



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Zephyr Graf-X
COUNTRY: United States
FACTORY CODE: 1300821101I
MONITOR: Level Works
AUDIT DATE: May 17 – 18, 2010
PRODUCTS: Hats
PROCESSES: Embroidery
NUMBER OF WORKERS: 6



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Forced Labor: Employment Records

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

Noncompliance

Explanation: After reviewing workers' personnel files, it was noticed that factory only had personnel files for 1 employee; according to management, they do not keep hiring and employee records.

Plan Of Action: Factory does not have a Spanish version of the employment application. If a worker cannot fill out an application in English, the questions are administered orally in Spanish by the hiring supervisor. Therefore, no paperwork kept on file.

1. Factory HR supervisor will create an organized personnel file for each employee at the time of hire.

2. File will contain a copy of the employment application (or notes from the oral interview if in Spanish) and a copy of the employee's ID. It might also contain the W-4, employee's resume, and any written disciplinary actions taken. The I-9 is to be kept in a separate file.

3. Once per year, factory manager will perform a review of personnel files to make sure all are accurate and complete.

Deadline Date: 09/15/2010

Action Taken: Employee files have been updated, but the I-9s have not yet been completed. The factory management has stated that they will complete this by July 25, 2011.

Plan Complete: No

Plan Complete Date:



Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Noncompliance

Explanation: After management interview it was noted that the factory did not have any type of written grievance policy procedures in place. Management stated that because of the size of the factory, they did not have any type of policies and procedures in place.

Plan Of Action: The factory had an open door policy, but it had not been written down.

1. Using CAmP guidelines and Zephyr grievance procedure project materials, factory will develop a written grievance policy and procedures.
2. This will include a formal procedure (written complaint to HR) and an informal procedure (suggestion box and open door policy) for workers.
3. Policy and procedure will be communicated to workers orally, as well as posted in the factory workplace. New workers will be trained at the time of hire.
4. Factory will keep records of trainings and suggestions/complaints in order to review annually.
5. In order to integrate workers' opinions, grievance procedure will be discussed during annual meetings. Workers should be encouraged to give feedback regarding process. They will also be able to provide feedback anonymously through the informal channel.

Deadline Date: 09/15/2010

Action Taken: Factory has adopted a grievance procedure and trained all workers. HR department has also created a system for recording any grievances submitted.

August 2011 Update: Workers received verbal training conducted by factory director. Training discussed each policy and procedure point, gave examples, and the manager answered any questions workers had regarding the policy or training. Workers then signed a copy of the policy to indicate they had received training. In addition, policy has been posted in the main office next to all other factory policies and labor laws. A suggestion box has also been set up in the production area in order to field anonymous informal complaints. See uploaded policy/procedure, training record, and photo.



Plan Complete: Yes

Plan Complete Date: 01/21/2011

Harassment or Abuse: Discipline/Progressive Discipline

H&A.2 Employers shall have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination). Any exceptions to this system (e.g., immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers. (P)

Noncompliance

Explanation: After management interview it was noted that factory did not have any type of written system of progressive discipline in place. Management stated that because of factory's size, they did not have any type of written system of progressive discipline in place.

Plan Of Action: Because of the size of factory, discipline had usually been administered verbally.

1. Factory will create a policy and procedure for a progressive discipline system.
2. Procedure will include details such as reasons for disciplinary actions, steps of progressive discipline, how actions will be communicated to worker, and steps for appeal.
3. HR supervisor will also hold a training session for workers to discuss the new system of discipline, and will add material to new hires' orientation.
4. HR supervisor will keep accurate records and documentation of all meetings and disciplinary steps taken.
5. At least annually, factory manager will review records and procedures to ensure accuracy and find areas for improvement.

Deadline Date: 09/15/2010



Action Taken: Factory has adopted a comprehensive and progressive disciplinary policy and procedure. In addition, HR department has trained workers and created a system for recording disciplinary actions and results.

August 2011 Update: Workers received a verbal training conducted by the factory director. The training discussed each point in the policy and procedure, gave examples, and the manager answered any questions workers had regarding the policy or training. Workers then signed a copy of the policy to indicate that they had received training. See uploaded policy/procedure and training record.

Plan Complete: Yes

Plan Complete Date: 01/21/2011

Harassment or Abuse: Discipline/Worker Awareness and Participation of Workers

H&A.6 Workers must be informed when a disciplinary procedure has been initiated against them. Workers have the right to participate and be heard in any disciplinary procedure against them. Employers shall maintain written records of all disciplinary actions taken. Workers must sign all written records of disciplinary action against them. Such records must be maintained in the worker's personnel file. (P)

Noncompliance

Explanation: After management and workers interviews it was noted that factory did not have any type of communication process to inform workers of any disciplinary procedure. Factory also did not maintain written records of all disciplinary actions taken. Management stated that because of the size of factory, they never run into this kind of situation and that's why they don't have any kind of communication process in place.

Plan Of Action: Because of the size of factory, discipline had usually been administered verbally.

1. Factory will create a policy and procedure for a progressive discipline system.
2. Procedure will include details such as reasons for disciplinary actions, steps of progressive discipline, how actions will be communicated to worker, and steps for appeal.
3. HR supervisor will also hold a training session for workers to discuss the new system of discipline, and will add the material to new hires' orientation.
4. HR supervisor will keep accurate records and documentation of all meetings and disciplinary steps taken.
5. At least annually, factory manager will review the records and procedures to ensure accuracy and find areas for improvement.

Deadline Date: 09/15/2010

Action Taken: Factory has adopted a comprehensive and progressive disciplinary policy and procedure, including steps for communicating process to workers. In addition, HR department has trained workers and created a system for recording disciplinary actions and results. Aug 2011 updates - Workers received a verbal training conducted by the factory director. The training discussed each point in the policy and procedure, gave examples, and the manager answered any questions workers had regarding the policy or training. Workers then signed a copy of the policy to indicate that they had received training. See uploaded policy/procedure and training record.

Plan Complete: Yes

Plan Complete Date: 01/21/2011

Child Labor: Other Means of Age Verification

CL.4 In those cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary precautions which can reasonably be expected of them to ensure that all workers are at least the minimum working age, including requesting and maintaining medical or religious records of workers, or through other means considered reliable in the local context. (P)

Noncompliance

Explanation: After reviewing workers' personnel files, it was noted that the factory did not take the necessary precautions to ensure that a worker was at least minimum working age; they did not have the I-9 form and copies of their ID.

Plan Of Action: Factory has procedures to perform age verifications during hiring process, but they were not followed closely.

1. Factory will create a written policy stating that they will not hire any workers below the legal working age.
2. Factory will write down and make sure to follow the current procedures for age verification: i) fill out and store I-9 form according to law and ii) store copies of worker's identification with I-9.
3. Once per year, factory manager will verify that I-9 forms are organized, accurate, and complete.

Deadline Date: 09/15/2010

Action Taken: Factory has created a written policy and procedure for age verification, but has not completed the I-9s yet. Factory management has stated that they will complete this by July 25, 2011.

Plan Complete: No

**Plan
Complete
Date:**

Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: After management and worker interviews, it was noted that factory does not communicate the code provision to all workers on a regular basis.

**Plan Of
Action:** Factory had received code training from a company representative during March 2010. Only 2 supervisors and 2 workers were present in factory. Other workers and supervisors had not received training.

1. Factory will create a written policy stating that code training will be conducted on a regular basis.
2. Factory will create written procedures for conducting code training that include: i) training the trainer using materials from Zephyr Code training session, ii) training workers at time of hire - to be administered by HR supervisor, iii) training once annually for all workers and managers - to be administered by factory manager, iv) keeping records of all trainings.

**Deadline
Date:** 09/15/2010

**Action
Taken:** Factory has created a policy and procedure for annually training workers. All workers and new hires have received this training. Code training was observed during Aug 2011 visit. The factory manager covered all elements of the Code, gave examples, and discussed a few benchmarks under each one. In addition, workers were directed to the confidential reporting channel that allows them to contact the company anonymously if there are Code violations in the factory. A record was kept of the training with workers' signatures. See uploaded training policy, training record, and photo.

Plan Complete: Yes

Plan Complete Date: 01/21/2011

Health and Safety: General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

Noncompliance

Explanation: Factory is not complying with local laws, regulations and procedures concerning health and safety.

1. Factory must communicate employees regarding evacuation plan.
2. Aisles and evacuation routes are not properly marked.
3. Evacuation plan plot was not posted. (OSHA section 29 CFR 1910.38)

Plan Of Action:

1. H&S will create evacuation plan, post it in each main room, and communicate it to workers.
2. Aisles needed for evacuation will be kept clear and marked with tape to indicate evacuation route.
3. H&S supervisor will also coordinate an annual fire drill.
4. Time to evacuate will be recorded so that H&S supervisor can set goals and work towards improvement.
5. A copy of evacuation plan and fire drill records and times will be kept in the H&S binder.

Deadline Date: 09/15/2010

Action Taken: Factory has created and posted evacuation plan, and conducted an emergency evacuation drill. While factory has a form for keeping records of drills and training, it had not filled it out yet. Management stated that this will be done by July 25, 2011.

August 2011 Update: Factory has posted evacuation plans on all embroidery machines, and conducted fire drills in February and August 2011. Records were kept of each drill, including whether it was unannounced or announced and the time to evacuate so that improvement can be measured. Also, aisles needed for evacuation have been marked with blue tape, and highlighted blue on the evacuation plan. See uploaded training record and photos.

Plan Complete: Yes

Plan Complete Date: 08/26/2011

Health and Safety: Written Health and Safety Policy

H&S.3 Employers are required to develop, maintain and regularly review a written health and safety policy. The policy must, at the very least, be aimed at complying with legal minimum safety and health standards, regulations and procedures. (P)

Noncompliance

Explanation: After reviewing legal documents, it was noted that factory does not have health and safety policy and procedures in place.

Plan Of Action:

1. Factory has assigned embroidery supervisor to oversee health and safety in factory. The new H&S supervisor will manage all OSHA and fire code regulations, worker training, and record keeping.
2. Factory will use OSHA Small Business Handbook to help create written health and safety policy and procedure.
3. Policy and procedure should be stored in a H&S binder and posted for workers.
4. H&S supervisor will communicate policy and procedure to workers.



Deadline Date: 09/15/2010

Action Taken: Factory is using OSHA Small Business Handbook as its basis for H&S plan, but has not actually created a succinct policy and plan yet. Zephyr provided management with a short framework and outline for the plan; it will be finished by July 25, 2011.

Plan Complete: No

Plan Complete Date:

Health and Safety: Notification and Record Maintenance

H&S.7 Employers shall notify the relevant authorities of all illnesses and accidents as required by applicable laws. All illness, safety and accident reports shall be maintained on site for at least one year, or longer if required by law. (P)

Noncompliance

Explanation: During documents review, it was noticed that factory did not use an OSHA log 300 form to record any injuries or illnesses. According to OSHA Recording and Reporting Occupational Injuries and Illness, 1904.29(a) Recordkeeping Forms and Recording Criteria. You must use OSHA 300 forms, or equivalent forms, for recordable injuries and illnesses.

Plan Of Action:

1. In H&S records, supervisor will create a section for storing information about workplace injuries and illnesses.
2. Supervisor will download OSHA log 300 blank forms from OSHA website to properly record any incidents.
3. Factory manager will sign OSHA form for any workplace injuries and illnesses before it is stored. In addition, once per year, factory manager will verify that the file is being kept and the forms filled out properly.

Deadline Date: 09/15/2010

Action Taken: Factory has downloaded OSHA log 300 blank form and has stored it in the H&S binder. The manager in charge of health and safety has been instructed to use it in case of any workplace injuries or illnesses. See uploaded photos.

Plan Complete: Yes

Plan Complete Date: 01/21/2011

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:**
1. After reviewing documents it was noted that factory does not conduct or record any type of fire drills during the year. (OSHA standard 29 CFR 1910.38)
 2. During factory tour, it was noted that evacuation routes and aisles were not properly marked. (OSHA regulations 29 CFR 37(a)(1))
 3. During factory tour, it was noted that evacuation plan plot was not posted anywhere in the factory.

Plan Of Action:	<ol style="list-style-type: none">1. H&S will create evacuation plan, post it in each main room, and communicate it to workers.2. Aisles needed for evacuation will be kept clear and marked with tape to indicate evacuation route.3. H&S supervisor will also coordinate an annual fire drill.4. Time to evacuate will be recorded so that H&S supervisor can set goals and work towards improvement.5. A copy of evacuation plan, fire drills records and times will be kept in the H&S binder.
Deadline Date:	09/15/2010
Action Taken:	<p>Factory has created and posted evacuation plan, and conducted an emergency evacuation drill. While factory has a form for keeping record of drills and training, it had not filled it out yet. Management stated that this will be done by July 25, 2011.</p> <p>August 2011 Update: The factory has posted evacuation plans on all embroidery machines, and conducted fire drills in February and August 2011. Records were kept of each drill, including whether it was unannounced or announced and the time to evacuate so that improvement can be measured. See uploaded training record and photos.</p>
Plan Complete:	Yes
Plan Complete Date:	08/26/2011

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: After employee interviews, it was noted that no one in factory is trained in first aid and fire fighting techniques.

Plan Of Action: Factory manager currently has up-to-date first aid and CPR training.

1. Factory will contract with local fire department to conduct a fire fighting training for workers and managers. Training records and notes will be kept in H&S binder for future reference.
2. Factory manager will make sure to keep first aid and CPR trainings up to date. In addition, factory will go over the contents and procedure for the first aid box with workers.
3. H&S factory supervisor will use OSHA training materials to increase knowledge and awareness.

Deadline Date: 09/15/2010

Action Taken: 2 managers are trained in first aid and CPR; manager in charge of health and safety has been using OSHA Small Business Handbook as a guide for establishing H&S policies and procedures. First aid has been stocked and placed in a more visible location.

August 2011 Update: The factory has conducted several emergency evacuation drills in case of fire (or other emergency). Workers have been taught the steps for a safe evacuation. In addition, workers received fire extinguisher training in the factory parking lot. See uploaded photo.

Plan Complete: Yes

Plan Complete Date: 08/26/2011

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: After the factory tour, it was noted that the break area was not kept clean.

Plan Of Action: 1. Factory will set up a rotating schedule for employees to make sure the break area is kept clean.
2. H&S supervisor will be in charge of keeping the schedule, assigning employees, and monitoring the area.

Deadline Date: 09/15/2010

Supplier CAP: Factory has assigned the task to 1 supervisor who is in charge of keeping the break area, as well as all emergency exit routes or aisles, clear.

Supplier CAP Date:

Action Taken: Factory has assigned the task to 1 supervisor who is in charge of keeping the break area, as well as all emergency exit routes or aisles, clear.

Plan Complete: Yes

Plan Complete Date: 01/21/2011
