensure all workers’ representatives have the facilities necessary for the proper exercise of their functions; and (c) provide guidance on how to handle conflicts through dispute settlement, including pertaining to work stoppages and slowdowns.

The UL auditing team also made the following additional findings related to health and safety issues that warrant remediation by Apple Tree:

- Documentation review confirmed that the factory does not have a sanitary permit for the screen-printing building (Building 3). The UL auditing team recommended that Apple Tree obtain the sanitary license as required by law. It is our understanding that **the remediation is in progress and this item will be closed when the factory provides information corroborating that the sanitary permit has been issued.**
- Documentation review confirmed that the factory does not have the mandated environmental permit for the screen-printing building (Building 3). The Factory submitted a request to the El Salvador Ministry of Environment in June 2017. The UL auditing team recommended that the factory obtain the mandatory environmental permit. **The remediation is in progress and this item will be closed when the factory provides information corroborating that the environmental permit has been issued.**
- The UL auditing team found that the number of toilets available for female workers does not meet the legal requirements. Currently, the factory has 19 toilets for a total of 454 female workers. The legal requirement is one toilet for every 20 female workers. The UL auditing team recommended increasing the number of toilets for female workers to 22. Apple Tree needs

to take immediate measures to remediate this finding. **The remediation will be considered to remain open until the factory provides corroboration that the additional toilets have been installed.**

The independent consultant Mr. Chicas also reported back on new FESS/SITSCES allegations:

- At the beginning of 2018, management installed a camera inside the factory's clinic. FESS/SITSCES considers this to be a means for controlling the time workers spend at the clinic and regard it as a violation of workers' healthcare privacy. (However, one of the FLA-affiliated companies that has an employee who works in the factory has reported back that the camera actually is located directly outside the clinic entrance.)
- The factory has not made sufficient efforts to inform workers about the calculation of legal benefits paid at the end of the year. In December, the factory pays workers Christmas Bonus and vacations; however, they do not explain how these benefits are calculated.
- Some supervisors and the Production Manager have routinely spoken in a loud voice to some workers exercising their right under Salvadoran law to take up to one hour per day to breastfeed their newborns.
- Before the last social compliance audit, the General Manager met with all mechanics and asked them to communicate positively about the factory, saying that otherwise the buyers would leave the factory.

These additional allegations are noted in the record for consideration by management, but this report does not include additional remedial recommendations because there has not been a process for reviewing them as with the allegations included in the

Complaint itself. In addition, as noted above, there are conflicting accounts with respect to the location of the camera, and therefore further clarification is needed concerning whether that is an additional area of concern.

## FLA VIEWS AND NEXT STEPS

The assessment at Apple Tree conducted by the UL auditors on behalf of Dallas Cowboys Merchandising, Delta Apparel, and VF Corporation confirmed several but not all of the allegations of noncompliance with the FLA Workplace Code of Conduct raised in the Third Party Complaint. Additional allegations were raised and in turn assessed as a result of the interview of FESS and SITSCES officials conducted by independent consultant Francisco Chicas, as referenced above.

The FLA encourages Dallas Cowboys Merchandising, Delta Apparel, and VF Corporation to continue their oversight and to work collaboratively with Apple Tree management to improve worker rights and working conditions at the factory, monitor implementation of the remedial recommendations, and report back to the FLA periodically on their efforts to ensure follow through on corrective actions still in progress. The FLA recommends further a follow up independent audit within six months of the issuance of this report to verify the status of all corrective actions, with an assurance that the audit will include engagement with representatives of all unions with representation in the factory.