



**FINAL REPORT
SPECIAL INVESTIGATION
STYLE AVENUE (EL SALVADOR)**

In early 2015, at the request of affiliated companies Outerstuff and College Kids, the FLA engaged labor rights expert Katya Castillo to conduct a special investigation of the labor rights situation at the factory Style Avenue S.A. de C.V. (hereinafter Style Avenue) in El Salvador.

In 2011, the FLA had conducted a similar investigation at Style Avenue, and the brands, together with the factory, had put in place a remediation plan to address identified non-compliances. In mid-2012, the FLA engaged a third-party monitoring organization to verify the implementation of the remediation plan and identify issues that needed additional attention. The issues that needed additional attention were addressed through a new remediation plan.¹ Outerstuff and College Kids consistently updated the FLA on the implementation of this remediation plan, often seeking assistance and guidance on challenging implementation situations.

In addition to verifying the implementation of remediation activities at Style Avenue, the investigator was requested to:

1. Confirm the existence and application of procedures corresponding to new policies established by the factory that were in compliance with the FLA's Workplace Code of Conduct and Compliance Benchmarks.
2. Confirm the existence of grievance procedures at the factory and their proper implementation, with emphasis on procedures to deal with high-risk cases, such as sexual harassment and abuse.
3. Investigate possible situations of violence and gender discrimination based on sexual orientation of individuals.
4. Confirm the existence of effective and holistic policies and procedures in regard to freedom of association, the prohibition of anti-union discrimination, and equal treatment of unions that exist in the factory.
5. Review the selection and training of trainers so that they have the appropriate technical knowledge to impart training, such as on labor rights.

Methodology

The verification exercise was conducted in two phases: a first phase conducted outside of the factory, which consisted of interviews with trade union organizations present at Style Avenue; and a second phase that included a visit to Style Avenue for document review,

¹ Reports of the original investigation and the 2012 verification are available at <http://www.fairlabor.org/report/style-avenue>

interviews with management, interviews with workers, and visual inspection of the facility. Management provided documentation requested by the verifier, among them the following documents:

1. Complete roster of factory personnel.
2. Labor policies and procedures at Style Avenue SA de C.V.
3. Records of time stamps for 13 male and female workers indicating the time they began and ended work.
4. Copies of communication exchanges between Style Avenue and its suppliers regarding the suspension of work that occurred at the factory from January 28 to February 9, 2015.
5. Record of discussion meetings between unions and Style Avenue management, for 2013 and 2014.
6. Study on ambient temperature at the factory conducted by the Ministry of Labor and Social Welfare (MTPS) in 2012.
7. List of attendees at training workshops on sexual harassment, workplace harassment, verbal abuse, and freedom of association.

The unions provided the following documents:

1. Legal opinion requested from the MTPS on the payment of the first three days of disability; and
2. Copy of the report of MTPS visit to the factory in the context of the recent suspension of work at Style Avenue.

Findings and Recommendations

The verification exercise² found that remediation actions had not been completed or needed to be undertaken with respect to the following areas:

1. Freedom of association: Verifier concluded that there is sufficient evidence to establish that there are serious problems related to workers being able to exercise freedom of association, ranging from anti-union behavior by representatives of the factory (supervisors and HR Manager), to permanent conflicts caused by the union organizations themselves. This situation requires an intervention strategy to raise awareness on these issues, for example through the continuation of permanent training programs on freedom of association carried out by specialized trainers for both management and trade union organizations, as these issues affect staff and have an impact on the productivity of the factory because there is an inappropriate working environment.

2. Policies and procedures/harassment or abuse: The factory must adapt, without delay, its internal policies and procedures in accordance with the FLA Compliance Benchmarks. In particular, the procedures related to the special mechanisms to properly

² The reports of the investigator, in English and Spanish, are available at <http://www.fairlabor.org/2015-independent-verification-of-remediation-style-avenue>.

channel sexual harassment and verbal abuse cases. The factory should be aware that sexual harassment and abuse are considered psycho-social risks, according to the General Law on Prevention of Risks in the Workplace, and that therefore, in its capacity as employer, it must guarantee compliance with this regulation and maintain a work environment free of sexual harassment and verbal abuse.

3. Ambient temperature: The high temperatures at the factory require an urgent intervention strategy. To address the problem it will be necessary that the factory implement the project that it has developed regarding worker safety and health, by conducting an ambient temperature study that will identify measures to lower temperatures inside the factory.

4. Payment of required worker benefits: It is imperative to end the late contributions payments to the pension funds system for workers, as the problem persists despite a commitment assumed by management to correct this problem in earlier remediation plans.

5. Harassment/gender discrimination: Messages found in the women's lavatories demonstrate serious problems regarding discrimination based on sexual orientation, and for this reason it is imperative to launch programs of awareness raising and training involving management and personnel at all levels aimed at eradicating prejudices and violent expressions that exist today.

6. Freedom of association/labor-management communication: All of the unions mentioned that management has preference for "another union." The verifier adduced that this was the case because labor issues are discussed individually with each union organization, rather than establishing and consolidating a space for common dialogue, where a shared working agenda between management and all the unions can be defined. It is necessary to reestablish and consolidate a dialogue table that will permit the discussion of labor problems between Style Avenue management and all of the unions as a group.

7. Special protections for certain categories of workers: Although the factory has a special program for pregnant women that recognizes their rights and benefits, the program has implementation problems, as shown by pregnant workers carrying out physically exhausting work. In this respect, it is recommended that Style Avenue implement protective measures for pregnant women consistent with domestic law and FLA Compliance Benchmarks (ND.8.1).

8. Implementation of MTPS resolutions: The MTPS is one of the institutional mechanisms designed by the Salvadoran State to protect the rights of workers. Therefore, an employer should not consider MPTS resolutions as optional, but rather as a guide to protect fundamental human rights that have a social function.

9. Payment of workers for work suspension: Regarding payment of workers during the work suspension, Style Avenue should abide by the decision on this issue by the MTPS. Brands sourcing from Style Avenue should review the procedures that determine the dynamics of their supply chains to avoid a repeat of the underlying situation that gave rise to the suspension.

Remediation

Outerstuff and College Kids have worked closely with Style Avenue to develop a remediation plan that addresses each of the findings/recommendations cited above. Outerstuff and College Kids have requested that the FLA verify the implementation of this action. The FLA has agreed to do so and report publicly on the results sometime in August 2015.

It is important to mention that on June 23, 2015, Style Avenue management paid workers in full for the days when work was suspended – and the factory did not operate – from January 28 to February 8, 2015. Payment of workers for the time when work was suspended was the subject of a separate Third Party Complaint that was filed by the FESS union federation with the FLA and that was successfully completed.³

³ The final report of the Third Party Complaint is at <http://www.fairlabor.org/report/style-avenue-el-salvador>