



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT*

COMPANY: Hanesbrands
COUNTRY: India
FACTORY CODE: 720032974GV
MONITOR: International Resources for
Fairer Trade
AUDIT DATE: December 15-16, 2010
PRODUCTS: Garments
PROCESSES: Cutting to Packing
NUMBER OF WORKERS: 525

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 the recommendations have not been agreed or incorporated by the company. The report is posted in its current state and is considered finalized. Updates on the progress of the corrective action will be posted when received by the company.*

*To read the original IEM report of 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)

Uncorroborated Evidence of Noncompliance

Explanation: While records produced by management showed that double wages were paid for the recorded OT, worker interviews indicated that single wages were paid for other OT, for which records were not produced in full for the audit.

Plan Of Action: Auditor will perform follow-up visit to this factory in the next 4 months to ensure the factory did not hide payroll records and to ensure that wages are properly calculated and distributed.

Deadline Date: 07/31/2009

Supplier CAP: Factory is willing to provide genuine and complete records.

Supplier CAP Date: 01/31/2009

Action Taken: A follow-up audit was conducted by [Auditor name] on February 23, 2009. According to the document review and worker interviews, the factory presented the genuine records and overtime payment is correctly calculated for employees.

Plan Complete: Yes



Plan 02/23/2009

Complete

Date:

Action Yes

Verified:

Action Completed: 100% of workers interviewed mentioned that the overtime payment is paid
Verified at a rate of 200% of regular pay. Also, wage records for September, October, and
Text: December 2008 and November 2010 showed that the overtime is correctly calculated
and paid at a 200% rate as required by law.

Action 12/15/2010

Verified

Date:

Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Uncorroborated Evidence of Noncompliance

Explanation: All OT was said to be paid in double according to management interviews. But, workers mentioned that some OT payments were not paid at premium rates. Some workers also mentioned improper time recording of OT. Management could not convincingly provide proper records.

Plan Of Auditor will ensure that the factory records the working hours completely and properly.
Action: Auditor urged the factory to pay OT to workers at the premium rate according to legal requirement. Auditor will monitor the transparency of OT hours recording and wage calculation in factory. The first follow-up visit will be done in February.



Deadline Date: 02/28/2009

Supplier CAP: Factory confirmed that they paid OT to workers at a premium rate for all OT hours according to legal requirements. The misunderstanding of OT wage calculation was due to a mistake by a new employee. Factory will arrange the recurring training and education for workers about the wage calculation regularly.

Supplier CAP Date: 02/23/2009

Action Taken: Newly recruited workers from different factories with different pay practices were given confusing statements. We have started educating our workers about our compensation procedures. Upon further inquiry, issues related to forgetting to clock in/out on biometric fingerprint machines also came to light, which lead to wrong understanding of OT payment.

A follow-up audit is conducted by [Auditor name] on February 23, 2009. From interviews and document review, workers stated that all overtime work is compensated at 200% of the regular rate.

Plan Complete: Yes

Plan Complete Date: 02/23/2009

Action Verified: Yes



Action Verified Text: Completed: Wage records of September, October, and December 2008 and November 2010 showed that the overtime is correctly calculated and paid at a 200% rate as required by law. All the interviewed workers mentioned that they are paid overtime at a 200% rate. The factory's Group Compliance Manager also educates workers during induction and ongoing trainings on wage compensation procedures. Workers' clock in/out time for regular and overtime working hours are recorded on biometric fingerprint machines. On average, factory workers work 16 hours of overtime a month. It does not exceed 50 hours in a quarter, as required by law.

Action Verified Date: 12/15/2010

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: Excessive OT is recorded in July-August 2008, but OT records for other months, as quoted by workers interviews, could not be seen in the documents presented to the audit team by the management. Management could not produce convincing evidence of actual OT and double payment for all OT.

Plan Of Action: Auditor will ensure the factory recorded the working hours completely and properly. Auditor urged the factory to pay OT hours at a premium rate according to legal requirement. Auditors will monitor the transparency of OT counting and calculations in factory. The 1st follow-up visit will be done in February.

Deadline Date: 02/28/2009



Supplier CAP: Factory confirmed that they did not have double records and that all hours are truly reflected in time sheets. They noted the workers had low productivity; therefore they conducted the training to improve the efficiency. However, they confirmed that factory pays sufficient premium for those OT hours that have occurred.

Supplier CAP Date: 02/23/2009

Action Taken: Overtime properly recorded. Factory had excessive overtime in the month July-August 2008 and this is evidenced in the records. On July 30, 2008 the factory initiated an HR intervention program titled "HAPPY WORK FORCE" and kick-started a variety of welfare measures. This program has reduced absenteeism and employee turnover. If the worker needs to engage in OT, they will be paid the legal required premium rate.

Plan Complete: Yes

Plan Complete Date: 02/23/2009

Action Verified: Yes

Action Verified Text: Completed: Workers' in/out time for regular and OT working hours are recorded in biometric fingerprint machines and are reflected correctly in the monthly time punching in/out data. Factory has paid overtime at a 200% rate. November, 2010 wage record showed that on an average, factory workers work 16 hours overtime in a month. Also, the workers interviewed confirmed that whenever there is overtime, they work for two hours overtime per day. No double records were found.

Action Verified Date: 12/15/2010



Wages, Benefits and Overtime Compensation: Pay Statement

WBOT.26 Employers shall provide workers a pay statement each pay period, which shall show earned wages, wage calculations, regular and overtime pay, bonuses, all deductions and final total wage. (P)

Noncompliance

Explanation: Payment slips are not given to workers when they are paid for OT during the middle of the month, whereas they do receive pay slips for their actual shift wages paid at the end of each month.

Plan Of Action: Auditor will ensure the factory provides pay slips. In addition, we will monitor how the factory calculates OT. The 1st follow-up visit will be done in February.

Deadline Date: 02/28/2009

Supplier CAP: Many newcomers to the factory were paid weekly in their previous employment, and they are confused by the biweekly payments. However, as requested by workers, twice-monthly payment will be continued. However, they will provide training for workers on their wage calculation and provide pay slips for each payment.

Supplier CAP Date: 02/23/2009

Action Taken: Auditor will update this issue in February visit. Follow-up audit was conducted by [Auditor name] on February 23, 2009. Only a few workers (around 11) were paid IRS. 500.00 as an advance on a weekly basis, and the weekly paid wages were being adjusted with monthly wages; this is why the factory maintained only 1 wage slip during final payment. However, they have introduced pay slips for weekly advance payments, if any.

Plan Complete: Yes

Plan Complete Date: 02/23/2009



Action Verified: Yes

Action Verified Text: Completed: Worker interviews, management interviews and record review revealed that workers are paid on a monthly basis including the overtime. Overtime wages are reflected in the payment slips provided to workers. There were no incidences of weekly advance payments in the past 12 months.

Action Verified Date: 12/15/2010

Freedom of Association: Right to Collective Bargaining/Good Faith

FOA.19 Employers and worker representatives shall bargain in good faith, i.e. engage in genuine and constructive negotiations and make every effort to reach an agreement. (S)

Noncompliance

Explanation: There is a workers committee, but there is no forum for Collective Bargaining Agreement. As the management is not a TEA member, the Collective Bargaining Agreement rates for the industry are not binding to this factory. Thus, there is no scope for workers to engage in collective bargaining.

Plan Of Action: HBI will coach the factory in how to have an effective worker committee.

Deadline Date: 06/30/2009

Supplier CAP: Factory confirmed that many of such deliberations were not recorded in previous Collective Bargaining Agreement and henceforth it will be ensured that proper minutes will be taken for all such meetings. In addition, works committee members will be trained on labor laws by an external organization to raise their awareness of Collective Bargaining Agreement.

**Supplier
CAP Date:** 03/31/2009

**Action
Taken:** Worker committee members also selected through a general election as a part of the "HAPPY WORK FORCE PROJECT." Though the minimum wages for tailors is INR 98.65, we pay them INR 130/- and for cutting masters we pay INR 140/-. These best pay practices and even 5.67% ex-gratia given to our employees are also results of worker committee engagement.

A follow-up audit was conducted by [Auditor name] on February 23, 2009. Factory management was advised on how to maintain minutes for all meetings with the workers representative committees.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 03/31/2009

**Action
Verified:** Yes

**Action
Verified
Text:** Completed: Although the factory is not a member of TEA, they comply with the minimum wages declared by the State Government. Record review, worker interviews and management interviews revealed that the worker committee members are selected through a general election. Meetings are held regularly and minutes are maintained in a register meant for the purpose. Factory pays 5.67% ex-gatia over and above the 8.33% annual bonus to its workers.

**Action
Verified
Date:** 12/15/2010

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: New Finding: Anti-Sexual Harassment committee is not in compliance with the Supreme Court guidelines and the Prohibition of Sexual Harassment of Women at Workplace Bill of 2010. Committee members are not aware of what defines harassment. 14% of the workers interviewed mentioned that meetings are held every two months and no records are maintained. However, record review revealed that the minutes of the meetings are general and do not talk about any other action.

Plan Of Action: HBI encourages the supplier to:

1. Review the current anti-sexual harassment policy to ensure its alignment with Supreme Court guidelines.
2. Set up the committee for this subject.
3. Communicate to employees.
4. Retain the communication records.
5. Assign designated personnel to review the above procedures.

Deadline Date: 06/30/2011

Action Taken: Auditor visited the supplier on February 26, 2011 with the following update: The Suppliers have collected the copies of the Supreme Court Judgment and started initial steps as follows:

1. Communicated with an NGO [NGO Name] to form the Anti-Sexual Harassment Committee and to make the workers aware of the functions of this committee.
2. The NGO has been contacted February 21, 2011 and they have also expressed their intention to participate by letter, dated February 23, 2011.
3. A committee has been formed primarily comprising the following personnel: [List of 9 personnel]
4. The management is in the process of including this clause in their standing order.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

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: Although codes are displayed in the local language, there is no means for employees to report non-compliance, if any. Contact information of the Company is not listed in the CoC display.

Plan Of Action: Hbl will work to ensure that there are effective means of communication between factory workers and their management.

Update on March 9, 2011 by Hbl: Hbl will continue to arrange the in-house auditors to visit the factory on quarterly basis in order to obtain the feedback from workers on the ground directly. Also, the effectiveness of communication channels between factory and workers are still being monitored in each audit.

Deadline Date: 12/31/2011

Action Taken: Hbl follow-up audit was conducted by [Auditor name] on February 23, 2009: Workers now can communicate through their representatives, leave complaints in suggestion boxes and they now have access to management representatives. Also, Hbl auditor conducts regular audits in the factory, performs a factory tour and conducts employee interviews. It provides the opportunity for workers to tell the auditor their complaints about the facility. Hbl auditor conducted the audit on February 26, 2011 and conducted 10 employee interviews per our audit guideline. No negative feedback was received from workers in this audit.

Plan Complete: Yes

Plan Complete Date: 02/23/2009

Action Verified: No

Action Verified Text: Pending: Worker interviews revealed that they can contact the management representatives directly for their grievances. There are suggestion boxes as well to leave their complaints. However, no contact information of the Company is mentioned in the Hanesbrands CoC displayed in the factory.

Action Verified Date: 12/15/2010

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)

Uncorroborated Evidence of Noncompliance

Explanation: Although evacuation plans are in place, and regular drills are also conducted, inflammable substances, such as cartons of finished goods, were found stored in stairwells. Management mentioned that the stairwell is a short-term storage area. Audit could not confirm if this is an everyday practice.

Plan Of Action: Hbl will perform follow up visit to this factory regularly to ensure that the exits are clearly marked and always easily accessible. We will invite the safety officer to draw up a plan to monitor these issues monthly.

Deadline Date: 02/28/2009



Supplier CAP: Better storage solutions will be planned and implemented for accessories to ensure optimum space utilization. By doing this, all incoming accessory materials can be placed into storage directly and need not be stored in stairwells, blocking evacuation lanes.

Supplier CAP Date: 01/31/2009

Action Taken: A follow-up audit was conducted by [Auditor name] on February 23, 2009: All shipping cartons were found in their designated areas and no cartons were observed in the staircases or in any exit route.

Plan Complete: Yes

Plan Complete Date: 02/28/2009

Action Verified: Yes

Action Verified Text: Completed: Exits and stairwells were clear and easily accessible during the audit. Finished goods cartons were stored in the storage area. Factory had good housekeeping on the production floors as well as within the premise.

Action Verified Date: 12/15/2010

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: There is only one fire extinguisher available for both the Packing/Fabric Store Area and the First Floor Section A. First aid supplies are not stocked as per the list maintained in the factory. No procedures for first aid are posted.

Plan Of Action: Hbl will ensure the factory stocks sufficient fire extinguishers and first aid supplies in all work floors. We will inspect those issues again in first follow up visit in February.

Deadline Date: 02/28/2009

Supplier CAP:

1. Checklist of fire extinguishers will be prepared to ensure that a sufficient number of fire extinguishers are placed on the work floor.
2. A daily checklist will be used to check medicines in all first aid boxes. Nurse will be assigned this task. In addition to this, a Safety Officer will be appointed to monitor overall health and safety activities.

Supplier CAP Date: 12/31/2008

Action Taken:

1. One additional fire extinguisher was provided on December 1, 2008. An inspection checklist had been prepared to ensure all factory buildings have fire extinguishers as required by law.

2. Safety training was given by HR Manager on November 28, 2008 on OHSAS -18001 requirements.

Hbl follow up audit was conducted by [Auditor name] on February 23, 2009: 7 fire extinguishers are found in the packing room with an area of 8000 sft (approx.) and 2 fire extinguishers are found in the fabric store with an area of approximately 200 sft.

Plan Complete: Yes

Plan Complete Date: 12/31/2008

Action Verified: Yes

Action Verified Text: Completed: 1. Factory has a list of fire extinguishers. There are a total of 44 fire extinguishers on the Production Floor; 11 in cutting section, 10 in sewing section A, 11 in sewing section B and 12 in packing and fabric stores.

2. First aid contents now match the list maintained in the factory, which is checked regularly by the Nurse. Factory has also appointed the Safety Officer to monitor the health and safety activities.

Action Verified Date: 12/15/2010

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: Masks are provided, but not used by employees. Rubber mats for standing workers are not provided. Earplugs in the automatic cutting area are only given to cutting machine operators.



Plan Of Action: Hbi will visit the factory in February and will instruct the safety officer on his job responsibilities. HBI will also inspect his work to see if he performed his duties with due diligence. Also, we will review the training records to determine whether the factory has given PPE training on regular basis.

Deadline Date: 02/28/2009

Supplier CAP: The Safety Officer is appointed to provide training to the employees on how to use PPE and its importance. Also, the Safety Officer will be responsible to monitor the employees' use of PPE. Rubber mats will be provided to all workers working in the standing position before January 1, 2009.

Supplier CAP Date: 02/28/2009

Action Taken: A Safety Officer is appointed to monitor these activities. Training schedule is prepared and conducted to raise the awareness among workers about PPE. Earplugs were given to all workers in cutting area and all workers were educated on the importance of hearing protection.

Hbi follow-up audit is conducted by [Auditor name] on February 23, 2009: Rubber mats were not provided to the standing workers. Earplugs were given to all workers.

Plan Complete: Yes

Plan Complete Date: 02/28/2009

Action Verified: Yes

Action Verified Text: Completed: PPEs such as masks, metal gloves and earplugs are provided to the workers and they were seen wearing the appropriate PPEs. Rubber mats are provided to the standing workers. Record review revealed that the workers are trained on how to use PPEs and their importance.

Action 12/15/2010

Verified

Date:

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: Employee use of chairs without backrests is an ergonomic concern.

Plan Of Action: Hbl will ensure the factory provides chairs with backrests to employees within the next 6 months.

Deadline Date: 09/30/2011

Supplier CAP: Ergonomically designed chairs were given to tailors in the last year, but they did not feel comfortable using these, as they were accustomed to sitting in chairs without backrests. They argue that, as they have to lean forward to operate machines, backrests will not help. Factory will educate employees about its importance and encourage them to use it in phased manner. Factory will select tailor as phase 1 and the remaining workers will be on next phases. It should be taken around 6 months.

Supplier CAP Date: 06/30/2009

Action Taken: Factory had provided seats with backrests to tailors (see attached photo).
Hbl follow up audit was conducted by [Auditor name] on February 23, 2009: In regards to the lack of backrests on factory seats, management says that workers are comfortable with the present seating and that employees have not complained of back pain. However, the management will look into this matter and let Hbl know if they are able to provide such seats because it costs extra money during economy downturn.
Hbl auditor conducted the follow-up audit on February 26, 2011 and the factory management is collecting the samples of chairs with backrest facility to assess workers' comfort levels. After this experiment, the management will go to place final orders for the chairs with backrest facility.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: Ongoing: According to the management and the workers interviewed, chairs with backrest were provided to the tailors, but they did not feel comfortable using them.

Action Verified Date: 12/15/2010

Health and Safety: Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Noncompliance

Explanation: Although the factory has a full-time nurse, the doctor's visit is scheduled on Sundays. He does not visit during the regular workweek. So, the doctor's visit is only available to workers staying in the dormitories and not to all regular workers.

Plan Of Action: Hbl will ensure the factory arranges that the on-site doctor will visit on weekdays during regular working hours. The first follow up visit will be done in February.

Deadline Date: 02/28/2009

Supplier CAP: Factory will reschedule doctor visits to occur on weekdays to ensure that all employees will have access to this arrangement.

Supplier CAP Date: 02/28/2009

Action Taken: Doctor had been arranged to visit the factory on weekdays. Appointment letter of doctor is attached herewith.

Hbl follow up audit was conducted by [Auditor name] on February 23, 2009: The latest doctor visit is recorded on February 09, 2009 and Factory will ensure daily visit of the doctor, effective beginning February 25, 2009.

Plan Complete: No

**Plan
Complete
Date:**

Action Verified: Yes

Action Verified Text: Completed: Doctor visits the factory on daily basis and all the employees in the facility have access to the doctor's services.

Action Verified Date: 12/15/2010

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: The conditions in the kitchen are not up to the standard prescribed for food service establishments. There appears to be a major problem with houseflies, despite the installation of pest control equipment. The storage of food in the canteen/kitchen is unsanitary e.g. raw vegetables are stored on the floor.

Plan Of Action: Hbl will ensure the factory outlines an improvement plan for food storage and pest control system. The first follow-up visit will be done in February.

Deadline Date: 02/28/2009

Supplier CAP: Existing pest control service for houseflies will be carried out on a monthly basis. Additional required pest control equipments also will be installed. Also, Factory will provide training to the kitchen helpers about the housekeeping and hygienic condition of kitchen.

Supplier CAP Date: 01/31/2009

Action Taken: Uncut vegetables were kept on the RCC slabs in the storeroom.
Hbl follow up audit was conducted by [Auditor name] on February 23, 2009: Factory has introduced regular pest control system and no such flies were observed during this visit. Raw vegetables are now stored in the wooden pallet and on the rack instead of floor.

Plan Complete: Yes

Plan Complete Date: 02/23/2009

Action Verified: Yes

Action Verified Text: Completed: Raw vegetables were kept on the RCC slabs in the kitchen storeroom. Factory has signed an AMC with the Pest Control agency to conduct regular pest control treatments. Good housekeeping was observed in the kitchen during the verification visit.

Action Verified Date: 12/15/2010

Health and Safety: Food Preparation

H&S.25 All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws. All workers handling food shall be provided with the tools and equipment necessary to do so in a safe and sanitary manner. (S)

Noncompliance

Explanation: The storage of food in the canteen/kitchen is unsanitary. E.g. raw vegetables are stored on the floor.

Plan Of Action: Hbl will ensure the factory outlines an improvement plan for food storage and pest control. The first follow-up visit will be done in February.

Deadline Date: 02/28/2009

Supplier CAP: Factory will provide wooden pallets for keeping vegetables. Also, in the long-term, the Safety Officer is assigned to check the storage of food on weekly basis to ensure that it complies with updated policy and procedures.

Supplier CAP Date: 01/31/2009

Action Taken: Uncut vegetables were kept on the RCC slabs in the storeroom.
Hbl follow-up audit was conducted by [Auditor name] on February 23, 2009: Raw vegetables are now stored in the wooden pallet and on the rack instead of on the floor.

Plan Complete: Yes

Plan Complete Date: 02/23/2009

Action Verified: Yes

Action Verified Text: Completed: Raw vegetables were kept on the RCC slabs in the kitchen storeroom. Good housekeeping was observed in the kitchen during the verification visit.

Action Verified Date: 12/15/2010

Health and Safety: Drinking Water

H&S.26 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) must be safe and sanitary and available in an appropriate number. (S)

Noncompliance

Explanation: The physical and chemical quality of the water has been tested. However, biological quality of the water has not been tested.

Plan Of Action: Hbl will advise the factory to have biological testing conducted on drinking water quarterly.

Deadline Date: 02/28/2009

Supplier CAP: Safety Officer is responsible for this task. Drinking water will be tested for chemical and biological parameters quarterly.

Supplier CAP Date: 11/30/2008



Action Taken: Biological test conducted for drinking water on November 27, 2008 and test results attached.

Hbl follow up audit is conducted by [Auditor name] on February 23, 2009: Biological test was done on November 04, 2008. (Photo attached)

Plan Complete: Yes

Plan Complete Date: 02/23/2009

Action Verified: Yes

Action Verified Text: Completed: Biological test for drinking water was completed on May 3, 2010.

Action Verified Date: 12/15/2010

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: Excessive OT in July-August 2008; Non-availability of complete OT records for audit; lack of convincing evidence from management to prove that all OT was paid at a premium rate make it a noncompliance.

Plan Of Action: Hbl will ensure the factory records the working hours completely and properly. We will insist that the factory pay OT premium to workers according to legal requirement. We will monitor the transparency of OT calculation in factory. The first follow-up visit will be done in February.

Deadline Date: 02/28/2009

Supplier CAP: Newly recruited workers from different factories with different pay practices were given misleading and confusing statements. Factory confirmed that they did not have double records and all hours are truly reflected in time sheets. They noted the workers had low productivity therefore they conducted the training to improve the efficiency. However, they confirmed that Factory pays sufficient premium for OT hours, if they are accrued. Regardless, they will provide training to workers for their wage calculation and provide pay slips for each payment.

Supplier CAP Date: 12/30/2008

Action Taken: Reduced absenteeism and attrition rate is now consistently maintained in our factory.
Hbl follow-up audit was conducted by [Auditor name] on February 23, 2009: Factory has not had excessive overtime since November. Maximum overtime was noted in November 2008 (18 hours), December 2008 (22 hours) and January 2009 (20 hours). All overtime was paid at a 200% rate with proper time tracking sheets for recording overtime work.

Plan Complete: Yes

Plan Complete Date: 02/23/2009

Action Verified: Yes

Action Verified Text: Completed: Factory produced all complete and authentic records, no double records were found. Worker interviews, management interview and record review revealed that the factory paid overtime at a 200% rate as required by law. On an average, factory works 16 hours overtime in a month.

Action Verified Date: 12/15/2010

Hours of Work: Suspension of Work

HOW.22 Employers can only suspend work in accordance with local laws, regulations and procedures. Workers shall be paid in full during periods of suspension, unless local laws stipulate otherwise, workers and their representative organizations (temporarily) agree otherwise, and the relevant national authorities authorize the alternative arrangement. (S)

Noncompliance

Explanation: Due to machine repair and other reasons, the layers and sorters in the cutting area are informed of non-availability of work on the next day. On such occasions wages are not paid to them. On days that they are already present in the shop floor when such work stoppage occurs, they are given alternative work with regular wages. There is no evidence that loss of such work-hours are made up with OT, but it is a case of 'no work-no pay' on a few days. Management accepted this finding from workers interview but insisted that it does not happen often.

Plan Of Action: Hbl will ensure the factory to pay back-wages to those work-stoppage workers. Also, we will review what remediation in their production & HR policy can be taken to avoid this issue in future. The first follow-up visit will be done in February.

Deadline Date: 02/28/2009

Supplier CAP: Factory confirmed this issue happened, as there was no work in a specific workshop and no work to be assigned to those workers. This action meant 8 workers were absent for a few days. They will quantify the amount of owed wages and pay back the wages to those workers. The factory should further educate the line leader to have better production planning in future to ensure it that this problem does not again.

Supplier CAP Date: 12/31/2008

Action Taken: Factory collected name list of those affected 8 workers and paid back the owed wages to them. (Evidences of payment details are attached).

Hbl follow-up audit was conducted by [Auditor name] on February 23, 2009: Payment is released to the workers and in employee interviews; workers confirmed that they have received their wages.

Plan Complete: Yes

Plan Complete Date: 02/23/2009

Action Verified: Yes

Action Verified Text: Completed: Factory has paid the layoff compensation to the 8 workers. No incidence of work stoppage or layoff observed, as per the workers and the management interview. According to the management, power cutting machine; namely Investronica Cutting Machine, is not in use effective July 31, 2009. The factory is in dialogue with the machine manufacturer on "Buy-Back Policy" due to non-performance and non-availability of the spare parts of the machine. To fulfill the requirement of cutting, factory has purchased 4 Rotating Bend Knife Machines.

Action Verified Date: 12/15/2010
