



Verification Assessment

COMPANIES: Mountain Equipment Co-op (MEC)
COUNTRY: India
ASSESSMENT DATE: 11/07/17
ASSESSOR: Insync Global
PRODUCTS: Apparel
NUMBER OF WORKERS:

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.

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Review of employment documents revealed that 11 out of 22 young workers (below 18 years of age) were 16 years old when they were hired in 2013 and 2014 based on proof of age recorded in their school certificates. However, 11 of the 22 Fitness Certificates issued in June 2015 by a certifying surgeon (as legally required for workers below 18 years of age), state that 11 young workers are currently 16 years old. This inconsistency means that these workers were most likely 14 or 15 years old at the time of hiring and that the school certificates misstated the young workers' age. ER.4, CL.4.2. Fitness Certificates that certify young workers are eligible to work as adults could not be located for the other 11 young workers. Thus, the age of these workers could not be verified. ER.4.3. Four fitness certificates issued in 2014 and 1 fitness certificate issued in 2013 have not been renewed on an annual basis for 2015. ER.4.4. There is no identification token or scarf provided to young workers in the factory as legally required. CL.6.5. The probation period for new recruits is one year, which exceeds the local law requirement (3 months). C.3.6. The factory's procedures on recruitment do not define recruitment channels, e.g. use of recruitment agents. Additionally there are no policies or procedures on Personnel Development or promotion, demotion and job reassignment. ER.1, ER.30.7. The factory does not have a policy on performance reviews that includes steps and processes, demonstrates linkage to job grading, prohibits discrimination, and provides written feedback. ER.29

Local Law or Code Requirement

Factories Act 1948 - Section 9 (a): Industrial Employment (Standing Orders) Act, 1946 - Classification of Workers: FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.4, ER.29, and ER.30: Compensation Benchmark C.2: Child Labor Benchmarks CL.4 and CL.6)

Recommendations for Immediate Action

- 1. Prior to hiring workers, verify the age on the school records by obtaining the legally required Fitness Certificate. Workers should not be hired until the Fitness Certificates are obtained through the qualified surgeon.
- 2. Do not hire workers younger than 15 years old.
- 3. Even if the young workers have the Fitness Certificate, they should not be assigned any hazardous work as per FLA benchmarks.
- 4. If it is found that workers are under 15 years old:
 - a. The facility should seek to place the worker in a regular school, special school, or vocational skills training center until he or she reaches the minimum age to work. Relevant arrangements should ensure that the worker continues to receive at least the minimum wage as an incentive to complete school and not return to work, as well as receive subsidies towards the cost of schooling (school fees, uniforms, books, transportation, etc.).
 - b. The facility shall provide a guarantee of a job to the worker once he or she has reached the minimum age for work. c. The facility shall make suitable alternative arrangements in situations in which there are no formal or informal education systems available or situations in which the worker does not want to go to school.
- 5. Obtain Fitness Certificates for all workers below 18 years old, and renew them on an annual basis.
- 6. Provide an identification token or scarf for all young workers, so they can be easily identified on the factory floor.
- 7. Revise the probation period to not exceed 3 months.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

- 1. Finding Status (Remediated)
Explanation: Based on management and worker interviews and documentation review, it was found that effective August 2016, factory has not hired any workers below the age of 18, and required documentation is maintained. The factory changed their policy on hiring workers below 18 years old, as they find it a challenge to obtain the legally required certificates from the government department.
- 2. Finding Status (Remediated)
Explanation: Based on management and worker interviews and documentation review, it was found that effective August 2016, factory has not hired any workers below the age of 18, and required documentation is maintained. The factory changed their policy on hiring workers below 18 years old, as they find it a challenge to obtain the legally required certificates from the government department.
- 3. Finding Status (Remediated)
Explanation: Based on management and worker interviews and documentation review, it was found that effective August 2016, factory has not hired any workers below the age of 18, and required documentation is maintained. The factory changed their policy on hiring workers below 18 years old, as they find it a challenge to obtain the legally required certificates from the government department. Hence fitness certificate is not required for any worker.
- 4. Finding Status (Remediated)
Explanation: Based on management and worker interviews and documentation review, it was found that effective August 2016, factory has not hired any workers below the age of 18, and required documentation is maintained. The factory changed their policy on hiring workers below 18 years old, as they find it a challenge to obtain the legally required certificates from the government department. Hence now there is no requirement of identification of workers.
- 5. Finding Status (Partially Remediated)
Explanation: Based on management interviews and documentation review, it was found that the probation period has been revised from 12 months to 6 months, however, this still exceeds the 3 month limit as required by law FLA benchmarks.
- 6. Finding Status (Not Remediated)
Root Causes: As stated by management, workers are probationary for 6 months, which is actually their training period. Hence they maintained the 6 months period. All legally defined benefits are provided to all workers from the first day of hiring. The legal classifications and worker category definitions were explained and shared with the management.
- 6. Finding Status (Not Remediated)
Explanation: Based on management interviews and documentation review, it was found that the written policy and procedures dated October 1, 2016 do not define recruitment channels, e.g. use of recruitment agents. While most workers are hired on factory rolls, security services are outsourced to a service provider who provides seven guards. Additionally, there are no policies or procedures on Personnel Development or promotion, demotion, and job reassignment.
- 7. Finding Status (Not Remediated)
Root Causes: Management stated that they did not consider service providers as a channel for providing production workers. Workers are hired directly on factory rolls hence recruitment channels were not defined specifically. Management stated that they have written policies and procedures on Personnel Development however these were not provided for review.
- 7. Finding Status (Not Remediated)
Explanation: Based on management interviews and documentation review, the factory does not have a policy on performance reviews that includes steps and processes, demonstrates linkage to job grading, prohibits discrimination, and provides written feedback.
- Root Causes: Management stated that they have written policies and procedures on performance reviews, however these were not provided for review.

Local Law or Code Requirement

Industrial Employment (Standing Orders) Central Rules, 1946 - Classification of Workers section 2 (c) - FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, and ER.30: Compensation Benchmark C.3)

Recommendations for Immediate Action

- 1. Revise the probation period to not exceed 3 months.
- 2. Draft complete policies and procedures for Hiring, Personnel Development, and performance reviews

PREVIOUS FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Supervisors or Compensation, Hours of Work, Environmental Protection, Industrial Relations, Workplace Conduct & Discipline, and Grievance System. ER.1, ER.152. Factory does not provide any on-going training to employees on Recruitment, Hiring & Personnel Development, Health & Safety, Environmental Protection, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and Grievance System. ER.1, ER.153. No training is provided for calendar, however there is no documentation from these trainings, as attendance records for these training programs are not maintained. Workers were not aware of any training programs being conducted.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, and ER.17)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

- 1. Finding Status (Not Remediated)
Explanation: Although management stated that documentation covering all topics covered during the orientation/induction program is provided to workers, none of the new workers interviewed had received this document.
- 2. Finding Status (Not Remediated)
Root Causes: There is a lack of monitoring and follow up in implementing the requirement. Senior management stated that it was decided to provide employee handbook to all workers, however implementation was not monitored.
- 3. Finding Status (Not Remediated)
Explanation: Based on management and worker interviews, and review of documentation, ongoing training is not provided to employees on Recruitment, Hiring & Personnel Development, Environmental Protection, Health & Safety, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and Grievance System. Some awareness of these topics is provided during the orientation program. The factory has a training calendar, however there is no documentation from these trainings, as attendance records for these training programs are not maintained. Workers were not aware of any training programs being conducted.
- 3. Finding Status (Not Remediated)
Explanation: Based on management and supervisor interviews and documentation review, no evidence was found to prove that training is provided for supervisors on Compensation, Hours of Work, Environmental Protection, Industrial Relations, Workplace Conduct & Discipline, and Grievance System. Attendance sheet is not maintained with signature of supervisors. Supervisors were not aware of any training program conducted.
- Root Causes: Management stated though they conduct training programs, attendance is not documented due to lack of monitoring by factory staff.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, and ER.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Item 1: The Factory created an orientation training program that covers: Recruitment, Hiring & Personnel Development, Environmental Protection, Health & Safety, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and Grievance System, etc. Please find attached supporting documents. The Factory completed the training before February 7, 2018.

Item 2: The Factory updated the training calendar and the orientation program to cover topics on Recruitment, Hiring & Personnel Development, Environmental Protection, Health & Safety, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and Grievance Systems. The Factory will obtain all the attendee signatures for record. The Factory finished training to the existing employees in February and completed all training before May 21, 2018. The training was conducted for all employees. The HR department is responsible for the training. Please find the attached supporting documents.

Item 3: The Factory provided supervisor training on Compensation, Hours of Work, Environmental Protection, Industrial Relations, Workplace Conduct & Discipline, and Grievance Systems. The Factory arranged the training to supervisors and middle management staff from February 1, 2018 onwards. The Factory analyzed the feedback before April 30, 2018. Please find the attached supporting documents.

PREVIOUS FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory is not managing the environmental impact of its chemicals. No impact assessment has been done and solid waste generated is not stored separately and secured in an enclosed area. HSE.9.2. The secondary containers provided for chemical containers (used in STP area) do not have enough capacity to contain all potential overflow. HSE.9

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.9)

Recommendations for Immediate Action

Provide adequate secondary containers for chemical containers

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

- 1. Finding Status (Partially Remediated)
Explanation: Based on management interviews and documentation review, it was found that factory has conducted an aspect and impact assessment for production processes on July 1, 2017. Solid waste is now stored in a separate area, however the area is not enclosed.
- 2. Finding Status (Remediated)
Root Causes: As stated by management waste is disposed periodically and is not allowed to build up, they felt that the area was not required to be enclosed hence it was not done.
- Explanation: Based on visual observation, it was found that secondary containers with adequate capacity are provided for chemical containers of chemicals used in the STP area.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.9)

Recommendations for Immediate Action

Enclose the solid waste storage area

COMPANY ACTION PLANS

Action Plan no 1.

Description

The Factory has enclosed the solid waste storage area. The Factory has provided photographs as evidence. The factory has also assigned a person responsible for waste disposal on a weekly basis. The name of the responsible person and his contact number are displayed outside the container. The effectiveness of the system will be assessed by the responsible person by checking the records of waste disposal to ensure the waste accumulated in the previous week is disposed. The responsible person will maintain accurate records. Please find the attached supporting documents.

PREVIOUS FINDING NO. 4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory's procedures do not provide information regarding emergency evacuation procedures and plans. HSE 5, ER.312. The factory's procedures do not provide information on what workers should do in case of an injury. ER.313. The factory has not addressed the results of the fire risk assessment conducted in September, 2014. For example, the factory had not implemented a back-up power system for the smoke detectors. Additionally, it has not taken action to replace the fire risks identified by the fire risk assessment. HSE 5.4. There are no functional fire alarms and fire extinguishers at the childcare facility HSE 6

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE 5 and HSE 6; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Ensure that childcare facility has a functional fire alarm and fire extinguishers.
2. Ensure that fire risks identified by the fire risk assessment are addressed immediately.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Partially Remediated)
Explanation: Based on management interviews and documentation review, it was found that factory has written procedures for emergency response situations which include fire safety, earth quake safety and chemical safety. Procedures do not define steps to maintain walkways clear. However, the procedure dated October 1, 2016 is printed on letter head of "Peacock Apparel" and the beginning statement reads as "This is the procedures of Morris Associates Pvt Ltd." and the document is signed by the Director of Peacock Apparels. Management stated that their consultant had provided the document and hence the error with name of factory.
Root Causes: Management was not aware of information that is required to be included in procedures and depend on a consultant.
2. Finding Status (Not Remediated)
Explanation: Based on management interviews and documentation review, it was found that the factory's procedures do not provide information on what workers should do in case of an injury.
Root Causes: As management stated, awareness is provided to workers during the orientation program and hence not included in the written procedures.
3. Finding Status (Partially Remediated)
Explanation: Based on management interviews and documentation review, it was found that factory has not conducted a fire risk assessment in the last 12 months. Smoke detectors have been connected with battery backup.
Root Causes: Management had no explanation as to why the risk assessment was not conducted
4. Finding Status (Remediated)
Explanation: Based on visual observation and documentation review, it was found that fire extinguishers and alarms are installed in the child care room.

Local Law or Code Requirement

(FLA Workplace Code (Health, Safety & Environment Benchmarks HSE 5 and HSE 6; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Policies and procedures should pertain to the factory.
2. Written procedures should include information on what workers need to do in case of injury.
3. Conduct fire risk assessment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Item 1: The factory has provided detailed procedures for MEC's review. Details of the steps to be taken at the time of an emergency are clearly outlined in the issued procedures, providing clearer information for evacuation mentioned in the new procedures on page 2 (points 8 and 9 are related to clear and clean pathways). The director of the factory has signed the policy. The wording "This is the procedures of Morris Associates Pvt Ltd" is corrected from the new policy. Please find the attached supporting document.

Item 2: The factory has provided detailed procedures for MEC's review. The details of first aid are on page 11 (Point C - Security First Aid). It states "The first aid was given to the injured person. If an emergency, please call 108 for ambulance service." The factory gave training on the policy and procedures in March 2018. The effectiveness was analyzed based on following elements: 1) whether the injured person knows the first aid trained employees in the floor 2) whether the injured employee treated by the first aid trained person immediately 3) whether the incident record is updated with root cause of the incident mentioned as per risk assessment. 4) The observation is recorded. Please find the attached supporting document.

assessment. The factory has a Health and safety committee who meets every 6 months. Attached for reference are a sample of their minutes.

PREVIOUS FINDING NO. 5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Emergency lights are not installed above the exits, instead they are installed more than 3 feet from exits, on the walls. HSE.52. The platform of the ladder used to unload cartons in accessories storage does not provide enough space for workers using it. The platform is only 18" by 15". The ladder also topples over, if it is not supported by two other workers. HSE.13. There are no guard rails provided for the steps leading to boiler section. HSE.14. Four exit doors (2 in the dining hall, 1 in the power room, and 1 in the seam pressing section) are not marked as "exit", and no emergency lights are provided on these exits. HSE.5

Local Law or Code Requirement

The Factories Act, 1948 -- Section 38 (1-a) and Section 7A (2b): FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1)

Recommendations for Immediate Action

1. Install emergency lights directly above exits.
2. Replace the ladder with a safe, stable, and sturdy ladder for workers to use.
3. Ensure there is adequate (30" by 30") space on the platform for workers to unload cartons on the ladder.
4. Install handrails on the steps leading to the boiler section.
5. Mark all exit doors and install emergency lights above these exits.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)
Explanation: Based on visual observation, it was found that the emergency lights are not installed above the exits and are installed on the wall approx. 3 to 5 feet away from Exits.
Root Causes: Management stated that due to maintenance reasons, lights could not be reinstalled above exits. Management was informed of the importance and procedures for installation of these lights above exits.
2. Finding Status (Remediated)
Explanation: Based on visual observation, it was found that stable ladders with adequate standing area are used in storage areas.
3. Finding Status (Remediated)
Explanation: Based on visual observation, it was found that hand rails are installed on the steps in front of the boiler section.
4. Finding Status (Partially Remediated)
Explanation: Based on visual observation it was noted that all exits are marked in all work areas and the dining hall; however, emergency lights have not been installed above the exits from the dining area, the main exits from buildings 1 and 2, the Laser cutting room, and the fabric store.
Root Causes: Management stated that they missed installing emergency lights in these areas due to oversight.

Local Law or Code Requirement

(The Factories Act, 1948 -Section 7: FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.5)

Recommendations for Immediate Action

Install emergency lights above the exits from all work areas and the dining area.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Item 1: The factory has changed all emergency lights to be located on top of the exit doors. The factory has provided supporting documents as evidence. The factory also assigned an electrician to conduct monthly emergency light checks.

Item 4: Emergency lights have been installed above the exits in the dining area, the main exits from building 1 and 2, the Laser cutting room, and the fabric store. The factory has provided supporting documents as evidence. The factory also assigned electrician to conduct monthly emergency lights check.

PREVIOUS FINDING NO. 6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. Overtime compensation is paid separately and not with general wages.
2. Overtime compensation is not included in calculations for contribution towards the legally mandated Employees State Insurance Scheme. C.10

Local Law or Code Requirement

The Employees State Insurance Act, 1948: FLA Workplace Code (Compensation Benchmark C.10)

Recommendations for Immediate Action

1. Ensure overtime compensation payments are paid by the 7th day after the end of the pay period with the generalwages as legally required.
2. Include overtime compensation in the calculation for contribution towards Employee State Insurance.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)
The factory has provided management and worker interviews and documentation review. It was found that overtime hours are compensated separately after the payment of regular wages. The pay period for salary payment is from 27th day of a month to 26th day of following month and wages are paid by 30th day of the month. Pay period for Overtime work is 1st to 30th day of the month and compensation for overtime is paid by 10th day of following month. Work on rest days is paid as "Additional Incentive" in cash at the end of that day's work. Legally, all payments are to be made with 7 days after the end of the pay period.
Root Causes: As stated by management, workers requested overtime compensation to be paid separately so they can better manage their finances for the month. There is no documented evidence of this request.
2. Finding Status (Remediated)
Explanation: Based on management interviews and documentation review, it was found that compensation for overtime hours worked is included in the calculation of contribution towards benefit of Employees State Insurance.

Local Law or Code Requirement

The Factories Act, 1948: FLA Workplace Code (Compensation Benchmark C.10)

Recommendations for Immediate Action

Ensure overtime compensation payments are paid by the 7th day after the end of the pay period with the general wages as legally required.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Item 1: The factory finished the compensation software upgrade on Jan 22, 2018. The factory also provided the HR software training to all employees. Workers in and out time are downloaded from biometric machines. Previously workers in and out time were captured manually. Working hours will be calculated by software and the overtime wages will be paid as per legal requirements. All the calculation done by computer to minimize errors. HR department also needs to check the records randomly before generating the reports. Please find attached the supporting document.

After the software upgrade, the factory will be able to provide the payments for the employees within 7 days after the end of the pay period.

The factory arranged an awareness training to all employees after the software implementation was completed. A training was arranged to HR staff on Feb 19, 2018. Please find attached the supporting documentation.

PREVIOUS FINDING NO. 7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation
1. 22 young workers, hired between 2013 and 2015, were working 8 hour per day as adults. For 11 workers, the factory had obtained in 2013, 2014, and 2015 the young workers Fitness Certificates, certifying them to work as adults. However, 11 remaining young workers do not have Fitness Certificates certifying their eligibility to work as adults. The lack of Fitness Certificates from 2013 to 2015 indicates that workers should not have been working 8 hours per day and should have only been working 4.5 hours per day instead as per local law. Additionally, the 11 young workers currently without Fitness Certificates should only be working 4.5 hours per day until the Fitness Certificate certifies their eligibility to work as adults. HOW.1, HOW.4, HOW.52. The factory does not identify special categories of workers, such as young workers or pregnant women, to limit their working hours. HOW.1, HOW.4, HOW.5

Local Law or Code Requirement

Factories Act 148 - Section 9(c): FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.4, and HOW.5)

Recommendations for Immediate Action

1. Ensure that workers under 18 years of age are not hired without the Fitness Certificate.
2. If workers are not certified as adults by the Fitness Certificates, they should only work for a maximum of 4.5 hours a day.
3. Establish a system to identify special categories of workers and implement required protections accordingly.

VERIFICATION RESULT

Finding Status
Partially Remediated

Remediation Details
1. Finding Status (Remediated)
Explanation: Based on management and worker interviews and documentation review, the factory no longer hires workers below the age of 18.
2. Finding Status (Partially Remediated)
Explanation: Based on management and worker interviews and documentation review, it was found that factory does not employ young workers. One pregnant worker was seen working but could not be identified by assessor though HR team could identify the worker.
Root Causes: As stated by the management, there are no special working hours for pregnant workers, hence they do not feel the need to identify these workers.

Local Law or Code Requirement
FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.5)

Recommendations for Immediate Action

Establish a system to identify special categories of workers and implement required protections.

COMPANY ACTION PLANS

Action Plan no.1.
Description
The new policy arranged. The Factory arranged an awareness training to all employees. Please find attached the supporting documentation.

PREVIOUS FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation
1. There is no worker representative structure in place that is independent from management interference. There is only a joint legally mandated Worker/Management Committee (also known as the Works Committee). FOA.10, FOA.11, FOA.12
2. Management does not provide a designate space for the Worker/Management Committee. FOA.15

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.10, FOA.11, FOA.12, and FOA.15)

VERIFICATION RESULT

Finding Status
Remediated

Remediation Details
1. Finding Status (Remediated)
Explanation: Based on management and worker interviews and documentation review, it was found that factory has a functional works committee comprising of workers' and management representatives as legally required. There is no legal requirement to have a separate independent worker committee.
2. Finding Status (Remediated)
Explanation: Based on management and worker interviews and review of documentation, it was found that meetings are conducted in the factory provided office space.

PREVIOUS FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation
1. The factory does not have any written policies or procedures for Termination & Retrenchment; however, some documents and systems exist to calculate and pay termination dues. Calculations are recorded and payment documents are maintained with workers' acknowledgement of receiving the dues. ER.1, ER.322. As per factory practice, bonuses and wages for unused leave are paid every year during the festival season. In a case where worker resigns before the festival period, wages are paid at the time of termination of employment; however, the workers are required to return during festival period to collect the bonus and wages for unused leave, which is in violation of the law. 3. Instances were found where some workers had resigned in May 2013; however, a letter to these workers informing them to collect their due wages was issued in Feb 2015. Management stated that the dues were paid in 2013; however, they could not provide any documentary evidence of this.

Local Law or Code Requirement

Payment of Bonus Act, 1965: Factories Act 1948 - Accumulated leave: FLA Workplace Code (Employment Relationship) Benchmarks ER.1 and ER.32.2)

Recommendations for Immediate Action

1. Pay minimum bonus of at least 8.33% of earnings while paying termination dues, and in case a higher bonus is declared later, the difference may be paid during the festival period. Other dues need to be paid immediately on termination of employment.
2. Ensure that termination dues are paid immediately, and appropriate documentation is maintained.

VERIFICATION RESULT

Finding Status
Not Remediated

Remediation Details
1. Finding Status (Not Remediated)
Explanation: Based on management interviews and documentation review, it was found that factory does not have written policies and procedures on Termination and Retrenchment.
2. Finding Status (Not Remediated)
Explanation: Based on management interviews and documentation review, it was found that wages for days worked after a pay period until the date of termination of employment is paid in the pay period of the month following the month of termination of employment. After the final pay period, after seven days, a letter is sent to the worker to collect wages for unused leave and gratuity (part of terminal dues). The Annual Bonus is paid during the festival period. The Annual Bonus is paid during the festival period. The Annual Bonus is paid during the festival period.
(usually in October / November). Management sends a letter to workers who have left employment to collect their bonus. The above practice does not comply with legal requirements on timelines for payment of termination dues. A further concern with the current practice is that there could be a risk that the workers do not receive the letter, resulting in workers not receiving wages for unused leave and bonus.
Root Causes: Management stated that above practice is followed for their easy accounting of payments.
3. Finding Status (Remediated)
Explanation: Based on management interviews and documentation review, it was found that letters are sent to workers who had resigned to collect their dues after their date of termination.

Local Law or Code Requirement
Industrial Employment (Standing Orders) Act, 1946 -- section 13 -- Termination of employment -- (3). FLA Workplace Code (Employment Relationship) Benchmarks ER.1 and ER.32)

Recommendations for Immediate Action
Pay minimum bonus of at least 8.33% of earnings as legally required while paying termination dues, and in case a higher bonus is declared later, the difference may be paid during the festival period. Termination dues need to be paid within the legally defined timelines.

COMPANY ACTION PLANS

Action Plan no.1.
Description
Item 1: The Factory confirmed they will provide all termination dues (wages) within a 48-hour time limit in the future. All other dues (see below) within 1 month of termination. No employee has left the factory during the last 3 months period (Nov, Dec 2017 and Jan 2018). The Factory created the policy and procedure for termination and dues by Apr 21, 2018 and have arranged training on the written policy and procedures for termination and retrenchments to HR staff. Please find attached the supporting documentation.
Item 2: The Factory submitted the revised Remuneration procedure which mentions that unused leave and wages will be paid within 1 month time after the employee left the company. The Factory submitted the internal audit blank form. Please find attached the supporting documentation.
Update: Jan 18, 2019: The factory has implemented a system to settle the dues within one-month period and attached the evidence Annexure-1 to 3. Documentation available upon request.

PREVIOUS FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation
1. There are no policies or procedures on environmental protection; however, there is a commitment towards environmental protection in the factory's integrated policy on health and safety. ER.1, ER.31
2. The factory's solid waste storage areas are segregated; however, they are not enclosed. HSE.1
3. The sludge tank is not labeled. HSE.1
4. The stack (pipe) height or both of the 2 power generators is not high enough to prevent fumes from entering the nearby buildings. This height is not compliant with legal calculation requirement. HSE.1

Local Law or Code Requirement

The Hazardous Waste Management and Handling Rules, 1989 - Rule 4 (1): Regulation 22 of Central Pollution Control Board, emission regulations part IV, COIS/26/1986-87 - Diesel Generator Sets - Stack Height: FLA Workplace Code (Employment Relationship) Benchmarks ER.1 and ER.31: Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

VERIFICATION RESULT

Finding Status
Remediated

Remediation Details
1. Finding Status (Remediated)
Explanation: Based on management interviews and documentation review, it was found that factory has written procedures on environmental management.
2. Finding Status (Remediated)
Explanation: Based on visual inspection, the sludge tank is labeled.
3. Finding Status (Remediated)
Explanation: Based on visual inspection, the stack height of the exhaust pipes has been increased to comply with legal requirements.

PREVIOUS FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation
1. The factory has written procedures on Health & Safety; however, these do not cover for most of the FLA Workplace Code & Benchmarks. The factory's Health & Safety policies and procedures do not include measures to protect workers' reproductive health, methods for workers to raise Health & Safety concerns, and protection from retaliation for workers who raise concerns. ND.8, ER.31, HSE.122. The factory does not make Health and Safety documents available to workers. HSE.2.3. The five workers who do heavy lifting are not provided with training on proper lifting techniques and not provided with support belts. HSE.8, HSE.174. There is no training for maintenance safety. HSE.145. There is no Lock-out /Tag-out system for electrical maintenance safety. HSE.1, HSE.136. The factory does not have a safety manual for external contractor safety. ER.31

Local Law or Code Requirement

Recommendations for Immediate Action

- 1. Ensure workers are provided with the proper lifting techniques and are provided support belts.
- 2. Implement a Lock-out/Tag-out system for electrical maintenance safety.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)
Explanation: Based on management interviews and documentation review, it was found that written procedures on health and safety do not cover for most of the FLA Workplace Code & Benchmarks. The factories Health & Safety policies and procedures do not include measures to protect workers' reproductive health, methods for workers to raise Health & Safety concerns, and protection from retaliation for workers who raise concerns. Steps on how to ensure that all personnel, visitors, contractors, service providers safely evacuated. Root Causes: Lack of understanding of the requirement by the management. Concerns pertaining to Health and Safety are raised by workers and addressed hence the need of having written procedures were not considered.

2. Finding Status (Remediated)
Explanation: Based on worker interviews it was found that health and safety documents are made available to workers.

3. Finding Status (Not Remediated)
Explanation: Based on worker interviews, a review of documents, and from factory tour, it was found that workers who do heavy lifting are not provided with training on proper lifting techniques and not provided with support belts. Root Causes: Management believed that lifting belts are not required to be provided, as workers do not lift heavy material, except for fabric bundles. Hence no training has been provided

4. Finding Status (Not Remediated)
Explanation: Based on management and worker interviews and documentation review, it was found that no training is provided for maintenance safety. Root Causes: Management stated that a qualified maintenance team is engaged in maintenance work and hence no separate training is provided. While the electricians hold valid licenses, no other training is provided for maintenance workers.

5. Finding Status (Not Remediated)
Explanation: Based on interviews with management and maintenance workers and documentation review, it was found that a lock out - tag out system is not used during maintenance work. Root Causes: Lack of clear understanding of the procedures for a Lockout-tagout system by management.

6. Finding Status (Not Remediated)
Explanation: Based on management interviews and documentation review, it was found that factory does not have a safety manual for external contractors. Building painting work is done by external contractors who work at heights. Root Causes: External contractors are not often used and hence safety manual has not been prepared.

Local Law or Code Requirement

FLA Workplace Code (Employment Relation benchmark ER 31: Non Discrimination benchmark ND 8 and Health, Safety and Environment Benchmarks HSE 1,HSE 8, HSE 12, HSE 14 and HSE 17).

Recommendations for Immediate Action

- 1. Ensure workers are provided with the proper lifting techniques and are provided support belts.
- 2. Implement a Lockout-Tagout system for maintenance safety.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Item 1: The Factory updated the Health and Safety policies and procedures including: 1) measures to protect workers' reproductive health; 2) methods for workers to raise Health & Safety concerns; 3) protection from retaliation for workers who raise concerns; 4) steps on how to ensure that all personnel, visitors, contractors, service providers safely evacuated; and, 5) steps on how to ensure that all special categories of workers and children in childcare facilities can safely evacuate. All were completed on June 6, 2018. The Factory also arranged the training to all the workers. Please find attached the supporting documentation.

Item 3: The Factory only has the lead-men conduct jobs related to handling heavy material like fabric bundles. The Factory arranged training to the leading employees on Apr 21, 2018. The material handling training documents in local language are attached. MEC is waiting for The Factory to provide the information regarding the ergonomic assessment, which will help determine if there is any requirement for lifting belts, etc.

Update: March 7, 2019: The factory has completed an ergonomic assessment. No additional equipment was deemed required.

Item 4: The Factory has provided the safety training to their maintenance staff (please see attached evidence). The maintenance training has been added in the annual training planner. The Factory also finished the training feedback form on Apr 21, 2018.

Item 5: The Factory implemented a lock out - tag out procedure to be used during machine maintenance. The Factory arranged training. Please find attached the supporting documentation.

Item 6: MEC is still waiting for the Factory to create a policy for external contractors with safety instruction and monitoring systems. MEC is also waiting for the Factory to arrange training, as well as to evaluate the training effectiveness.

Update: March 7, 2019: the factory has created the Health and safety policy for external contractors. This has been reviewed and deemed complete.

PREVIOUS FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The factory does not communicate to workers on the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination and Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Health, Safety & Environment. ER 1, ER 16, ER 29, ER 30, ER 32

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER 1, ER 16, ER 29, ER 30, and ER 32)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Partially Remediated)
Explanation: Based on management and worker interviews and documentation review, it was found that the factory does not communicate to workers on the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination and Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System. Awareness is provided during induction program on all employment functions. Training on Health, Safety & Environment includes safe use of sharp tools, fire safety and PPE and does not include other aspects like safe operation of machinery, machine and electrical safety, Ergonomics, Sanitation, and waste management. Root Causes: Management stated that there was no specific reason for not conducting training. It was lack of monitoring and implementation.

Local Law or Code Requirement

(FLA Workplace Code (Employment Relationship Benchmarks ER 1, ER 16, ER 29, ER 30, and ER 32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The Factory has created awareness training of the following functions: recruitment, hiring, personnel development, termination & retrenchment, industrial relation, workplace conduct & discipline, grievance system, safe operation of machinery, machine & electrical safety, ergonomics, sanitation, and waste management. All information was included in the orientation training. The Factory finished training to the existing employees during the second week of February and complete all the training in May 2018. The training was conducted for all employees and was given by designated staff and IMS team. The HR department is responsible for the training. Please refer to the supporting document related to the Training

PREVIOUS FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

- 1. The factory does not record any warnings and disciplinary actions, and there are no records of disciplinary actions in the employees' personnel files. ER 2
- 2. Employees do not sign off on any written records of disciplinary action taken against them. ER 27

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER 2 and ER 27)

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

- 1. Finding Status (Remediated)
Explanation: Based on management and worker interviews and documentation review, it was found that no disciplinary action has been taken so far. Workers are counseled for any shortfalls.
- 2. Finding Status (Remediated)
Explanation: Based on management and worker interviews and documentation review, it was found that no written disciplinary action has been taken against any worker so far hence there are no evidence

PREVIOUS FINDING NO.14

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

- 1. There are no written grievance procedures, but some documents and systems exist, such as the Grievance Committee (with elected representative workers in addition to management representatives) and suggestion boxes. ER 252. The factory only maintains partial documentation for grievance procedures. The Grievance Committee records grievance reported; however, the grievances submitted are not categorized by severity, further action is not recorded, and records do not indicate whether grievance remains open or has been closed. ER 2

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER 2 and ER 25)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

- 1. Finding Status (Partially Remediated)
Explanation: Based on management interviews and documentation review, it was found that factory has some written grievance system procedures, however, it does not include FLA benchmarks which allow workers to report to supervisors and time lines for addressing grievances. Clause 12.0 in the written procedures state that complaint box would be opened once in 15 days and clause 15 states that response to grievances will be provided within 30 days. This practice may discourage workers from using the box. Procedures to prioritize and timelines for addressing grievances based on nature of the grievance is not defined.
- 2. Finding Status (Remediated)
Explanation: Based on management interviews and documentation review, complete documentation is maintained for reported grievances and actions taken.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER 2 and ER 25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory updated the grievance procedures to include reporting to supervisors directly, as well as time lines for addressing grievances. They will change the box opening timelines in accordance with nature of grievance. The box will be opened in every 15 days and the factory created a flow chart list of the different grievance channels. The training to employees was also included in the orientation training program. The Factory finished training to the existing employees during the second week of February and completed all training in May 2018. The training conducted for all the employees and will be given by designated staff and IMS team. The HR department is responsible for the training. Please refer to the supporting document related to the Training

PREVIOUS FINDING NO.15

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory does not periodically review its policies, procedures and their implementation for any of the Employment Functions. ER 1, ER 30, ER 31

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER 1, ER 30, and ER 31)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details
Finding Status (Partially Remediated)
Explanation: Based on management interviews and documentation review, it was found that review period for written policies and procedures are not defined. These were last revised on October 1, 2016.
Root Causes: Management stated that these are revised when required, hence there is no specific period mentioned.
Local Law or Code Requirement
FLA Workplace Code (Employment Relationship Benchmarks ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory management reviewed all factory policies and procedures and recorded review/revision dates in the amendment sheet. The revised policies and procedures were communicated to employees in March 2018 as amendments were confirmed. The Factory sent the amendments to MEC for review.

PREVIOUS FINDING NO.16

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. ER.1, ER.25

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25.2)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

Finding Status (Not Remediated)

Explanation: Based on worker interviews and documentation review, it was found that worker representatives in the works committee are not consulted while policies and procedures are drafted.

Root Causes: Management stated that policies and procedures are drafted based on legal guidelines, hence workers are not consulted.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

The Factory arranged a meeting with the worker representatives to provide awareness training of all policies and procedures; consulting for feedback on March 27, 2018. The Factory revised the policy and procedure drafting process and the details of the revisions are recorded in the amendment form. Please find attached photo supporting. MEC recommended the factory provide us with a written record to show workers feedback.

New Findings and Action Plans

NEW FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Needle guards are pushed upwards on the sewing machines, rendering them ineffective. HSE.14

2. Overlock machine operators were not using dust masks. HSE.7

3. Rest areas are not provided for workers with standing jobs, as legally required. HSE.17

4. Traffic lanes are not marked inside the factory. The factory does provide any visual management such as indicators, convex mirrors in blind ends, reflectors, etc., to ensure safe driving practices on factory HSE.1

5. The evacuation drill logs are recorded incorrectly. The factory has filled in "Non-applicable" for several required items (assembly by team, cordon off area, people affected by evacuation, etc). Drills are conducted after lunch, close to the end of working hours, management confirmed that drills are planned to minimize loss of production time. HSE.5

Local Law or Code Requirement

Factories Act 1948 section 7, section 8 and FLA workplace code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.7, HSE.14, and HSE.17)

Recommendations for Immediate Action

<-[-(endf)]->Install appropriate needle guards to ensure they are in the correct position.

<-[-(endf)]->Monitor and ensure that overlock machine operators use dust masks.

<-[-(endf)]->Provide rest areas for workers with standing jobs.

<-[-(endf)]->Mark traffic lanes inside the factory and provide visual management such as indicators, convex mirrors in blind ends, reflectors, etc., to ensure safe driving practices at the factory

<-[-(endf)]->Maintain appropriate and accurate information in the evacuation drills logs. Conduct drills at different times of the work day.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Item 1: The Factory has provided needle guard awareness training to all employees on Nov 25, 2017. Supporting documents included internal check document sent to MEC on Dec. 4, 2017. The needle guard awareness training has been included in the training calendar, under the personal protective equipment training.

Item 2: The Factory has provided proper use of safety mask awareness training to related employees on Nov 25, 2017. Supporting documents include the internal check document sent to MEC on Dec. 4, 2017. The proper use of safety masks awareness training was also included in the training calendar, under the personal protective equipment training.

Item 4: The Factory installed a traffic mirrors in the blind spots of the entrance in the facility. MEC is waiting for the Factory's update regarding are designated internal traffic lanes and if they are for vehicle and human movements, as well as whether the Factory has informed all workers and drivers to follow the new procedure on the notice board.

Update March 7, 2019: The factory has created internal traffic lanes as confirmed through document review.

Item 5: The Factory conducted a detailed mock drill (assembly by team, cordon off area, people affected by evacuation, etc.) on March 24, 2018. Please find attached the supporting documentation.

NEW FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The number of hours worked on rest days are not recorded at all, and official time records show that no time was worked on these days. Compensation records called "Additional Incentive" reflect a fixed amount of pay for all workers, paid in cash at the end of the day's work. The amount paid is higher than the wage rate per day calculated at legal premium rates. Management stated that workers requested cash payment, hence the current practice. If the time recording system is used, compensation gets calculated in the system, and can be paid only at the end of pay period. In the absence of time records for work done on rest day, the accuracy of compensation records cannot be completely verified. ER.2, ER.23, HOW.1-1.1

2. Based on review of separate pay records maintained for work done on rest days: 21 workers on June 4, 2017, 24 workers on June 25, 27 workers on July 2, 2017, and 48 workers on July 16, 2017 worked on rest day. This resulted in 13 days of continuous work without a rest day. HOW.2

Local Law or Code Requirement

Factories Act 1948 section 9. FLA workplace code (Employment Relations Benchmarks ER.2 and ER.23 : Hours of Work Benchmarks HOW.1 and HOW.2)

Recommendations for Immediate Action

1. <-[-(endf)]->Record all hours worked, including work done on rest days, on time cards.

2. <-[-(endf)]->Provide workers a day off in every seven-day period. In case of work on rest day, a compensatory rest day should be provided within 3 days prior to or after the rest day worked.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Item 1: The Factory is currently upgrading their internal software, which will be complete before Jan 22, 2018. At present the Factory is using a manual system to calculate the rest day working information and manually inputting the information to the existing software so that the rest day working time in and time out will be captured. After the software upgrade, all of this information will automatically show up in the new system. The Factory will provide awareness training to all employees. The training and assessment will be completed on or before Feb 5, 2018.

Item 2: The Factory will create a policy related to providing workers with one day off in every seven-day period. In case of work on rest day, a compensatory rest day will be provided within 3 days prior to or after the rest day worked on. The policy will be created by Feb 15, 2018. The awareness training for the new policy will be given to employees on Mar 31, 2018. The assessment will be done on Mar 31, 2018. Pending the information related to the assessment. Is this assessment related to the training or related to the system? The HR department will be responsible to communicate the information about all policy changes.

Item 1: Planned

Item 2: Planned

Aug 17, 2018 Company Action Plan: Item 1: The Factory finished the working hours and pay system software upgrade. The Factory informed the HR staff regarding the upgrade during the training 1) Workers in and out time needs to be downloaded from biometric machine (previously workers in time and out time captured manually); 2) Working hours will be calculated by software and the overtime wages will be paid as per legal requirement; 3) The error level will be drastically decreased as all calculations are completed in the computer system; 4) HR will check randomly before generating the reports. The Factory sent the record as supporting documentation.

Item 2: Same comment as item 1. MEC is checking with the factory whether there are any workers who worked on Sunday or worked 7 days or more without 1 day off after the factory implemented the new system.

Item 1: In progress

Item 2: In progress

Nov 4, 2019 Company Action Plan:

Item 1: Item confirmed complete during Fair Trade USA audit as part of the facilities certification.

Item 2: Item confirmed complete during Fair Trade USA audit as part of the facilities certification.

Item 1: Complete

Item 2: Complete

NEW FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The contribution amounts for the provident fund and employee state insurance scheme for July through September 2017 deducted from worker pay slips was less than amounts deposited as reflected on deposit slips. Management could not provide satisfactory explanation for the difference. ER.2, C.10.1

2. Workers do not complete a leave application form when requesting leaves. Leaves are requested verbally and allowed by supervisors. C.15

3. Wage slips issued to workers do not include information on overtime working hours and work done on rest days. C.13.3

4. The bonus paid to workers in October 2017 was rounded to lower and higher denomination. Hence 11 out of 45 sampled workers had received INR 1 to INR 8 less than the correct amount, while others received INR 2 to INR 4 in excess. Management stated that the amounts were rounded to facilitate easy payment with available currency denominations. Effective November 2016, all payments were required to be transferred to bank accounts of workers and no payment was allowed to be made in cash and hence there was no guidance for rounding off payable amounts. C.5

5. Contributions toward the legally mandated Employees State Insurance Scheme deducted from overtime compensation for June and July 2017 were deposited with the concerned government authorities on August 29, 2017. Legally, this is required to be deposited within 21 days after the end of the pay period every month. C.10.1

Local Law or Code Requirement

Employees State Insurance Act 1948 - Deposit of contributions: FLA workplace code (Employment Relations benchmark ER.2: Compensation benchmarks C.5, C.10, C.13, and C.15)

Recommendations for Immediate Action

1. Maintain complete information for amount deducted from wages and deposited for the Provident Fund and Employee State Insurance Scheme. 2. Ensure that leave applications are completed when workers request leave. 3. Include information on overtime hours and work done on rest day in wage slips provided to workers. 4. Pay the correct bonus to workers. 5. Deposit contributions for Employees state insurance scheme within the legally defined timelines.

COMPANY ACTION PLANS

Action Plan no 1.
<div><div>Description</div><div><div>Item 1: The Factory provided the Dec 2017 Employees' Provident Fund record for our review. As per the record, the total amount paid for wages for workers is \$2,936,647 and paid for Directors salary is \$370,300. The grant total wages - \$3,306,947. It was covered in employees' provident fund evidence supporting document.</div><div>Item 2: The Factory implemented a leave application system in February 2018. The Factory arranged training to the workers on May 26, 2018. Please find attached the supporting documentation.</div><div>Item 3: The Factory implemented a pay slip into the software system in January 2018. The Factory included the hours of work, hourly rate and the total amount received in the pay slip. The Factory ensures the hours worked & payment calculate the correct premium to the employee. The training arranged to HR administrators was on February 19, 2018. Pending information when the Factory informed the pay slip amendment to the workers.</div></div><div><div>Update March 7, 2019: The factory provided training on May 26, 2018 to all workers as per document review.</div><div>Item 4: Software modified accordingly for the next year bonus. The Factory provided training to HR department.</div><div>Related to the payroll plan, the Factory arranged the paid back on June 10, 2018. Please refer to the supporting documentation.</div><div>Item 5: The Factory will deposit the contributions within the legal time limit effectively starting from Feb 15, 2018. As this is legal procedure the Factory sent the SA 8000 manual and status for reference. The factory also sent the January contribution record, which showed the transaction date as January 6, 2018.</div></div></div>

NEW FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

<div><div>Finding Explanation</div><div><div>1. The Workplace Conduct & Discipline procedures do not provide information on types of misconduct and the related disciplinary actions that will be taken. E.27</div><div>2. The penal consequences for harassment at the workplace is not posted as required by law. ER.27.3</div><div>3. The committee for preventing harassment does not comply with legal guidelines. (i). Name of the committee is called Harassment and Abuse committee and not "Internal Complaints Committee" and (ii). A NGO representative is not included in the committee. ER.1, ER.27</div></div><div><div>Local Law or Code Requirement</div><div>The Sexual Harassment of Women at Workplace Act 2013: FLA Workplace Code (Employment Relation Benchmarks ER.1 and ER.27)</div></div></div>
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COMPANY ACTION PLANS

Action Plan no 1.
<div><div>Description</div><div><div>Item 1: The Factory send the disciplinary procedure document to MEC and it include the type of misconduct. The Factory also arranged the training to the workers.</div><div>Item 2: The penal consequences of harassment at the workplace posted in the notice board at front entrance of the facility. Please find attached the supporting documentation.</div><div>Item 3: The sexual harassment committee is conducted by a NGO representative. Increasing awareness has been created throughout the factory. The evidence of the committee records has been provided to MEC. Supporting documentation as attached.</div></div></div>