2011

FAIR LABOR ASSOCIATION
INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Evergreen Enterprises
COUNTRY: India
FACTORY CODE: 9900321304J
MONITOR: International Resources for Fairer Trade (IRFT)
AUDIT DATE: August 11 – 12, 2011
PRODUCTS: Coir Mats, PVC-Tufted Coir Matting
PROCESSES: Washing, Dyeing, Bleaching, Drying, Spooling, Weaving, Inspection, Cross Cutting, Mending, Winding, Packing, Dispatch
NUMBER OF WORKERS: 146

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. The FLA has not yet received a response from the company. Therefore, the report is posted in its current state and will be updated once a finalized report has been received.

For an explanation on how to read this report, please visit the FLA website here.
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**Fair 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:** Security guards are not paid any OT compensation at 200% rate for OT work.

Legal reference: Factory's Act 1948 (Section 59. Extra Wages for Overtime): For any overtime work done by a worker, they shall be entitled to wages at the rate of twice their ordinary rate of wages.

**Plan Of Action:** Evergreen has asked the factory to pay the security guards according to The Factory's Act 1948 and to keep a record of all the payments.

**Deadline Date:** 09/26/2011

**Supplier CAP:** Factory will ensure that security guards will not work overtime.

**Supplier CAP Date:** 09/28/2011

**Action Taken:** Factory has informed the security agency to reduce the work hours of guards and to fix the work hours as 8.

**Plan Complete:** Yes

**Plan Complete Date:** 10/03/2011
**Fair Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation**

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

**Noncompliance**

**Explanation:** No wage register including the total number of hours worked, along with social security benefit deductions being maintained for the security guards.

Legal reference: Payment of Wages Act, 1936 (913A. Maintenance of Registers and Records): Every employer shall maintain particulars of persons and work performed by them, wages paid and deductions made from their wages, the receipts given by them.

**Plan Of Action:**

**Deadline Date:**

**Supplier CAP:** Factory will ensure proper wage register is maintained.

**Supplier CAP Date:** 09/28/2011

**Action Taken:** Factory has asked security agency to provide the wage slips for all security guards.

**Plan Complete:** Yes

**Plan Complete Date:** 10/03/2011
Fair Wages, Benefits and Overtime Compensation: Worker Wage Access to Information

WBOT.25 Workers shall have access to understandable information from their employer about their wages and benefits. (P)

Noncompliance

Explanation: Security guards do not have an understanding of how their wages and benefits are calculated.

Legal reference: The Payment of Wages Act, 1936

Plan Of Action:

Deadline Date:

Supplier CAP: Factory will ensure security guards are aware of the wage structure.

Supplier CAP Date: 09/28/2011

Action Taken: The HR person will provide the necessary information to all the security guards.

Plan Complete: No

Plan Complete Date: 10/15/2011
Fair Wages, Benefits and Overtime Compensation: Other - Wages, Benefits and Overtime Compensation

Other

Noncompliance

Explanation: No personnel files being maintained for the security guards. Legal reference: The Factories Act, 1948

Plan Of Action:

Deadline Date:

Supplier CAP: Factory will maintain all personnel files for security guards.

Supplier CAP Date: 09/28/2011

Action Taken: All personal data of the security guards is being collected.

Plan Complete: Yes

Plan Complete Date: 10/04/2011
Harassment or Abuse: General Compliance Harassment or Abuse

H&A.1 Employers shall comply with all local laws, regulations and procedures concerning discipline, violence, harassment and abuse. (S)

Noncompliance

Explanation: Factory has a standing order, but this is not certified by the concerned authority. Legal reference: The Industrial Employment (Standing Orders) Act 1946

Plan Of Action:

Evergreen asked factory to provide certified standing order.

Deadline Date:
12/30/2011

Supplier CAP:
Factory will provide certified standing order.

Supplier CAP Date:
09/28/2011

Action Taken:
Discussions are going on with the trade unions.

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:** Evergreen's Code of Conduct (COC) has not been displayed on production floor or notice board. Workers are not aware of the same.

**Plan Of Action:** Evergreen has asked factory to display Evergreen's COC on production floor or notice board, and to make sure all workers are aware of the code.

**Deadline Date:** 10/07/2011

**Action Taken:** Factory has displayed Evergreen's COC on production floor or notice board, and got all workers aware of the code.

**Plan Complete:** Yes

**Plan Complete Date:** 10/04/2011
**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 communication channel by means of which workers can directly contact (or report to) the FLA member company.

**Plan Of Action:**

**Deadline Date:**

**Action Taken:** All workers address the issue of noncompliance of workplace standards and related issues through the respective trade unions, then the trade union representative will contact or report to the FLA member company.

**Plan Complete:** Yes

**Plan Complete Date:** 10/04/2011
Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Noncompliance

Explanation:

1. Factory does not have a certificate for fire safety from fire department (Fire No Objection Certificate).

2. Noise testing report was not available for the power loom section.

3. Factory's approved building plans were from 1996. 3 new production units have been constructed since then; the building plans have not been approved by the concerned authority.

4. Factory does not have a stability certificate.

Plan Of Action:

Deadline Date:

Supplier CAP: Valid certificates and testing reports will be made available.

Supplier CAP Date: 10/25/2011

Action Taken: Necessary steps have been taken to obtain Fire No Objection Certificate, stability certificate and revised building plans. Authorized agency for testing noise level has been contacted for testing the same.

Plan Complete: No

Plan Complete Date:
Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: Personal protective equipment (PPE) in power loom section was not appropriate for the high decibel level of sound.

Plan Of Action:

Deadline Date:

Supplier CAP: Appropriate PPE will be provided after noise level tests are made and assessed.

Supplier CAP Date: 10/25/2011

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

Noncompliance

Explanation: The roof and a wall on which there was an electric panel were found to be leaking in power loom section, which is hazardous.

Plan Of Action:

Deadline Date:

Action Taken: A contractor has been assigned to do the necessary maintenance work.

Plan Complete:

Plan Complete Date: 10/04/2011
Health and Safety: Other - Health and Safety
Other

Noncompliance

Explanation: Audiometric tests for workers working in power loom section where noise levels are high have not been done.

Plan Of Action:

Deadline Date:

Action Taken: Factory has done the audiometric tests.

Plan Complete: Yes

Plan Complete Date: 09/28/2011
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: Agreement with factory and contractor agency for security guards (Group 7 Guards) was not available for review on day of audit.

Legal reference: Contract Labor (Regulation and Abolition) Act, 1970

Plan Of Action:

Deadline Date:

Action Taken: Agreement with factory and contractor agency is now available.

Plan Complete: Yes

Plan Complete Date: 09/28/2011
**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:** Inconsistency was found regarding the security guards' rest day. Worker interviews revealed that security guards work continuously throughout the week without a rest day. However, manual time records of security guards revealed that they have 1 day off a week.

**Plan Of Action:**

**Deadline Date:**

**Action Taken:** Factory has asked contract agency to provide relief guard to ensure that guards get 1 off day every week.

**Plan Complete:** Yes

**Plan Complete Date:** 10/04/2011
**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:** Monitor observed inconsistency regarding security guards' work hours. While manually-kept time records revealed 8 hours of work daily, worker interviews revealed that they work 12 hours a day.

**Plan Of Action:** Evergreen has asked factory to ensure that all security guards work only 8 hours every day.

**Deadline Date:** 10/07/2011

**Action Taken:** Factory has asked contractor agency to post more guards to ensure that guards work only 8 hours every day.

**Plan Complete:** Yes

**Plan Complete Date:** 10/04/2011
Hours of Work: Annual Leave

HOW.14 Employers shall provide workers with paid annual leave as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: Security guards are not entitled to any annual leave.

Plan Of Action:

Deadline Date:

Supplier CAP: Factory will work with contractor agency to make sure all security guards will be provided annual leave as per local laws.

Supplier CAP Date: 12/15/2011

Action Taken: Factory has asked contractor agency to make provisions to provide annual leave as per local laws to all security guards.

Plan Complete: No

Plan Complete Date: