



FAIR LABOR
ASSOCIATION

July 30, 2012

Final Report Regarding Olocuilta Apparel (formerly Ocean Sky Apparel) in El Salvador

On September 12, 2011, the Fair Labor Association (FLA) released an update report regarding allegations of workers' rights violations at the Ocean Sky Apparel factory in El Salvador.¹ The FLA update included the investigation report by monitoring organization COVERCO dated June 23, 2011 regarding allegations of verbal abuse and hours of work violations and results of the September 22, 2011 re-testing of the water supply conducted by the Universidad Centroamericana José Simeón Cañas (UCA).

On February 15, 2012, the Salvadoran women's organization Mujeres Transformando (MT) sent a letter to the FLA and other stakeholders indicating concerns regarding the sale of Ocean Sky Apparel and the lack of transparency in the process. On January 1, 2012, the factory changed ownership, with the parent company Ocean Sky International selling its ownership shares to a group of investors who changed the legal name of the factory to Olocuilta Apparel, S.A. de C.V. As a result of the change in ownership and lack of trust by stakeholders about the transfer, collaborative meetings between management and MT stalled for about four months but resumed on June 15. Training opportunities and other forms of collaboration have been discussed in recent meetings between MT and management of Olocuilta Apparel.

On February 23-24, 2012, COVERCO visited Olocuilta Apparel on behalf of the FLA to verify the progress of implementation of the remediation plan (agreed by Ocean Sky Apparel). **The full report of the verification in English/Spanish is available at <http://www.fairlabor.org/report/ocean-sky-apparel-factory-el-salvador>.** COVERCO's report concluded that most of the original findings earlier identified have been successfully addressed by the factory management; some areas that require continuing attention are:

- Residual verbal harassment of a worker by a line supervisor;
- Workplace temperature;
- Workplace design in the ironing section;
- Fall protection in the warehouse C-TPAT areas;
- Functioning of the Safety and Environment committee;
- Worker awareness of the code of conduct and of freedom of association in particular; and
- Worker retrenchment concerns.

¹ <http://www.fairlabor.org/report/ocean-sky-apparel-factory-el-salvador>

Based on the results of the recent verification by COVERCO, Olocuilta Apparel developed the following remediation action items to address the aforementioned issues:

- Develop periodic training exercises for supervisors and line leaders on workplace conduct and effective communication skills;
- CSR and HR departments will conduct random worker interviews to ensure compliance with factory's policy and procedures;
- Worker code of conduct training is being developed in collaboration with buyers and MT;
- Monitor the workplace temperature to ensure compliance with local standards; management will engage workers and get their feedback about temperature in all the production buildings.
- Conduct annual ergonomic training for all ironing workers;
- Complete new and enhanced C_TPT area and secure racks linked to the corridor with a metal protector to avoid potential falling of boxes;
- Reinforce PPE policy;
- Occupational Health and Safety committee has been approved by the local authority with full support by management; monthly committee meetings have been scheduled and yearly workplan approved; and
- Strengthen communication channels to ensure workers have first hand information about any decisions affecting the workforce.

Olocuilta Apparel management has indicated that it remains committed to continue to advance in the process of remediation. The FLA will continue to support the collaboration process between MT, sourcing brands, and Olocuilta Apparel management.