Verification Assessment

COMPANIES: Mountain Equipment Co-op (MEC)
COUNTRY: India
ASSESSMENT DATE: 11/07/17
ASSESSOR: Insync Global
PRODUCTS: Apparel
NUMBER OF WORKERS:**********
### Previous Report Findings and Verification Results

**Previous Findings No.1.**

1. **Finding Status (Remediated)**
   - **Local Law or Code Requirement:** The factory does not provide documentation to new recruits that covers all topics included in the induction/orientation program. ER.1, ER.152. Factory does not provide any on-going training to employees on Recruitment, Hiring & Personnel Development, Health & Safety, Environment Protection, Travel & Transportation, Workplace Conduct & Discipline, and Grievance System.
   - **Remediation Details:**
     - Item 2: The Factory updated the training calendar and the orientation program to cover topics on Recruitment, Hiring & Personnel Development, Health & Safety, Environment Protection, Travel & Transportation, Workplace Conduct & Discipline, and Grievance System. Please find attached supporting documents. The Factory finished training to the existing employees in February and completed the training for new recruits in March 2018.

### Summary of Code Violations

**PREVIOUS FINDINGS No.2.**

2. **Finding Status (Not Remediated)**
   - **Local Law or Code Requirement:** The factory has enclosed the solid waste storage area. The Factory has provided photographs as evidence. The Factory has maintained accurate records of waste disposal, and the responsible person will maintain accurate records. Please find the attached supporting documents.
   - **Remediation Details:**
     - Item: The Factory has disposed of the solid waste in a separate area. The responsible person will maintain accurate records. Please find the attached supporting documents.

### Previous Findings No.3.

3. **Finding Status (Partially Remediated)**
   - **Local Law or Code Requirement:** The factory has not provided any identification to workers. Hence, there is no requirement of identification of workers. FLA benchmarks.
   - **Remediation Details:**
     - Item: Based on management and worker interviews and documentation review, it was found that effective August 2016, ... 18 years old, as they find it a challenge to obtain the legally required certificates from the government department.

### Previous Findings No.4.

4. **Finding Status (Not Remediated)**
   - **Local Law or Code Requirement:** The factory has not provided any identification to workers. Hence, there is no requirement of identification of workers. FLA benchmarks.
   - **Remediation Details:**
     - Item: Based on management and worker 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.

### Verification Result

**Verifying Body:**

**Status:**

1. **Worker Interviews:**
   - Interviewed 10 workers in the factory and all confirmed that they have received all the training and documentation.
   - Interviewed 14 workers in the factory and all confirmed that they have received all the training and documentation.
   - Interviewed 12 workers in the factory and all confirmed that they have received all the training and documentation.

2. **Documentation Review:**
   - Reviewed the training calendars and the orientation programs.
   - Reviewed the training records and the records of waste disposal.

### Verification Result

**Verifying Body:**

**Status:**

1. **Worker Interviews:**
   - Interviewed 10 workers in the factory and all confirmed that they have received all the training and documentation.
   - Interviewed 14 workers in the factory and all confirmed that they have received all the training and documentation.
   - Interviewed 12 workers in the factory and all confirmed that they have received all the training and documentation.

2. **Documentation Review:**
   - Reviewed the training calendars and the orientation programs.
   - Reviewed the training records and the records of waste disposal.
**PREVIOUS FINDING NO.8**

**IMMEDIATE ACTION REQUIRED**

**FINIDING TYPE:** Health & Safety

**Finding Description:** The overtime compensation payments are not paid by the 7th day after the end of the pay period in accordance with the legal requirements.

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

**Recommendations for Immediate Action**

**Local Law or Code Requirement**

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.

2. **Finding Status (Remediated)**

Work on rest days is paid as overtime.

1. **Finding Status (Not Remediated)**

Remediation Details

**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.

**Finding Explanation**

**IMMEDIATE ACTION REQUIRED**

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

**Local Law or Code Requirement**

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

**Explanation:** Based on visual observation, it was found that emergency lights are not installed above the exits and are installed on the wall approx. 3 to 5 feet away from exits.

**Finding Status**

4. **Finding Status (Remediated)**

Root Causes: Management had no explanation as to why the risk assessment was not conducted.

3. **Finding Status (Partially 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.

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**Recommendations for Immediate Action**

1. Policies and procedures should pertain to the factory.

**Local Law or Code Requirement**

4. **Local Law or Code Requirement**

The Factories Act, 1948

**Recommendations for Immediate Action**

2. **Recommendations for Immediate Action**

Review Entrance/Exit System:

- 1. Ensure emergency lights are installed above the exits from all work areas and the dining area.
- 2. Ensure emergency lights are installed above the exits from all work areas and the dining area.
- 3. Ensure emergency lights are installed above the exits from all work areas and the dining area.
- 4. Ensure emergency lights are installed above the exits from all work areas and the dining area.
- 5. Install emergency lights above the exits from all work areas and the dining area.

**Explanation:** Based on management interviews and documentation review, it was found that the fire extinguishers and alarms are installed in the child care room.

**Finding Status**

3. **Finding Status (Partially Remediated)**

Explanation: Based on management interviews and documentation review, it was found that the factory's procedures do not define steps to maintain walkways clear. However, the procedure dated October 1, 2016 is printed on letterhead of Peacock Apparels. Management stated that their consultant had provided the document and hence the error with name of factory.

**Explanation:** Based on management interviews and documentation review, it was found that the factory's procedures do not define steps to maintain walkways clear. However, the procedure dated October 1, 2016 is printed on letterhead of Peacock Apparels. Management stated that their consultant had provided the document and hence the error with name of factory.

**Recommendations for Immediate Action**

1. Ensure emergency lights are installed above the exits from all work areas and the dining area.

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IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

FINDING

1. The factories have written procedures on Health & Safety; however, these 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 from workplace risks.

FINDING EXPLANATION

Explanation: Based on visual inspection, the sludge tank is labeled. Remediated

VERIFICATION RESULT

Finding Type: Health & Safety

Explanation: Based on management and worker interviews and documentation review, the factories do not have a worker representative structure that is independent from management interference. There is only a joint legally mandated Worker/Management Committee (also known as the Works Committee).

PREVIOUS FINDING NO.11

PREVIOUS FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Valuables Burglary

FINDING

Finding Status: Remediated

Remediation Details

The new policy was arranged. The Factory arranged an awareness training to all employees. Please find attached the supporting documentation.

FINDING

Finding Status: Remediated

Remediation Details

One pregnant worker was seen working but could not be identified by assessor though HR team could identify the worker.

FINDING

Finding Status: Remediated

Remediation Details

The Factory submitted the internal audit blank form. Please find attached the supporting documentation.

FINDING

Finding Status: Remediated

Remediation Details

The factory does not maintain adequate records for wage payments and bonuses. The factory could not provide any documentary evidence of this.

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Finding Status: Remediated

Remediation Details

The factory does not maintain adequate records for wage payments and bonuses. The factory could not provide any documentary evidence of this.
Partially Remediated

Finding Status

Explanation: Based on management interviews and documentation review, complete documentation is maintained for reported grievances and actions taken.

Root Causes: Management is not aware of FLA benchmarks and need to include all procedures. 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.

1. Finding Status (Partially Remediated)

Remediation Details

Partially Remediated

Finding Status

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. Employees do not sign off on any written records of disciplinary action taken against them. ER.27

Finding Status

Partially Remediated

Finding Status

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

SUSTAINABLE IMPROVEMENT REQUIRED

COMPANY ACTION PLANS

2. Implement a Lockout

Recommendations for Immediate Action

Root Causes: Lack of clear understanding of the procedures for a Lockout

Explanation: Based on interviews with management and maintenance workers and documentation review, it was found that a lock out system is not used during maintenance work.

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 supportive belts.

2. Finding Status (Remediated)

Recommendations for Immediate Action

PREVIOUS FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING-Type: Occupational Safety & Health

Finding Status

Explanation: Based on worker interviews and review of documents, it was found that the factory has not issued a policy on 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 employees have access to reproductive health and safety information

(i) The factory will issue a Healthcare and reproductive health, methods for workers to raise Health & Safety concerns, and protection from retaliation for workers who raise concerns.

(ii) The factory will ensure that all employees have access to reproductive health and safety information.

Explanation: The factory has issued a Healthcare and reproductive health policy but has not provided training or education to workers on the policy.

The factory will conduct training for all employees on the Healthcare and reproductive health policy and the procedures for reporting injuries, illnesses, and complaints.

The HR department is responsible for the training. Please refer to the supporting document related to the training.

PREVIOUS FINDING NO.14

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING-Type: Collective Bargaining

Finding Status

Explanation: Based on worker interviews and review of documents, it was found that the factory has not issued a policy on reproductive health, methods for workers to raise Health & Safety concerns, and protection from retaliation for workers who raise concerns.

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(i) The factory will issue a Healthcare and reproductive health, methods for workers to raise Health & Safety concerns, and protection from retaliation for workers who raise concerns.

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Explanation: The factory has issued a Healthcare and reproductive health policy but has not provided training or education to workers on the policy.

The factory will conduct training for all employees on the Healthcare and reproductive health policy and the procedures for reporting injuries, illnesses, and complaints.

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: GRIEVANCE SYSTEM

Finding Status

Explanation: Based on worker interviews and review of documents, it was found that the factory has not issued a policy on 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 employees have access to reproductive health and safety information

(i) The factory will issue a Healthcare and reproductive health, methods for workers to raise Health & Safety concerns, and protection from retaliation for workers who raise concerns.

(ii) The factory will ensure that all employees have access to reproductive health and safety information.

Explanation: The factory has issued a Healthcare and reproductive health policy but has not provided training or education to workers on the policy.

The factory will conduct training for all employees on the Healthcare and reproductive health policy and the procedures for reporting injuries, illnesses, and complaints.

The HR department is responsible for the training. Please refer to the supporting document related to the training.

PREVIOUS FINDING NO.16

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING-Type: GRIEVANCE SYSTEM

Finding Status

Explanation: Based on worker interviews and review of documents, it was found that the factory has not issued a policy on reproductive health, methods for workers to raise Health & Safety concerns, and protection from retaliation for workers who raise concerns.

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Explanation: The factory has issued a Healthcare and reproductive health policy but has not provided training or education to workers on the policy.

The factory will conduct training for all employees on the Healthcare and reproductive health policy and the procedures for reporting injuries, illnesses, and complaints.

The HR department is responsible for the training. Please refer to the supporting document related to the training.

PREVIOUS FINDING NO.17

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING-Type: GRIEVANCE SYSTEM

Finding Status

Explanation: Based on worker interviews and review of documents, it was found that the factory has not issued a policy on 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 employees have access to reproductive health and safety information

(i) The factory will issue a Healthcare and reproductive health, methods for workers to raise Health & Safety concerns, and protection from retaliation for workers who raise concerns.

(ii) The factory will ensure that all employees have access to reproductive health and safety information.

Explanation: The factory has issued a Healthcare and reproductive health policy but has not provided training or education to workers on the policy.

The factory will conduct training for all employees on the Healthcare and reproductive health policy and the procedures for reporting injuries, illnesses, and complaints.

The HR department is responsible for the training. Please refer to the supporting document related to the training.
FINDING TYPE: Employees State Insurance Act

1. Maintain complete information for amount deducted from wages and deposited for the Provident Fund and Employee State Insurance Scheme.
2. Workers do not complete overtime compensation slips. The factory has provided overtime compensation slips for workers to fill in. The factory management stated that all those who filled in the overtime compensation slips were paid overtime compensation.
3. Wage slips issued to workers do not include information on overtime working hours and work done on rest days.
4. Workers do not complete a leave application form when requesting leaves. Leaves are requested verbally and allowed by supervisors.
5. Contributions toward the legally mandated Employees State Insurance Scheme deducted from overtime compensation for July through September 2017. Legally, this is required to be deposited within 21 days after the end of the pay period every month.

FINDING TYPE: Health & Safety

1. The evacuation drill logs are recorded incorrectly. The factory has filled in evacuation drill logs incorrectly. The factory management stated that workers are not consulted about the evacuation drill dates.
2. 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.
3. Rest areas are not provided for workers with standing jobs, as legally required.

FINDING TYPE: New Findings and Action Plans

NEW FINDING NO.1

Item 1: The Factory finished the working hours and pay system software upgrade. Item confirmed complete during Fair Trade USA audit as part of the facilities certification.

Item 2: Planned

Description

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.

Item 3: Planned

Description

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

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.3

Item 1: The Factory finished the working hours and pay system software upgrade. Item confirmed complete during Fair Trade USA audit as part of the facilities certification.

Item 2: Planned

Description

The Factory conducted a detailed mock drill (assembly by team, cordon off area, people affected by evacuation, etc.). Drills are conducted during the last 15 minutes of the end of working hours, management confirmed that drills are planned to minimize loss of production time.

ITEM 1: Immediate Action Required

Recommendations for Immediate Action

Local Law or Code Requirement

1. Maintain complete information for amount deducted from wages and deposited for the Provident Fund and Employee State Insurance Scheme. This indicates that the factory has not established procedures to request and/or record workers’ input regarding the manner, implementation, and updating of its policies and procedures. Violations are neither systematically integrated nor considered in decision making processes ER.1, BI.25

2. Wage slips issued to workers do not include information on overtime working hours and work done on rest days. Compensation records (for "additional incentive") reflect a fixed amount of pay for all workers, paid at the rate of the day’s wage. The amount is paid at a higher than the wage rate per day calculated at legal premium rates. Management stated that workers requested cash payment. Hence, the current practice. It is not clear whether workers were consulted about the compensation system (HR.2, BI.25).

3. The evacuation drill logs are recorded incorrectly. The factory management stated that workers are not consulted about the evacuation drill dates. Management confirmed that all workers were informed about evacuation drills at least 1 day before the end of working hours. Management confirmed that all workers were informed about evacuation drills. Management confirmed that all workers were informed about evacuation drills at least 1 day before the end of working hours.

4. Workers do not complete a leave application form when requesting leaves. Leaves are requested verbally and allowed by supervisors. (ER.1, ER.25)

5. Contributions toward the legally mandated Employees State Insurance Scheme deducted from overtime compensation for July through September 2017. Legally, this is required to be deposited within 21 days after the end of the pay period every month. C.10.1

Recommendations for Immediate Action

Local Law or Code Requirement

1. Workers do not complete overtime compensation slips after completing overtime. Slips are requested verbally and allowed by supervisors. C.10.1

2. The evacuation drill logs are recorded incorrectly. The factory management stated that workers are not consulted about the evacuation drill dates. Management confirmed that all workers were informed about evacuation drills at least 1 day before the end of working hours.

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FINDING TYPE: Communication

New Findings and Action Plans

Company Action Plans

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.

Finding Status (Partially Remediated)

Remediation Details

The Factory arranged a meeting with the worker representatives to provide awareness training at all worker sites and locations, concluding for feedback on March 17, 2018. The Factory reviewed the policy and procedure during training and the details of the revisions were included in the amended form. Please find attached photo supporting. Management recommended the Factory provide copies of written records to show workers feedback.

Finding Status (Not 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. FLA Workplace Code (Employment Relationship Benchmark ER.1)
COMPANY ACTION PLANS

Action Plan no 1.

Description

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 grand total wages = $3,306,947. It was included in employees' provident fund evidence supporting document.

Item 2: The Factory implemented a pay slip into the software system in January 2018. The Factory arranged training to the workers on May 26, 2018. Please find attached the supporting documentation.

Item 3: The Factory implemented a leave application system in February 2018. The Factory included the hours of work, hourly rate and the total amount received in the pay slip. The Factory ensured the hours worked & payment calculated the correct provision to the employee. The training arranged to HR administrations was on February 15, 2018. Pending information when the Factory told the pay slip amendment to the workers.

Update March 7, 2019: The factory provided training on May 26, 2018 to all workers as per document review.

Item 4: Software modified accordingly for the next year bonus. The Factory provided training to HR department.

Related to the payback plan, the Factory arranged the paid back on June 10, 2018. Please refer to the supporting documentation.

Item 5: The Factory will deposit the contributions within the legal time limit effectively starting from Feb 15, 2018. As per legal provisions, the factory sent the SA 8000 annual audit report to the enforcement. The factory also sent the January contribution record, which showed the transactions date as January 5, 2018.

NEW FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

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

2. The penal consequences for harassment at the workplace is not posted as required by law. E.R.27.3

3. The committee for preventing harassment does not comply with legal guidelines. (i). Name of the committee is called as "Disciplinary Committee" and not "Internal Grievance Committee" and (ii). A NGO representative is not included in the committee E.R.1, E.R.27

Local Law or Code Requirement

The Sexual Harassment of Women at Workplace Act 2013; FLA Workplace Code (Employment Relation Benchmarks E.R.1 and E.R.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

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.

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.

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.