



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Russell Brands
COUNTRY: Bangladesh
FACTORY CODE: 2600051268I
MONITOR: PHULKI
AUDIT DATE: December 20 – 21, 2010
PRODUCTS: Knitting
PROCESSES: Cutting, Sewing, Packaging,
Finishing
NUMBER OF WORKERS: 585



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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: Wages and OT compensation are paid monthly between the 10th – 15th of the following month. However, wages of workers (including OT payment) have to be paid the 7th day of the following month.

Legal reference: Subclause 1, Section 123, Bangladesh Labor Act 2006: The wages of every worker shall be paid before the expiry of the 7th working day after the last day of the wage period in respect of which the wages are payable.

Plan Of Action: Factory management will create wages and benefits policy and procedures outlining how and when wages, benefits and OT compensation are paid. Factory management will assign HR person to be responsible for assuring that all workers are paid by the 7th day of the following month.

Deadline Date: 03/10/2011

Action Taken: Factory management has created "Salary/Wages & Benefits Policy," which outlines standard monthly work hours, regular rest days, wage calculations, and attendance/leave payment policy. In accordance with local law, all payments are made in cash "within 7 working days." Additionally, policy specifies the regular attendance bonus and semi-annual holiday bonus. Oversight of punctual and correct payment has been added to the responsibilities of the Executive Director of Human Resources. Policy sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 05/30/2011

Freedom of Association: General Compliance Freedom of Association

FOA.1 Employers shall comply with all local laws, regulations and procedures concerning freedom of association and collective bargaining. (S)

Noncompliance

Explanation: Factory established a Workers' Participation Committee (WPC), but WPC worker representatives are not active. Members do not know roles and responsibilities; workers are not familiar with committee members. If there are problems, workers communicate to person in charge or their supervisor instead of committee members.

Legal reference: Section 206, Bangladesh Labor Act 2006: "Functions of Participation Committee: 1) to inculcate and develop a sense of belonging and worker commitment and: a) to endeavor to promote mutual trust, understanding and cooperation between employer and workers, b) to ensure application of labor laws, c) to foster a sense of discipline and improve and maintain safety, occupational health and working conditions, d) to encourage vocational training, worker education and family welfare training, e) to adopt measures for improvement of welfare services for workers and their families; and f) to fulfill production target, improve productivity, reduce production cost and wastes and raise quality of products."

Plan Of Action: Management will create WPC charter indicating its purpose and including details of election procedure to ensure representatives are elected by workers from amongst workers. Charter will provide WPC member list with their training and responsibilities. List will be posted on factory bulletin board, with all other required postings. List will be updated and posted as members are added or are no longer active. Management will assign HR as responsible person for awareness training content and schedule.

Deadline Date: 03/11/2011

Action Taken: Management created WPC charter with details of its purpose, which is to create a good relationship between laborers and management, explaining their respective responsibilities. WPC is comprised of equal representatives from labor and administration. Employee delegates chosen by workers of each sewing floor through election to be held annually. Charter includes WPC member list, with roles in company and WPC, and monthly training topics such as "Implementation of Labor Law" and "Increase Production by Maintaining Good Quality." To encourage WPC's visibility and utility, list is conspicuously posted on bulletin board with all other required postings. Employees are made aware of WPC through election notices, bulletin board postings and at new employee orientation. As a supplement to charter, worker's welfare policy also written, outlining formal conflict resolution process and responsibilities of newly created welfare officer, charged with remediation of minor concerns. Sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 05/30/2011

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: Management only uses suggestion box system as their grievance procedure. We did not find any other grievance procedures for handling workers' grievances. Suggestion boxes are installed in toilets and all are almost non-functional. Only 1 suggestion has been submitted so far, there is no record of follow up available. Workers' knowledge on grievance procedure is very poor. Some workers do not know about the existence of suggestion boxes; some knew of their existence, but were not clear on their purpose and procedure. No training records for worker awareness on grievance procedure or suggestion box system were available for review.

Sources: interviews, record review, floor visit

Plan Of Action: Management will create policy and procedure to properly manage the use of suggestion boxes. Policy should indicate number of suggestion boxes, where they should be installed in facility, how often they will be checked and type of follow up to be given. Management will determine who will be responsible for checking suggestion boxes. Policy will include how "suggestion box awareness" program is to be implemented.

Deadline Date: 03/11/2011



Action Taken: Management created grievance policy to settle any dissatisfaction or misunderstanding, create a peaceful work environment, and provide employees the right to get justice. Policy outlines proper procedures for expressing grievances both orally and in writing (confidential). Oral complaints received by line supervisors reviewed with appropriate manager for immediate resolution. Employees given the right to elevate issues directly to welfare officer or senior management as they see fit. Written grievances collected via secure suggestion boxes installed in every restroom, to provide an environment free from potential intimidation. Grievances collected each Saturday and reviewed by administration and compliance department. All suggestions/complaints registered and kept on file. Workers informed of grievance procedure through training in regular worker's meetings, bulletin board posting, and new employee orientation. Usage instructions posted at each suggestion box. Grievance and welfare policy and photos sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 05/30/2011

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: Factory does not have a strong system for handling discipline. Monitors reviewed some written warnings in workers' personnel files. However, there are no systems in place for workers to participate and be heard in any disciplinary procedure against them.

Plan Of Action: Management will create policy and procedure to regulate disciplinary actions, including: what type of incidents require disciplinary action; what type of disciplinary action should be given for what infraction; who in facility will be responsible for applying disciplinary action; and how disciplinary procedures will be communicated to workers. Policy will include an appeal mechanism for workers.

Deadline Date: 03/11/2011

Action Taken: Factory created disciplinary practice policy which provides procedures to regulate disciplinary actions. Incidents requiring disciplinary action stated in policy as outlined in Bangladesh Labor Code 2006, and include theft, absenteeism, computer abuse, etc. Consequences begin with verbal and written warnings, escalate gradually up to suspension and the final step, termination, as situation requires. Also, policy includes procedure workers can use to appeal disciplinary decisions directly to Managing Director. HR Manager is responsible for communicating disciplinary procedures to the workforce through New Employee Orientation and monthly Worker Awareness Training. Reviewing and applying disciplinary actions is also the responsibility of HR Manager. Policy sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 05/30/2011

Code Awareness:

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

Noncompliance

Explanation: Observed that company did not provide company code of conduct (COC) to factory.

Plan Of Action: Management will ensure that Russell Brands' COC is posted throughout factory according to posting requirements.

Deadline Date: 02/15/2011

Action Taken: Russell Brands provided factory with a copy of their current COC in Bengali, the only primary language spoken in the facility. Factory management posted COC, along with other customers' COCs, on bulletin board area on each production floor. Photo sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 05/30/2011

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: Company did not communicate COC or FLA affiliation to factory management. No trainings held for management, supervisors or workers.

Sources: worker and management interviews

Plan Of Action: Management will develop COC awareness program to ensure workers and management are periodically informed of COC elements and Russell Brands' affiliation to the FLA.

Deadline Date: 03/14/2011

Action Taken: Russell Brands has taken necessary steps to ensure COC is posted in factory as mentioned in previous item. Factory's HR Manager has included "Buyers' Code of Conduct" awareness in monthly Worker Awareness Program. Program is held for all employees every month. The newest version of Russell's COC includes reference to FLA; through this remediation process, factory has become well aware of Russell's affiliation. Worker Awareness attendance log from January 2012 sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 06/02/2011

Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: No reporting mechanism that allows factory workers to contact FLA member company independently.

Plan Of Action: Factory management will develop a proper communication channel and enable all employees to report directly to Russell Brands regarding any violation to the COC.

Deadline Date: 03/15/2011

Action Taken: Russell Brands' COC provided to factory and posted. Code provides a phone number so employees can contact Russell Brands directly in case there is a violation that needs to be reported. Management has developed a proper communication channel and will enable employees to report directly to Russell Brands if there are any violations against the code that need to be reported.

Plan Complete: Yes

Plan Complete Date: 06/02/2011

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: In a number of places in finishing section and go-down/store, fire extinguishers were blocked with finished goods and boxes. Aisles were blocked with fabric and some aisle markings were faded in a number of places in cutting, sewing and finishing sections.

Plan Of Action: Management will move finished goods and cartons away from finishing section and warehouse; they will not block fire extinguishers which were blocked. Management will mark all faded aisles and upgrade other emergency alert systems. Management will create policy and procedures and establish a factory Health and Safety Committee to ensure compliance with H&S standards. This committee will frequently conduct H&S checks at facility to ensure sustainable practices. Also, management will name a committee leader who will be responsible for assuring facility has good H&S conditions.

Deadline Date: 03/11/2011

Action Taken: Factory has made sure fire extinguishers are not blocked. Finished goods and cartons relocated to appropriate warehouse section. All walkways re-marked with yellow paint; arrows marking direction of evacuation painted on floor in red. To help maintain safe conditions, H&S Committee has been formed to ensure compliance with H&S standards. Committee comprised of voluntary members selected by HR and Compliance Manager. Management appointed General Manager of Production as committee leader to assure good H&S conditions are maintained in facility. Welfare officer conducts monthly facility inspections to maintain clear fire alarms and exits and functional emergency lights. Policy sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 05/30/2011

Health and Safety: Other - Health and Safety

Other

Noncompliance

Explanation: There is a child care center on factory premises, located in the go-down/store and not well ventilated. The environment is not appropriate for children. No children and no trained caregivers observed at child care center on day of audit.

Plan Of Action: Management will upgrade child care facility and plan to complete it by March 10, 2011. Child care facility will be located on factory's ground floor. Management will create and develop a policy to regulate the facility's use. Also, management will assign a responsible person to ensure proper use and maintenance of child care facility and awareness program.

Deadline Date: 03/10/2011

Action Taken: Factory created child care facility, located on factory's ground floor to allow greater light, ventilation, and easy access for parents. Furniture such as a bed, cradle, and seating are all provided, in addition to children's toys and food to accommodate up to 6 children. A qualified nurse (with nursing diploma) maintains operational oversight of facility. Factory management developed policy to regulate facility's use and has assigned compliance officers to ensure proper use and maintenance of facility. Policy sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 05/30/2011

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: Monitors observed that there is excessive overtime. Finishing workers are working more than 60 hours per week. Factory maintains double timekeeping system; management did not share all excessive OT records with monitors. Monitor found some draft records of excessive OT in finishing section for October 2010 (up to 91 hours a week). Workers reported all excessive hours are paid with correct OT premiums. (200% of hourly rate)

Plan Of Action: Management will create hours of work policy and procedures that outline: 1) regular hours expected (employees shall not be required to work more than lesser of 48 hours per week and 12 hours OT, or limits on regular and OT hours allowed by law of country of manufacture); 2) when OT will come into effect; 3) what constitutes extraordinary business circumstances and ensures all OT is performed voluntarily; and 4) that workers shall be entitled to at least 1 day off in every 7 day period; if workers must work on a rest day, an alternative day off must be provided within or immediately following the 7-day period. Management will create procedures that: 1) describe how workers will be communicated to concerning hours of work; 2) how factory will ensure management will oversee hours of work; 3) HR will be responsible or accountable for assuring that no worker exceeds legal limits of regular and OT hours. Factory has provided 2 dates: 1 for creation of policy (short term: April 15, 2011; implementation of policy: long term July 5, 2011).

Deadline Date: 07/05/2011

Action Taken: Due to excessive OT hours observed, management created hours of work policy. Policy is posted on factory notice board and includes outline of regular work hours required. Employees are not required to work more than 48 regular hours plus 12 OT hours (total 60) per week except in exceptional circumstances (fire, flood, etc., as defined by FLA). Management also created and posted factory rest day policy that entitles all employees at least 1 day off in every 7-day period. If production requirements necessitate work on traditional day of rest (Friday) and gazette holidays, workers receive alternate day of rest (within same 7-day period) and are paid at appropriate premium rate. All prospective employees are informed of policies, procedures, legal limitations on work hours, and voluntary nature of OT work at time of hire. Work hours are also covered for all current employees during monthly Worker Awareness Program. HR Manager is responsible and accountable for assuring that no worker exceeds legal limits on regular and OT hours. Policy sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 07/30/2011

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: In September and October 2010, workers in finishing section worked 20 consecutive days with no rest (September 25 – October 14, 2010).

Plan Of Action: Hours of work policy and procedures (as per HOW.1 violation) will outline that workers shall be entitled to at least 1 day off in every 7-day period, but if workers must work on a rest day, an alternative day off must be provided within or immediately following the same 7-day period.

Deadline Date: 03/11/2011

Action Taken: As mentioned in HOW.1, factory created rest day policy, which is posted on notice board. Policy outlines that workers shall be entitled to at least 1 day off in every 7-day period, but if workers must work on rest day, an alternative day off must be provided within same 7-day period or immediately following the 7-day period. HR representative will be responsible for assuring all employees are given 7th-day rest. Policy sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 06/30/2011



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: Factory maintained double records relating to hours of work. Any OT work after 7:30pm is not recorded on attendance cards. Regular work hours are from 8:30am – 5:30pm. Any OT within 2-hour daily limit (until 7:30pm) is recorded. For excessive OT after 7:30pm, factory maintains separate record register.

Plan Of Action: Management will ensure only 1 set of time records are maintained as required by law and understands the importance of transparency. Factory will ensure that these records will be presented to auditors upon request. Management will assign HR manager as person to ensure all employee hours are recorded on attendance cards.

Deadline Date: 01/11/2011

Action Taken: Management understands the importance of transparency and assures that only 1 set of records is maintained as required by law. Management has assigned HR Manager (overseen by Executive Director) to be responsible for maintaining these records. All attendance cards are verified and signed by workers; HR Manager will verify that hours recorded on attendance cards are accurately reflected on payroll records. Compliance with this procedure will be verified through annual third-party assessments throughout the duration of Russell's relationship with this facility.

Plan Complete: Yes

Plan Complete Date: 06/30/2011

Hours of Work: Sick Leave

HOW.19 Employers shall provide workers with sick leave as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: Workers cannot get casual and sick leave easily. Most workers did not get leave as per their need, and in emergency cases, workers could only get unpaid leave.

Sources: worker interviews

Plan Of Action: Management will create policy to regulate how sick and casual leaves are granted and will assign an HR person responsible for assuring that no worker is denied casual or sick leave as allowed by law. Factory management will have annual policy review training with workers to ensure all employees understand the policy.

Deadline Date: 03/10/2011

Action Taken: Management has created a leave policy. Policy is to regulate how sick and casual leaves are granted, and includes earned leave, casual leave, sick leave, festival leave, maternity leave and short-time leave. Factory has assigned HR person responsible for assuring that no worker is denied leave that is allowed by law and policy. Management will have annual policy review training with workers ensure all employees understand the policy. Policy sent to FLA for review.

Plan Complete: Yes

Plan Complete Date: 03/30/2011
