



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Volcom

COUNTRY: India

ASSESSMENT DATE: 11/22/17

ASSESSOR: Insync Global

PRODUCTS: Apparel

NUMBER OF WORKERS: 250

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. Policies on Grievance Systems, Workplace Conduct and Discipline, Health, Safety and Environment, Termination and Retrenchment are not dated and review period is not defined. ER.1
2. There are no written Policies and Procedures on Freedom of Association and Industrial Relation, Hours of Work, and Compensation. ER.1, ER.23, ER.25
3. There are no written Procedures for Termination and Retrenchment, Environmental Protection. ER.19, ER.31, ER.32, HSE.1
4. There is no written Policy and Procedure for Personnel Development. The factory does not conduct performance reviews at all, there is no system to review the performance of new workers during their probation period. There are no written job descriptions for any positions when personnel need to be hired, no reviews conducted. ER.28, ER.29, ER.30
5. Policy on Hiring does not define channels of hiring like direct, use of agents and service providers. ER.28, ER.29, ER.30
6. Factory has a written Policy on Termination which indicates that Termination as a disciplinary procedure is the only way for Termination, and does not include other reasons for Termination of employment such as resignation, retirement, death, or medical disability. ER.32
7. The Policy on Retrenchment does not pertain to this factory and it appears to be copied. The policy talks about reporting the decision to retrench to the affiliate's parent company. Management could not provide information on this parent company. It also states that "dismissed" persons (not retrenched) persons can be rehired. ER.32
8. The available policies are signed by HR Manager and not top management. Management wasn't aware of the errors in the contents of few Policies like Retrenchment and Recruitment. ER.1
9. There are no written procedures on Standard Operating Procedures (SOPs) for each job with a focus on performing the job safely, measures to protect the reproductive health of workers through minimizing exposure to workplace hazards, steps for workers to raise health and safety concerns, protection against retaliation for workers who raise health and safety concerns, steps that should be taken to protect workers if there is an accidental chemical spill, including identifying those who are responsible for cleaning up the spill, the precautions people must take prior to & upon entry and stay in each confined space, procedures for safe evacuation, what workers should do in case of injury and steps for reporting death, injury and illness. ER.31

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.23, ER.25, ER.28, ER.29, ER.31, and ER.32; Health, Safety and Environment HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have updated all the mentioned Policies with created date and review period.
2. We have created policy & implemented.
3. We have created procedures for the termination and retrenchment policies also we have created environmental protection policy and spread the awareness in our employee.
4. We have made the policy accordingly and will review the performances of all the employee hence personnel development. Now we are providing Job description to employee at the time of hiring.
5. We amended our hiring policies.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Training is not provided to Supervisors and workforce on Recruitment, Hiring and Personnel Development, Hours of Work, Compensation, Freedom of Association, Workplace Conduct and Discipline, Grievance system, Health and Safety (except for use of PPE) and on Environmental Protection. ER.17
2. Training has been provided to five supervisors and total of 10 workers from washing and production processes on handling of chemicals and oils; the rest of the five supervisors each from cutting, packing, finishing and fabric and trim store and workers are not provided any specific training on environmental protection. ER.15, ER.17

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.15 and ER.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Supervisors has also got training at the time of Recruitment, Hiring and Personnel Development, Hours of work, Compensation, Freedom of Association, Workplace Conduct and Discipline, Grievance system, Health and Safety (except for use of PPE) and on Environmental Protection.
2. We have trained all our supervisors from cutting, packing, finishing and fabric and trim store.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate the following Policies and Procedures to the workers: Hiring Procedure, Termination and Retrenchment, Freedom of Association, Workplace Conduct. ER.16, ER.25, ER.27, ER.32
2. Except for information on wages payable which is posted on the notice board, no other policy or procedures on Compensation is communicated. C.17, ER.16
3. The factory has not communicated grievance procedures to the workers, awareness is sporadically and informally provided to workers by the committee members. ER.16, ER.25

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.16, ER.25, ER.27 and ER.30; Compensation Benchmarks C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have arranged a training session at the time of Joining now, in which we communicate with the workers/employees about Hiring Procedure, termination and retrenchment, Freedom of Association, workplace conduct.
2. We arrange a training session on joining now, in which we communicate with the workers/employees about the policies and procedures on Compensation.
3. We arrange a training session on joining now, in which we communicate with the workers/employee about all the policies including wages payable, grievance procedures etc.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. There are no clearly defined responsible or accountable persons in writing, but systems exist. ER.1
2. Clause no. 03.03.1.2 under the Recruitment policy states that unmarried females would be preferred, though in practice married female workers are employed and were seen working. ND.4
3. Orientation program is not conducted for new workers. ER.15
4. Contract with security service provider does not define working hours and rest days, Freedom of Association, Workplace Conduct and Discipline. ER.11
5. The probation period is six months for all workers. C.3
6. The following postings are not posted as legally required: the Abstracts of Various Acts, the Certified Standing Orders, Penal Consequences of Harassment at Workplace, and the Revised Maternity (Amendment) Act 2017. C.1

Local Law or Code Requirement

Industrial Employment Standing Orders Central Rules 1946, Factories Act 1948, Payment of Bonus Act 1965, Payment of wages Act 1936, Industrial Employment Standing Orders Act 1946 and The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013; FLA Workplace (Compensation Benchmark C.1 and C.3; Employment Relationship Benchmarks ER.1, ER.11, ER.15; Nondiscrimination Benchmark ND.4)

Recommendations for Immediate Action

1. Revise probation period so it does not exceed three months.
2. Post Abstracts of Various Acts, Copy of Standing Orders, Penal Consequences of Harassment at Workplace, and revised Maternity Benefit (Amendment) Act 2017. These should be posted in the local language (Hindi).

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have appointed a person for the same. We have changed our policy. 2. We have changed the recruitment policy under which either married or unmarried female can work. 3. We have started Orientation program for new worker. 4. We have changed our agreement of security Agency accordingly. 5. We have changed probation period to 3 months for new worker. 6. We have posted all abstract-Penal Consequences of Harassment at Workplace and the Revised Maternity (Amendment) Act 2017 .

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

Total deduction, including legally mandated and voluntary deductions, from wages for September 2017 for one worker out of seven reviewed samples is above 50% of earned salary. For example, monthly earnings of a worker for September 2017 was INR 9085 (USD 142.18) and total deduction made was INR 6199 (68% of earned salary) (USD 97) and he was paid INR 2859 (USD 44.74). By law, deductions cannot exceed 50% of warned salary. C.1, C.11

Local Law or Code Requirement

The Payment of Wages Act 1936, Limit of deductions (section b); FLA Workplace Code (Compensation Benchmark C.1 and C.11)

COMPANY ACTION PLANS

Action Plan no 1.

Description

We have changed our Advance Policy. In which policy no more deduction than 50% of his earn salary.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

Time card and leave records are not maintained along with payment records for terminal dues but are kept separately. ER.2

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2)

Recommendations for Immediate Action

Maintain together the time records for days worked after the previous pay period and the last day of work and records of leaves available, used and unused, along with records pertaining to terminal dues, for easy understanding and calculation of amount paid.

COMPANY ACTION PLANS

Action Plan no 1.

Description

We have maintained wages related document properly.

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Written procedure does not define types of misconduct and related action that will be taken, the requirement to record all warnings and disciplinary actions, and filing requirements, procedure for workers to appeal the disciplinary action. ER.27
2. Verbal warnings are provided but not documented. ER.27
3. Copy of workplace rules are not provided to workers or posted. ER.15

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have created policy of misconduct and related action as very carefully taken it and documented all warnings and disciplinary action and filling requirements, procedure for workers to appeal the disciplinary action. 2. We will start to issue warning Letter on misconduct. 3. We have posted workplace rules and provide training to employee on this topic.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

The suggestion box is opened once a month which may discourage workers from using the channel to report grievances. ER.25

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

We have started to regularly check Suggestion Box, if any Letter seen in this box, we rectify issue immediately.

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. One out of two extinguishers in the sampling sections are rusty even though maintenance cards reflect that it was refilled in January 2017. HSE.5
2. Designated assembly areas are outside the factory gates, however the area is inadequate to accommodate 100% of employees. HSE.5
3. Exits are marked, however illuminated Exit signs with battery backup is not installed above exits. HSE.5
4. Fabric waste was seen stored under the staircase leading to the basement. HSE.5
5. Emergency lights installed near exits are domestic tube lights which cannot penetrate smoke in case of fire. HSE.5
6. Smoke detector is not installed in work areas. HSE.5
7. Fabric was seen stored in front of electric switch board in the fabric store. HSE.5
8. Sampling section in the basement has only one exit and there are 15 workers working in the room. HSE.5
9. Sampling section on 1st floor is congested with work stations. HSE.5

Local Law or Code Requirement

Factories Act 1948, Sections 4 and 7; FLA Workplace Code (Health, Safety and Environment Benchmark HSE.5)

Recommendations for Immediate Action

1. Replace rusted extinguishers in the sampling section in the basement.
 2. Provide adequate space in the assembly area located outside the factory gate to accommodate 100% of employees.
 3. Install illuminated exit sign with battery backup.
 4. Relocated fabric waste storage area from under staircase leading to basement.
 5. Replace domestic type of emergency lights installed near exits with industrial type.
 6. Install smoke detectors in work areas.
 7. Discourage practice of storing fabric in front of electric switch boards.
 8. Provide a second exit from sampling section in the basement.
- Decongest sampling section on 1st floor.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have changed the fire extinguishers.
2. We have changed and increase our designate assembling area.
3. We will install illuminated emergency light at exit area.
4. We do clear and dispatch fabric wastage after 3-4 days.
5. We will install illuminated emergency light.
6. We will install smoke detector.
7. We have given instruction not to store anything in front of electric pannel.

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

- 1.Spill response kits is not provided in chemical storage and handling areas. HSE.9
- 2.Hazard labels are not posted on chemical containers. HSE.9

Local Law or Code Requirement

Factories Act 1948, Sections 4 and 6; FLA Workplace Code (Health, Safety and Environment Benchmark HSE.9)

Recommendations for Immediate Action

- 1.Provide spill response kit in chemical storage and handling areas.
- 2.Post hazard labels on chemical and oil containers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have provided spill response kit in chemical storage. 2. We have already posted label on Hazard chemical container.

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Asbestos sheets were seen damaged in a few places on the roofing sheet over the shed behind the factory; they are not labelled. HSE.1
2. Band knife cutting machine operator is provided mesh glove for use on one hand; the requirement is to use on both hands. HSE.8
3. Taped joints were seen on electric chords connecting sewing machines with main power source. HSE.13
4. Lint was seen on electrical installations, fans, electric switches and exhaust fans. HSE.13
5. Lightning protection system is not installed. HSE.1
6. Confined spaces are not marked to warn workers. HSE.1
7. Rescue equipment like ropes / whistle and helmets are not available for workers who enter confined spaces. HSE.1
8. LOTO arrangement is not implemented. HSE.14
9. Helmets are not used when maintenance workers work at heights. Fall protection equipment is not available for use. HSE.1
10. Anti skid stoppers were missing on two of the four legs of a ladder. HSE.1
11. Rest areas are not provided for workers with standing jobs. HSE.17
12. Chairs and small tables used by workers with sitting jobs do not have back rests. Anti-fatigue mats are not provided to workers with standing jobs. HSE.17
13. Lifting belts are not provided and no training is provided. HSE.1
14. Canteen facility is not provided though it is a legal requirement. HSE.1
15. Creche facility is not provided though it is a legal requirement. HSE.1
16. The stability certificate for the building was issued in 2013. The certificate is not signed by factory occupier and also competency certificate of engineer who had certified the building safe was not available for review. Risk assessment is not conducted for chemicals, asbestos and fire safety. Factory does not provide safety information to contractors. ER.31, HSE.2, HSE.12

Local Law or Code Requirement

Factories Act 1948, Sections 4, 5, 7 and 8; Maternity Benefit (Amendment) Act 2017; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety and Environment Benchmarks HSE.1, HSE.2, HSE.7, HSE.12, HSE.13, HSE.14 and HSE.17)

Recommendations for Immediate Action

1. Replace damaged asbestos sheets.
2. Provide mesh glove for use on both hands by band knife machine operator.
3. Replace chords with taped joints with continuous chords.
4. Clean and maintain electrical installations, fans, electric switches and exhaust fans clear of lint at all times.
5. Install lightning protection system for the factory.
6. Mark confined spaces to warn workers.
7. Provide rescue equipment like ropes, whistle and helmets for workers who enter confined spaces.
8. Implement LOTO arrangement when maintenance work is done.
9. Provide helmets for when maintenance workers work at heights.
10. Install anti skid stoppers on two of the four legs of a ladder used for maintenance work.
11. Provide rest areas for workers with standing jobs.
12. Make appropriate seating arrangements for workers with sitting jobs Provide anti-fatigue mats to workers with standing jobs.
13. Provide lifting belts for loaders and un loaders
14. Provide Canteen facility
15. Provide Creche facility

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We will change asbestos sheet.
2. We have provided mesh glove for band knife cutting machine operator for both hands.
3. We have replaced chords with taped joints and regular check and maintain.
4. We will regularly keep and watching that no Lint was seen on any electric equipment.
5. We will install lightning protection system.
6. We have marked on confined spaces.
7. Now We have provide training of PPE to all our worker/ employee and provide ropes, whistle and helmets.
8. We have implemented LOTO system when maintenance work is done and provide training to employee.

9. We have trained all worker of maintenance & Admin Department and provided Helmets.
10. We have arranged the anti skid stopper for a ladder.
11. We have arrange rest area for worker.
12. We will change stool and provide anti-fatigue mats to worker.
13. We will provide lifting belts.
14. Now We have the canteen and we have made arrangement for food and snacks.
15. We will arrange creche facility at our factory.
16. We have conducted Risk assessment. All Company's safety Rules are applicable on our contractor. Regarding stability certificate, we have applied to the concern department.