



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT *

COMPANY: Yee Tung Garment Co., Ltd.

COUNTRY: Jordan

FACTORY CODE: 640039798GV

MONITOR: Level Works, Ltd.

AUDIT DATE: October 24, 2010

PRODUCTS: Knits, T-Shirts

PROCESSES: Cutting, Sewing, Washing,
Finishing, Packing

NUMBER OF WORKERS: 2482

FLA Comment: This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company; however, they have not been agreed to or incorporated by the company with respect to 2 Health and Safety noncompliances (see H&S 28 below). The report is posted in its current state and is considered finalized. Updates on the progress of the corrective actions will be posted when received by the company.

***To read the original IEM report for this factory, please visit the FLA website [here](#).**

For an explanation on how to read this report, please visit the FLA website [here](#).



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Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: If a worker is late in the morning, the amount of time they were late (minutes or hours) is deducted from the overtime hours. If a worker is late by 30 minutes in the morning and does 2 hours of overtime at the end of the day, they only get OT for 1.5 hours. The factory explained that they are first calculating the full working hours of the day, counting 8 hours as regular working hours. The rest of the time worked is given as overtime.

Plan Of Action: Company will design a system that will improve these requirements and enable a deduction calculation based on the agreed plan. The time late will be deducted from the regular working hours and not the total hours.

Deadline Date: 11/30/2008

Supplier CAP: Improved requirements were agreed upon. A new system has been developed and introduced to implement the required calculations regarding deductions for a worker's late time for regular hours only; this system will be implemented accordingly.

Supplier CAP Date: 07/31/2009

Action Taken: New payroll system has been implemented and is now being used; this ensures that appropriate deductions, as per requirements, are adapted accordingly.

Plan Complete: Yes

Plan Complete Date: 12/31/2008

Action Verified: No



Action Verified Text: COMPLETED: Factory has changed their system and missing hours are evaluated as regular working hours. The overtime payments are done as per actual overtime hours. No deduction noted from overtime hours.

Action Verified Date: 10/24/2010

Wages, Benefits and Overtime Compensation: Timely Payment of Wages

WBOT.4 All wages, including overtime compensation shall be paid within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month. (S)

Noncompliance

Explanation: NEW FINDING: 1. It was noted that performance bonuses were paid October 24, 2010 for September 2010, instead of within the 1st week of October. This is a regular practice at the factory, bonuses are paid the 3rd week of the month. During factory tour it was noted that 1 supervisor at linking section was delivering the bonuses. As per interview with this supervisor, he stated that the bonuses are paid the 3rd week of each month. [In accordance with Jordanian Labor Law, Article 46, the wage should be paid within a maximum period of 7 days from the date of its entitlement.]

Plan Of Action: All wages are paid on a permanent basis within the 1st week of every month in accordance to Jordanian labor laws. Production bonuses (as these are in addition to the wages paid) are paid separately later in the month. Performance bonuses do not link up with regular wages, but rather act as an incentive in relation to a) the worker's individual productivity and b) the volume of orders the factory receives each month. Thusly, it's considered as an unguaranteed amount of income workers will get monthly. In addition, accounting department takes time to calculate the performance bonuses for each employee; employees also take time to crosscheck their bonus to avoid incorrect summation. Therefore, performance bonus will be delivered to employees on the 3rd week of each month. Factory will continue this practice and provide performance bonuses on the 3rd week of each month.

Deadline Date: 11/24/2010

Supplier CAP:



Supplier CAP 12/24/2010

Date:

Action Taken: Factory will ensure all workers entitled to their wages within 1st week of every month, which complies with Jordanian labor law; performance bonus will be provided to all workers on the 3rd week of each month.

Plan Complete: No

Plan Complete Date: 12/24/2010

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments: Comment from [Factory name] March 23, 2011: For the bonuses paid on the 3rd week of the month, as our IE department takes at least 1 -2 weeks to double check the figures and the accounting department also takes time to calculate the performance bonuses for each of the employees, the 3rd week is the earliest schedule we could be ready for each month's bonuses.



Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: NEW FINDING: 1. Based on payroll records review, it was determined that factory keeps double books to hide Friday overtime hours. During factory tour, auditor found a Monthly Bonus Report and a Monthly Target Performance Report. During the review of these 2 reports, it was noted that worker worked 3 Fridays: September 3, 17 and 24, 2010. But, the provided payroll only showed that this worker worked 1 Friday (September 17) in September 2010. 2 Fridays (September 3 and 24, 2010) were not reflected on the payroll records provided by management for auditor to review. Due to the above, the compliance status of wages and overtime payments could not be verified due to inconsistency of payroll records noted during this audit.

Remark: During factory tour, it was observed that 1 supervisor paid performance bonuses in "cash" to workers in the linking section. These bonuses are not reflected in the payroll, but the workers do sign a receipt sheet.

Plan Of Action: The records shown to auditors were the only records that were available. Friday (rest day) work is only done during times of "Force Majeure" or due to "Urgent Business Needs." This we are endeavoring to minimize, with improved logistics and prompt ordering of raw materials and accessories, etc., even at extra cost to the factory. Payment for all Friday work is paid in full in accordance to Jordanian Labor Laws and appears in the time records and wage slips, etc.

Regarding payment of production bonuses, these are paid separately and later in the month, as they are in addition to the normal wage, which is paid promptly and in full within the 1st week of the month. Anyway, we will ensure all working hours are recorded in an accurate way. We'll hold a training to educate workers that they must clock in/out while they are present at factory; we will also train security to remind workers once they enter factory. We'll keep monitoring for a certain period of time to ensure all employees have this done. Certainly, all employees should not be [paid] lower than local minimum wage standard. Anyway, factory will schedule a training to strengthen the workers on company's wages system. Moreover, factory will ensure all working hour records are accurate and completely recorded so that all payroll, attendance and working hours can be verified by auditor.

Deadline Date:

**Supplier
CAP:**

Supplier CAP 10/31/2010
Date:

**Action
Taken:** Meeting was held with general manager, factory manager, personnel department and local compliance officer to understand the details of the happening of the audit. Compliance officer expressed once again our corporate code of conduct, in which no double book keeping is allowed. Moreover, compliance officer expressed once again our corporate code of conduct, that hours of work (i.e., hours worked each day, days worked each week), shall not exceed the legal limitations of the countries in which sewn products are produced. Workers can work OT voluntary if there's any rush shipment. Factory will ensure to provide accurate records for review and provide training to all workers on working hours, wages and benefits. Factory also instructed floor supervisors to recheck their own departments and to report if they found any double books.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 10/31/2010

**Action
Verified:** No

**Action
Verified
Text:**

**Action
Verified
Date:**

Comments: Comment from [Factory name] March 23, 2011: Factory follows buyer's COC, which ensures keeping 1 book for all working hours and payroll. [Employee name], from accounting department, would be double checking and reviewing that all workers' hours are being tracked in 1 payroll system.

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: NEW FINDING: 1. It was noted that 3 emergency exit routes were narrow and blocked by goods at linking section.

2. It was noted that 1 emergency exit route was partially blocked by cardboard or cartons.

3. It was noted that 1 emergency exit door was opening inwards at the linking section, where almost 600 employees are working. [In accordance with Jordanian Labor Law, Article 80, The employer should take the precautions necessary for the protection of the establishment and its workers from the hazards of fire and explosions or storage.]

Plan Of Action: This emergency exit has been changed to open outward. All exits that were partially blocked have been cleared and instructions have been reiterated and emphasized to all people concerned, regarding the permanent condition of clear aisles.

Deadline Date: 10/31/2010

Supplier CAP:

Supplier CAP Date: 10/31/2010

Action Taken: Emergency exit will try to be changed to open outward. Also, we have asked the security guard to patrol more in all production sections to ensure all the evacuation aisles aren't blocked; factory also assigned compliance officer to conduct random checks so as to alert each department.

Plan Complete: Yes



Plan 10/31/2010

Complete

Date:

Action No

Verified:

Action

Verified

Text:

Action

Verified

Date:

Comments: Comment from [Factory name] April 20, 2011: Re-exit routes blocked by goods at linking section; we've removed all obstruction and attached pictures for review. For the emergency exit at linking section, after discussion with maintenance department, we had the door changed to open outward. (Attached photos for your review.)

Comment from [Factory name] May 12, 2011: Our maintenance department has made this door open outwards, so that it now opens 180 degrees. When open, the door is flush with the outside wall of the factory, and when opened, does not interfere with the smooth descent of workers using the emergency staircase.

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: It was identified that fire extinguishers (in at least 3 places) are not functional/charged.

Plan Of Action: Factory will initiate a restricted plan to assure that proper monitoring and inspection by the safety officer will be conducted.

Deadline Date: 06/30/2009

Supplier CAP: Continuous monitoring is being conducted on a regular basis by the safety officers. The inspection record is submitted to compliance in order to ensure that all fire extinguishers are functional and inspected properly.

Supplier CAP Date: 07/31/2009

Action Taken: Factory is now ensuring that all fire extinguishers are functional, charged and inspected on a regular basis. Regular monitoring is being conducted to ensure safety and accessibility at all times.

Plan Complete: Yes

Plan Complete Date: 07/31/2008

Action Verified: No

Action Verified Text: COMPLETED: It was noted that the all fire extinguishers were fully functional and charged on a monthly basis.

Action Verified Date: 10/24/2010

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: It was noted that some chemical containers in the main storage area are not labeled with the name and contents.

Plan Of Action: A meeting was held and it was decided that regular monitoring will be conducted. Supervisors will be advised to continuously inspect the movement of the containers to make sure that new containers will be labeled properly.

Deadline Date: 06/30/2009

Supplier CAP: Supervisors will ensure that all containers are properly labeled; safety officer will continuously monitor this procedure's implementation.

Supplier CAP Date: 06/30/2009

Action Taken: Factory is ensuring that all chemical containers are properly labeled and safety officer is continuously monitoring to ensure orientation and safety of workers.

Plan Complete: Yes

Plan Complete Date: 06/30/2008

Action Verified: No

Action Verified Text: COMPLETED: It was observed that the chemical containers were labeled according to their contents in the main chemical storage area.

Action Verified Date: 10/24/2010

Health and Safety: Bodily Strain

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

Noncompliance

Explanation: It was identified standing workers are not provided with rubber mats to stand on.

Plan Of Action: Workers will be advised to use the rubber mats provided by the factory properly and will request the help of supervisors for implementation.

Deadline Date: 06/30/2008

Supplier CAP: Awareness and orientation will be continuously advised. Safety officers will conduct regular inspection to remind workers to use the rubber mats at all times.

Supplier CAP Date: 06/30/2008

Action Taken: Factory will ensure that provided rubbers mats will be used by all workers in the pressing section; continuous monitoring and orientation will be implemented to ensure workers will comply for their safety.

Plan Complete: Yes

Plan 06/30/2008

**Complete
Date:**

Action No

Verified:

Action COMPLETED: Rubber mats were provided for workers whose jobs require standing for
Verified long periods of time, such as ironing and quality control workers.
Text:

Action 10/24/2010

**Verified
Date:**

Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: NEW FINDING: It was noted that the toilets were not hygienic and were missing drying units as well as soap in the linking section.

Plan Of Factory has increased the amount of cleaners' visits in order to upgrade the cleanliness
Action: of toilets and toilet accessories. Cleaner will check all drying units in all toilets to ensure there is enough supply.

**Deadline
Date:**

**Supplier
CAP:**

Supplier CAP 10/30/2010

Date:

Action Taken: The toilet facilities are now improved and are cleaner as a result of additional visits by the cleaning team to the toilets. Soap, etc., is now more readily available.

Plan Complete: Yes

Plan Complete Date: 10/30/2010

Action Verified: No

Action Verified Text:

Action Verified Date:

Health and Safety: Sanitation in Dormitories

H&S.28 All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills shall also be conducted at least annually. (S)

Noncompliance

Explanation: NEW FINDING: During dormitory tour, bedbugs were observed in some of the dormitories. The auditor randomly visited 5 rooms and they all were affected by bedbugs and insects. During worker interviews, workers also complained about bedbugs; some workers also showed their arms, apparently bitten by insects in the dorms. According to factory management, they claimed that they disinfected the rooms every week. Management claimed that the main problem is that factory workers are having their meals in the rooms, and bedbugs and insects are the result of such practice. As management provided this feedback during the closing meeting, there was no opportunity to further validate the management feedback with worker interviews.



Plan Of Action: External pest control contractor visits and disinfects the dormitories and all the dormitory facilities on a regular basis. If at any time we find that there is an increase of bugs or insects, we ask the contractor to repeat or increase his de-infestation visits. The Health and Safety Committee will discuss this matter in order to increase the residents' awareness about the dormitories. Awareness will be increased on reducing the practice of eating in their rooms and cleaning their rooms after eating, thus decreasing the bugs or insects in their environment.

Deadline Date: 10/31/2010

Supplier CAP:

Supplier CAP Date: 10/31/2010

Action Taken: Dormitories were visited by pest control contractor, who again debugged the dormitories as part of our ongoing pest control routine. Health and Safety Committee met; this subject was discussed and if the committee members are aware of this problem at any time in the future, they will immediately inform HR department, to take action once again.

Plan Complete: Yes

Plan Complete Date: 10/31/2010

Action Verified: No

Action Verified Text:

Action Verified Date:



Comments: Comment from [Factory name] March 23, 2011: Factory's appointed pest control company will come to conduct pest control monthly to ensure that dormitories are free of bugs and insects. Management also informed workers' representatives that workers are welcome to inform dormitory supervisor if they find bugs and insects in their room. Our dormitory supervisor will take proactive action immediately.

Comment from [Factory name] June 16, 2011: We have taken advice from qualified pest control experts, who are the ones who deal with all aspects of our factory and dormitory needs; they tell us that they have disinfected all the dormitories. They have concluded that what was suspected to be bedbugs was in fact flies/type of mosquitoes/fleas that have now been eradicated, as there were (as far as they can discern) no bedbugs whatsoever; complaints of bedbugs were in error and subject of the lack of knowledge on the part of the workers, some of whom had been bitten by a flea or some other lesser species. This being the case, we shall continue to monitor the situation, and the qualified/authorized pest controller that services [Factory name] will continue to come to the factory and the dormitories on a increased timetable until they are completely 100% sure that there is no longer cause for concern.

Health and Safety: Sanitation in Dormitories

H&S.28 All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills shall also be conducted at least annually. (S)

Noncompliance

Explanation: It was noted that a heater facility in the dormitory was not provided.

Plan Of Action: Management discussed the implementation of the heating facility requirements.

Deadline Date: 06/30/2008

Supplier CAP: Management agreed to install the heating units required for dormitories after the completion of new dormitories.

Supplier CAP Date: 12/31/2008



Action Taken: Factory will have its new heating facilities installed for the next winter to ensure more security and safety of workers.

Plan Complete: No

Plan Complete Date: 12/31/2009

Action Verified: No

Action Verified Text: PENDING: A heater facility in the dormitory was not provided as of yet.

Action Verified Date: 10/24/2010

Comments: Comment from [Factory name] April 20, 2011: Due to the very high installation cost, management does not have any plan in the meantime to install a heating system in dormitories. In addition, we do not receive any requests from workers regarding a heating system. However, management did provide blankets to all workers; we will not consider installing heating facilities at this stage.

Comment from [Factory name] June 16, 2011: Factory has been in a lot of discussions with the various owners of the dormitory buildings, [Factory name] only rents these buildings. They have all stated that they simply cannot take such a huge undertaking at this point in time, which not just involves the cost, but also the health and safety environment for workers. Even if we wanted to provide each room with a heater, this would involve total rewiring of the buildings to bring them to the safety standard required for such a large amount of heaters being used at one time. This might turn out some problem of overheating, which would harm both workers and dormitory. Apart from having this amount of single heaters in each dormitory, having to trust the knowledge and discipline of our foreign workers in their correct use (and not misuse), takes a serious risk for the workers' safety, as the risk of a deadly fire would be greatly increased. Factory really does not want to see the result of heaters being provided to the factory, only then to have workers injured while misusing them.

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: It was noted that foreign workers worked between 72 - 82 hours per week (including 1 Friday) in January 2008. In April and May 2008, it was 60 - 68 hours per week. The latest clock in time on a given day was 10:45pm, or 6 hours of overtime a day.

Plan Of Action: Factory will improve production planning in coordination with Hong Kong office on the materials delivery to meet deliveries in a timely manner. Additional recruits will help to improve individual worker efficiency and overall productivity will be generally increased. At this stage we will keep limiting weekly hours to 60 hours and be giving a day off in 7.

Deadline Date: 06/30/2008

Supplier CAP: Production planning and monitoring has been implemented and proper scheduling is started since July 2009. Additional workers were recruited to replace the leaving workers, working time is corrected accordingly.

Supplier CAP Date: 07/31/2008

Action Taken: Proper scheduling, monitoring of materials and recruitment of workers support in the proper scheduling and implementation of working time. Working hours are now controlled and within the requirement of the standard.

Plan Complete: Yes

Plan Complete Date: 07/31/2008

Action Verified: No

Action Verified Text: PENDING: As per provided time records, it was noted that foreign workers worked between 63 - 72 hours per week (including 1 Friday) in August and September 2010. In addition, it was noted that the combined (regular and overtime) daily working hours exceed 10 hours per day. The maximum daily hours worked was noted as 14 hours per day. As per the provided time records review of July 2010, it was noted that finishing and inspection section workers have worked until 22:45, when overtime was needed. [In accordance with the Jordanian Labor Law Article 57, the actual working hours do not exceed 10 hours every day.] Article (56) Fixing of Working Hours: The ordinary working hours shall be 8 hours per day, provided that the total working hours do not exceed 48 hours per week over a maximum of 6 days, whereby the time allocated for meals and rest shall not be calculated. The working hours should not exceed such (total) except in the cases provided for in this law.

Action Verified Date: 10/24/2010

Comments: Comments from [Factory name] December 30, 2010: These abovementioned circumstances of excess OT were caused by a dire shortage of workers and "Urgent Business Needs." These have now been partially resolved, allowing us to reduce the overall working hours worked by our employees. We will gradually fine-tune factory's production capacity and closely communicate and coordinate with Hong Kong (HK) office and the whole supply chain (buyer, fabric, raw material suppliers) for better production planning and more realistic lead times, to provide a safe buffer for the factory. Besides, by hiring more workers and improving the workers' efficiency, we hope overall productivity will be generally increased, ultimately achieving the goal of limiting the total OT hours to 60 hours a week.

Comment from [Factory name] March 23, 2011: Employees shall not be required to work more than the lesser of 48 hours per week and 12 hours overtime, or the limits on regular and overtime hours allowed by the law of the country of manufacture. Sometimes when there are urgent business needs, which means delay in production caused by delay in fabric/trims or labor shortage, workers are allowed to work overtime voluntarily. Employees will be supplied with a voluntary overtime form; they are free to sign to confirm their agreement to work OT or not. Management will keep on monitoring the hours of work to ensure weekly hours are limited to 60 and provide a 7th day of rest to all employees. [Employee names], from compliance department, will help to monitor and assure that no worker exceeds the limits of regular and overtime hours allowed by the law.



Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: It was observed from time card and payroll review that foreign workers worked from 1 - 2 Fridays in April, May and June 2008. They worked 4 Fridays in January 2008, which resulted in 24 days of continuous work without a rest day.

Plan Of Action: Factory will improve production planning in coordination with Hong Kong office on the materials delivery to meet deliveries in a timely manner. Additional recruits will help to improve the worker's efficiency, and overall productivity will be generally increased. At this stage, we will keep limiting the weekly hours to 60 hours and will be giving a day off in 7.

Deadline Date: 06/30/2008

Supplier CAP: Factory will improve production planning in coordination with Hong Kong office on the materials delivery to meet deliveries in a timely manner. Additional recruits will help to improve the worker's efficiency, and overall productivity will be generally increased. At this stage, we will keep limiting the weekly hours to 60 and will be giving a day off in 7.

Supplier CAP Date: 07/31/2008

Action Taken:

Plan Complete: Yes

Plan Complete Date: 07/31/2008

Action Verified: No

Action Verified Text: PENDING: As per provided records for August and September 2010, it was observed from time card and payroll review that finishing, cutting, sewing workers worked at least 1 rest day [applicable to Fridays in Jordan] without being given an alternate rest day. The most consecutive days noted were 13 days in September 2010. [Article (60), Each Friday of every week shall be the worker's weekly holiday, unless the nature of work requires otherwise.]

Action Verified Date: 10/24/2010

Comments: Comments from [Factory name] December 30, 2010: The need for workers to occasionally work on their rest day was due to "Force Majeure" and "Urgent Business Needs" during our peak production months, when we had difficulties in recruiting new workers, which would have enabled us to spread out the work load. As a rule we keep any excessive OT and rest day work to a minimum. Factory will further improve production planning in coordination with Hong Kong office on the delivery of raw materials and fabric to meet deliveries in a timely manner. Factory will keep on controlling overtime to acceptable levels within the confines of buyer's code of conduct (COC), in which every employee should be given 1 day time off per 7.

Comment from [Factory name] March 23, 2011: Employees shall be provided with 1 rest day in every 7 days of work; if workers must work on a rest day, an alternative day off must be provided within that same 7 day period or within a month. [Employee names], from compliance department, will help to monitor and assure that no worker exceeds the limits of regular and overtime hours as allowed by law.

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: NEW FINDING: 1. It was noted that overtime hours on some Fridays were not recorded on time records provided by management. During factory tour, auditor found a Monthly Bonus Report and a Monthly Target Performance Report. During the review of these 2 reports, it was noted that workers have worked 3 Fridays: September 3, 17 and 24, 2010. But, the provided time records and payroll only show that this worker worked 1 Friday (September 17, 2010) in September 2010. 2 Fridays (September 3 and 24, 2010) were not reflected on time card and payroll records, which were provided by management for auditor to review.

Remark: It just so happened that the day of the audit was the day that performance bonuses were being given to workers; the auditor noticed when this was being done. According to those records, factory had worked on some Fridays as noted in the finding, but they did not provide any other "time records" to account for the overtime hours the auditor noticed on the Monthly Bonus Report. It is evident that the factory has a process of recording working hours to falsely demonstrate working hours. The provided time cards do provide some evidence which suggests that at times, they do work on rest days [Fridays]. But the Monthly Bonus Report also suggests that there are rest days [Fridays] which have not been accounted for. The auditor consistently pushed for transparency when the Monthly Bonus Report was found and during the closing meeting, but the factory decided to ignore the issue and just agree with the finding.

**Plan Of
Action:**

The records shown to auditors were the only records that were available. Friday work (rest day) is only done during times of “Force Majeure” or due to “Urgent Business Needs.” This we are endeavoring to minimize, with improved logistics and prompt ordering of raw materials and accessories, etc., even at extra cost to factory. Payment for all Friday work is paid in full, in accordance to Jordanian Labor Laws, and appears in time records and wage slips, etc.

Comment from [Factory name] March 23, 2011: Training will be provided to all employees for clock in/clock out system. Moreover, HR department will send staff to monitor the process and the way employees swipe their cards in the timekeeping system to ensure recording of everyone’s clock in and clock out times. Furthermore, payroll would be checked by accounting department to make sure all wage rates are meeting minimum wage standards in order to comply with local law. Meeting was held with general manager, factory manager, personnel department and local compliance officer to understand the details of the audit. Compliance officer expressed once again our corporate code of conduct regarding hours of work, that no double bookkeeping is allowed. Hours worked each day and days worked each week, shall not exceed the legal limitations of the countries in which sewn products are produced. Manufacturers of sewn products will provide 1 day off in every 7 day period, except as required to meet urgent business needs. Factory will ensure to provide accurate records for review and has instructed the floor supervisors to recheck their own departments and to report if they found any double books. Regarding payment of production bonuses, these are paid separately and later in the month, as they are in addition to normal wages, which are paid promptly and in full within the first week of the month. We will ensure all working hours are recorded in an accurate way. We’ll hold a training to educate the fact that workers must clock in/clock out while they are present at factory; we will also train the security to remind the workers once they enter factory. We’ll keep monitoring for a certain period of time to ensure all employees have done this. Certainly, all employees should not be lower than the local minimum wage standard. Anyway, factory will schedule a training to strengthen the workers’ knowledge about the company’s wages system. Moreover, factory will ensure all working hours records are accurate and completely recorded so that all payroll, attendance and working hours can be verified by auditor.

**Deadline
Date:** 10/31/2010

**Supplier
CAP:**

**Supplier CAP
Date:** 10/31/2010

Action Taken: As above, training will be provided to all employees for clock in/clock out system. Moreover, HR department will send staff to monitor the process and the way that employees swipe their cards in the timekeeping system to ensure everyone's clock in and clock out times will be recorded. Furthermore, payroll would be checked by accounting department to make sure all the wage rates are meeting minimum wage standards in order to comply with local law. Meeting was held with general manager, factory manager, personnel department and local compliance officer to understand the details of the audit. Compliance officer expressed once again our corporate code of conduct of "No double book keeping allowed." Moreover, compliance officer expressed once again our corporate code of conduct of "Hours of work." Hours worked each day and days worked each week shall not exceed the legal limitations of the countries in which sewn products are produced. Manufacturers of sewn products will provide 1 day off in every 7 day period, except as required to meet urgent business needs. Factory will ensure to provide accurate records for review and instruct the floor supervisors to recheck their own departments and to report if they found any double books.

Plan Complete: No

Plan Complete Date: 10/31/2010

Action Verified: No

Action Verified Text:

Action Verified Date:
