



## Verification Assessment

COMPANIES: Hanesbrands

COUNTRY: India

ASSESSMENT DATE: 07/11/17

ASSESSOR: Insync Global

PRODUCTS: Apparel

NUMBER OF WORKERS:

## FLA Comments

Hanesbrands completed production at this factory in July 2018 due to consolidation. Hanesbrands remediated with the factory at the time sourcing ended and there were no critical issues present.

## 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

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

There is no ongoing training provided to employees on Termination & Retrenchment.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.1)

#### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

Finding Status: Not Remediated

Explanation: Based on management and worker interviews and review of documentation, it was noted that training is not conducted on Termination & Retrenchment and no ongoing training is provided.

Root Causes: Factory does not have a written policy and procedure for Termination & Retrenchment. There is a lack of awareness by management of FLA Benchmarks.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.1)

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

The company has developed the annual training calendar, in that we also included the retrenchment and termination policy. As per the plan, we have started training to the workers and ensure that we will cover all the employees in the calendar period. Copy of training calendar and training documents attached for reference.

## PREVIOUS FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

**FINDING TYPE:** Environmental Protection

### Finding Explanation

The factory's policies on the environment are not detailed, and do not include a commitment to minimize air emissions, waste, hazardous materials, and other applicable environmental risks. [ER.31.3]

Although the factory has a written environmental protection program, it is not communicated to workers. ER.16

The factory has not conducted an environmental impact assessment. It is scheduled for October 2014. [HSE.1]

There is no documented chemical management system in place. [HSE.9.1, ER.31]

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.16, and ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.9.1)

### VERIFICATION RESULT

### Finding Status

Not Remediated

## Remediation Details

### 1. Finding Status: Partially Remediated

#### Explanation:

Interview with management and review of documents revealed that management maintains a policy on Health, Safety, & Environment, but the policy does not include management's commitment to minimize air emissions, waste, hazardous materials, and other applicable environmental risks. In addition to that, it does not contain any

statement on company obligation, duties and responsibilities, responsibility and management practices, risk assessments, monitoring and review. [ER.31]

#### Root Causes:

Management lacks understanding of the policy expectations as per the FLA Benchmarks.

### 2. Finding Status: Not Remediated

#### Explanation:

There is no documented evidence to suggest that the Environmental Protection policy is communicated to workers. Workers interviewed were unaware of the Environment Protection policy. [ER.16]

#### Root Causes:

Management lacks understanding of the procedure expectations as per the FLA Benchmarks.

### 3. Finding Status: Partially Remediated

#### Explanation:

An environmental impact assessment was not conducted in October 2014. The last two environment impact assessments were conducted on September 1, 2015 and September 1, 2016. According to the management interviewed, annual environmental impact assessments are done by the responsible internal staff in the factory. [HSE.1]

### 4. Finding Status: Not Remediated

#### Explanation:

Based on interviewed management and document review, there is no documented chemical management system in place. [ER.31, HSE.9]

#### Root Causes:

Management lacks understanding of the procedure expectations as per the FLA Benchmarks.

## Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.2, ER.16, and ER.31.3; Health, Safety & Environment Benchmark HSE.9)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The company have revised environment policy and included management's commitment to minimizing air emissions, waste, hazardous materials, and other applicable environmental risks. In addition to that, it was added with the statement on company obligation, duties, and responsibilities, responsibility and management practices, risk assessments, monitoring, and review. Kindly Refer our attached Environment Management System. Serial No 4 (Solid Waste Management Program), 5 (Air Emission Program), 6 (Waste Water Program), in Page no 8, 9,10.
2. We have started training to the employees about environmental protection also we have included in our annual training calendar. Kindly refer our training calendar.
3. Our facility has certified for ISO14001 and OHSAS18001 and Surveillance audit conducted in every nine months and evaluating all the environmental systems. We are conducting internal I environmental impact assessments on annual basis and we are upgrading our soft copies by the new additions if any. Currently, we have the standard policy and practice of conducting the study annually and at the time of new installations. Attached herewith the Environment Aspect and Impact Study of Garment Facility.

4.

Our facility is approved with Blue Sign, Oeko Tex, and GOTS. We have a written Chemical Management and RSL policy in the facility and we are working towards the goal of achieving ZDHC. The total system and policy we are revising as per ZDHC parameters for making the same more stringent and effective. We have appointed a chemical expert Dr. Jayakumar for the development and implementation of the same. The updated policy will be completed by 30th October.

## PREVIOUS FINDING NO.3

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

The iron junkyard is neither properly managed nor secured. [HSE.1]

There are no labels posted on the hazardous waste (sludge generated from the effluent of the treatment plant), and it is stored in a hall without restricted access or proper ventilation. [HSE.9]

The factory does not segregate its solid waste at the source; it is segregated at the time of disposal/sale outside of the factory building. [HSE.1]

##### Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment Benchmark HSE.1 and HSE.9.1)

##### Recommendations for Immediate Action

Properly label and store hazardous waste.

### VERIFICATION RESULT

## Finding Status

Remediated

## Remediation Details

1. Finding Status: Remediated

Explanation: The iron junkyard has been removed and segregated.

2. Finding Status: Remediated

Explanation: The sludge generated from the effluent treatment plant has been labeled and the area has been marked with restricted access and with proper ventilation.

3. Finding Status: Remediated

Explanation: The factory segregates its solid waste at the source.

## PREVIOUS FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

The Health & Safety (H&S) procedures do not have measures to protect employees' reproductive health that minimize their exposure to workplace hazards. [HSE.12, ND.8]

The H&S procedures do not contain: a) provisions allowing workers can raise H&S concerns, b) protection against retaliation for workers who raise H&S concerns, and c) steps for reporting death, injury, illness, and other H&S issues, even though records are maintained for reporting such issues. [ER.31]

The H&S procedures have been partly communicated to workers through some training and display boards; however, not all employees have been covered. The factory has a calendar for training on workplace standards through which detailed procedures are communicated. These trainings are conducted in groups and approximately 30% of the workers have been covered. [ER.16, ER.15]

#### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.12.1; Employment Relationship Benchmarks ER.15, ER.16.1, and ER.31.2; Nondiscrimination Benchmark ND.8)

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Not Remediated Explanation:

Based on documents review and management interviewed, Health & Safety (H&S) procedures do not include measures to protect workers' reproductive health that minimize their exposure to workplace hazards. [HSE.12, ND.8]

Root Causes:

Lack of management awareness of the issue.

2. Finding Status: Not Remediated

Explanation: Based on document review and management interviewed, the H&S procedures do not contain the following: a) provisions allowing workers to raise H&S concerns, b) protection against retaliation for workers who raise H&S concerns, and c) steps for reporting death, injury, illness, and other H&S issues, even though records are maintained for reporting such issues. [ER.31]

Root Causes: Management lacks understanding of the procedure expectations as per the FLA Benchmarks.

3. Finding Status: Not Remediated

Explanation:

Management maintains a training calendar which contains a training schedule for fire safety and PPE usage only. Only 240 (9%) of workers out of 2668 workers have been trained on fire safety and PPE. There is no training calendar for conducting training on workplace standards and procedures. [ER.15, ER.16]

Root Causes:

Management believes that the ratio of the responsible personnel in management to workers is very low therefore it is a challenge to conduct training for all workers on all Employment Functions. Management is in the process of developing training modules for smaller groups of workers in each section to be conducted daily by the respective supervisors and/or HR personnel and which will enable them to cover all the workers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.15, ER.16.1, and ER.31.2; Nondiscrimination Benchmark ND.8; Health, Safety & Environment Benchmark HSE.12.1)

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

1. We have developed the procedures and included measures to protect workers reproductive health that minimize their exposure to workplace hazards.
2. We have included required details a) provisions allowing workers to raise H&S concerns, b) protection against retaliation for workers who raise H&S concerns, and c) steps for reporting death, injury, illness, and other H&S issues.
3. The company are providing training at the time of induction to all the employees of this organization. The document referred was the refreshment annual training plan where is all the employees will receive the training. On the audit day only 240 employees have received the refresher training rest of the employees will be covered in coming month as per mentioned schedule in the calendar.

PREVIOUS FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

## Finding Explanation

Safe operating instructions have not been posted on heavy machinery. [HSE.14.3]

## Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.14.3)

## VERIFICATION RESULT

### Finding Status

Partially Remediated

### Remediation Details

Finding Status: Partially Remediated

Explanation:

Safe operating instructions have been posted, in the local language, on machines in the machine knitting and cutting sections; however, safe operating instructions are not posted on the machines used in the printing, stitching, and machine embroidery section. [HSE.14.3]

Root Causes:

Lack of monitoring by management to ensure Health & Safety compliance.

### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.14.3)

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

The company will develop and display safe operating instructions in the printing, embroidery and stitching sections. WEF 30th October.

## PREVIOUS FINDING NO.6

## IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

## Finding Explanation



The cooking area and the dining hall in the workers' canteen are dirty and the housekeeping standards are poor. These areas are notably damp and are emitting a pungent smell. Exhaust fans in the canteen cooking area have accumulated dust and oil stains. [HSE.19, HSE.22]

The food servers in the workers' canteen were not using hand gloves. [HSE.22]

There is no food sampling in case of food poisoning. [HSE.22]

Housekeeping standards could be improved in the restrooms in both the dormitories and work areas. Floors were dirty and wet, and there was a foul smell. No hand drying facility is provided in the restrooms. [HSE.19, HSE.25]

### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.19, HSE.22, and HSE.25)

### Recommendations for Immediate Action

1. Ensure that the canteen and the restrooms are maintained with good housekeeping standards.
2. Ensure that the food servers use gloves.
3. Keep food samples for at least 48 hours.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Not Remediated

Explanation:

The cooking area and the dining hall in the canteen are not kept clean and housekeeping standards are poor. The area is damp, although there was no pungent smell during this visit. Exhaust fans in the cooking area have dust and stains. The roof leaks water when it rains, which accumulates on the floor and makes the floor slippery. [HSE.19, HSE.22]

Root Causes:

Lack of procedures and management systems.

2. Finding Status: Remediated Explanation:

During the visit, food servers in the canteen used gloves.

3. Finding Status: Remediated Explanation:

Food samples are kept for 72 hours.

4. Finding Status: Partially Remediated

Explanation:

Housekeeping standards in the restrooms of work areas have improved; however, the housekeeping in the dormitory is not regularly monitored. The dormitory corridor was damp and slippery due to rainwater accumulation. There is water accumulation in the entire common bathroom in the women's dormitory (Building J- 5) and the toilets are dirty. All dormitory bathrooms are cleaned only once a day. Additionally, there is no soap or hand drying facility available. There are no hand drying facilities provided in any of restrooms in the factory. [HSE.19, HSE.25]

Root Causes:

Housekeeping is not regularly monitored, and the management lacks the motivation to maintain good housekeeping standards in the dormitory, canteen and restrooms. There is also lack of worker awareness on maintaining workplace hygiene standards.

#### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.19, HSE.22, and HSE.25)

#### Recommendations for Immediate Action

1. Improve housekeeping standards in canteen. Regularly monitor.

2. Improve housekeeping standards the dormitories. Provide soap and hand drying facilities in rest rooms.

Regularly monitor.

## COMPANY ACTION PLANS

Action Plan no 1.

#### Description

1. The company has increased the cleaning frequency in the canteen area and we will depute one housekeeping personal especially for canteen area cleaning purpose. This year in this due to heavy rainy some of the area water found seepage which is now clear, and we have provided anti slippery doormat in the kitchen entrance to avoid the slippery. Same will be monitor by hostel warden as well as a welfare officer. Also, it is also added in our internal audit report to the management.
2. The company has increased the cleaning frequency in the dormitory and toilets and surrounding area Also we have planned for weekly deep cleaning in the dormitory corridor and they are using their own soap and towel in the dormitory.

## PREVIOUS FINDING NO.7

## IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

#### Finding Explanation

The factory does not have any lockout-tagout (LOTO) equipment. [HSE.14]

A few ladders in the boiler area do not have handrails. [HSE.14]

Some workers sent by service providers for civil construction, painting, and electrical work did not use safety equipment (safety belts, helmets, masks, etc.). These workers were not provided safety equipment and no work permit was issued for the work performed. [HSE.7]

There are no labels indicating the capacity and hazards posted on either of the two high-speed diesel tanks used to feed the power generators. [HSE.9]

Neither of the power generators has an acoustic chamber to reduce noise levels. Even though the related noise levels were within permissible limits, acoustic chambers are legally required. [HSE.13]

No usage instructions or demonstration pictures were posted near the eye wash stations. [HSE.9]

The workplaces in the packing section are slightly congested. [HSE.5]

A few sewing operators' access to aisles and paths is partially blocked. [HSE.5]

No risk assessment has been conducted for fire safety. [HSE.5]

#### Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment Benchmark HSE.1, HSE.5, HSE.9, HSE.13, and HSE.14)

#### Recommendations for Immediate Action

1. Install handrails on ladders as a fall protection measure.
2. Safety measures, such as safety belts, helmets, and masks, should be provided to service providers. Work permits should be issued prior to start of any such work.

3. Work areas in the packing section need to be clear of obstructions.
4. Access to aisles and paths leading to evacuation exits should always be clear .5. Risk assessments should be conducted periodically, and safety measures implemented to reduce the risks.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Remediated Explanation:

The factory has maintained lockout-tagout (LOTO) equipment and trained workers on its use.

2. Finding Status: Remediated Explanation:

The ladders in the boiler area now have handrails.

3. Finding Status: Remediated

Explanation:

There were no workers from external service providers during this assessment. Management confirmed that workers are provided with the necessary safety equipment. The factory has written safety procedures that are required for external providers and workers. Safety equipment is provided and maintained as required.

4. Finding Status: Remediated

Explanation:

There are now labels on the two high-speed diesel tanks used to feed the power generators indicating their capacity and hazards.

5. Finding Status: Not Remediated

Explanation:

Power generators do not have acoustic chambers for noise reduction. However, management provides noise reduction PPE (ear plugs) for the two workers who manage the generator. [HSE.13]

Root Causes:

According to the management, electric failures rarely occur in the region and the generator is only used for an average of 15-30 minutes at a time. The generators are also located away from the main production sites. Installing acoustic chambers would be very expensive in comparison to usage of the generator.

6. Finding Status: Partially Remediated

Explanation:

The eye wash station (near the printing section) now has written instructions, in the local language, displayed for the workers' knowledge. The illustrated poster recommends taking a shower after chemical contact; the poster does not include the operating instructions for the eyewash or shower station. [HSE.9]

Root Causes:

There is a lack of complete knowledge in communication procedures for effective usage.

7. Finding Status: Remediated Explanation:

The packing section is now organized and was not congested.

8. Finding Status: Partially Remediated Explanation:

Sewing operators' access to aisles and paths is still partially blocked with trolleys and bins. [HSE.5]

Root Causes:

There is a lack of monitoring for Health & Safety compliance.

9. Finding Status: Remediated Explanation:

The factory conducted an internal fire risk assessment.

### Local Law or Code Requirement

FLA Workplace Benchmark (Health, Safety & Environment Benchmarks HSE.5, HSE 9.1, and HSE.13)

### Recommendations for Immediate Action

1. Post operating instruction for eye wash stations.

2. Maintain clear access to exits from work stations in sewing section.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The generators are in another building which is away from the production site and, we have provided safety PPE's to the operators. We are providing Earmuff instead of earplug to the employees.
2. Posted the operating instructions for the eyewash and shower section. Enclosed herewith the picture.
3. All the aisles and paths are cleared, and we are doing daily monitoring of the same. The trolleys are used for cutting panels and material movements inside the plant. Instructed the feeders to keep the trolley away from aisles after the distribution.

## PREVIOUS FINDING NO.8

### SUSTAINABLE IMPROVEMENT REQUIRED

**FINDING TYPE:** Recruitment, Hiring & Personnel Development

#### Finding Explanation

While a formal employee performance evaluation procedure is followed and documented; there are no formally written steps and requirements regarding promotion, demotion, and reassignment schemes. While there is a promotion system, there are no written procedures. [ER.29, ER.30]

There are no written procedures on raising or broadening skills for workers to advance their careers. [ER.28]

#### Local Law or Code Requirement

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Not Remediated

Explanation: Performance reviews are conducted and documented however there is no written policy and procedure. [ER.29, ER.30]

Root Causes: Company action plan does not relate to the findings. The finding pertains to missing written procedures whereas company action plan pertains to implementation which is not a concern as stated in the

finding. Due to lack of proper understanding of finding, corrective action has not been implemented. Management is not aware of the FLA benchmark and requirement to have written policy and procedures.

2. Finding Status: Not Remediated

Explanation: Review of policies and procedures and management interviewed revealed that there are no written procedures on raising or broadening skills for workers to advance their careers. [ER.28]

Root Causes: Management is not aware of the FLA benchmark and requirement to have written policy and procedure.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.28, ER.29.1, and ER.30.1)

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

1. We will develop written policy and procedure on performance reviews are documented by 30th October 2017.
2. We will develop the procedure on raising skills for workers to advance their careers by 30th October 2017.

## PREVIOUS FINDING NO.9

## SUSTAINABLE IMPROVEMENT REQUIRED

**FINDING TYPE:** Recruitment, Hiring & Personnel Development

### Finding Explanation

No training is provided to supervisors on Recruitment, Hiring & Personnel Development. [ER.17.1]

The factory does not provide ongoing training to workers on Recruitment, Hiring & Personnel Development. [ER.1.1]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1 and ER.17.1)

### VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

1. Finding Status: Not Remediated

Explanation: The factory does not provide training to supervisors on Recruitment, Hiring & Personnel Development. [ER.17]

Root Causes: Management is not aware of FLA Benchmarks. Supervisors are not involved in the Recruitment & Hiring process and hence not trained.

2. Finding Status: Not Remediated

Explanation: As stated by the management, ongoing training on Recruitment, Hiring & Personnel Development is not provided to workers. [ER.1]

Root Causes: Workers are not involved in the process hence no training is provided.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1 and ER.17)

### COMPANY ACTION PLANS

Action Plan no 1.

#### Description

1. The company has included the same in our annual training calendar and started training to all our employees on Recruitment, Hiring & Personal Development. Attached herewith the training calendar.
2. The company has developed training calendar and started training to the workers about Recruitment, Hiring & Personal Development.

## PREVIOUS FINDING NO.10

### IMMEDIATE ACTION REQUIRED

**FINDING TYPE:** Recruitment, Hiring & Personnel Development

#### Finding Explanation

Except for skilled workers in machine operating or other technical jobs, there are no written job descriptions for any of the employees. [ER.1.1]

For all workers, there is a six-month probationary period, exceeding the three-month FLA Benchmark limit. [C.3]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship ER.1.1; Compensation Benchmark C.3)

#### Recommendations for Immediate Action

Reduce the probationary period so that it does not exceed three months.

### VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

1. Finding Status: Not Remediated

Explanation: Except for skilled workers operating machines or other technical jobs, there are no written job descriptions for any of the workers. [ER.1]

Root Causes: There is a lack of understanding of the finding which refers to having written job descriptions or awareness of the requirement to provide a Job Description.

2. Finding Status: Partially Remediated

Explanation: Clause No. 10 of the factory's Recruitment, Hiring & Personnel Development policy states that workers will be on probation for six months though in practice probation period is three months, as stated in employment contracts. This still does not comply with



the legal definition of a probationer and FLA workplace Code Compensation benchmark. [C.3]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship ER.1.1; Compensation Benchmark C.3)

#### Recommendations for Immediate Action

Provide a written job description for all workers.

### COMPANY ACTION PLANS

Action Plan no 1.

#### Description

1. The company has started maintaining written job description for all the category of the employees and it will be completed by 30th October 2017.
2. We are following 3-month probationary period for the workers. We have updated e our policy and procedure accordingly.

### PREVIOUS FINDING NO.11

### IMMEDIATE ACTION REQUIRED

**FINDING TYPE:** Compensation

#### Finding Explanation

The applicable bonus is not paid along with all termination dues. A bonus is paid during the festival period during every October and November. Per management, workers who left the factory would be informed of the payment dates and would need to collect the payment or have the amount transferred into their bank account. As per local laws applicable to the factory, all termination dues must be paid in full at the time of termination of the employment relationship. [ER.22.1]

Payment dates are not recorded on the payroll records as required by law. [C.1]

No training is provided to supervisors on Compensation. [ER.17.1]

## Local Law or Code Requirement

Minimum Wages Central Rules 1950; FLA Workplace Code (Compensation Benchmark C.1; Employment Relationship Benchmarks ER.17 and ER.22.1)

## Recommendations for Immediate Action

Ensure that all employees who leave the factory receive their termination dues and the legal bonus at the time of the termination.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Remediated

Explanation:

Based on review of documents maintained for terminal dues and related pay records, applicable bonus is now being paid along with all terminal dues.

2. Finding Status: Not Remediated Explanation:

Payment dates are not recorded on the payroll records as required by law. [C.1]

Root Causes:

Wages for workers on factory rolls is transferred to bank accounts while for outsourced workers employed through service providers, wages are paid in cash. Management was not aware of possible corrective action that could be implemented.

3. Finding Status: Not Remediated Explanation:

No training is provided to supervisors on Compensation [ER.17]

Root Causes:

Factory does not a formally designed training program to include training on employment practices

### Local Law or Code Requirement

Contract Labour Act 1970, FLA Workplace Code (Compensation Benchmark C.1; Employment Relationship Benchmark ER.17)

### Recommendations for Immediate Action

1. Copy of bank statement of the factory should be filed along with monthly payroll records as evidence of timely payment. Management representative needs to sign on payroll records of outsourced workers as legally required to confirm timely payment.

2. Training should be provided to Supervisors on Compensation.

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

1.

The company are paying wages to the employees between 7<sup>th</sup> to 10<sup>th</sup> in every month. Copy of payment transfer details with date we will kept along with wages sheet for easy identifications.

2.

The company has developed training calendar and started training to the supervisor about compensation also we have provided facility Code of Conduct training to the workers and supervisors during the training we are covering all the social elements. Attached herewith for reference.

## PREVIOUS FINDING NO.12

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

The factory does not have written policies or procedures on Termination & Retrenchment. [ER.19, ER.32]

Supervisors are not provided training on Termination & Retrenchment. [ER.17]

There is no ongoing training provided to employees on Termination & Retrenchment. [ER.1]

There is no written procedure to calculate final payment in accordance with legal requirements. [ER.19]

The factory does not consult with worker representatives before management reaches any final decisions on layoffs. [ER.32]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.17.1, ER.19.1, and ER.32.1)

### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

1. Finding Status: Not Remediated.

Explanation:

The factory does not have written policies or procedures on Termination & Retrenchment. [ER.19, ER.32]

Root Causes:

There is a lack of initiative on the part of management. 3. Finding Status: Not Remediated

Explanation: The factory does not provide supervisors training on Termination & Retrenchment. [ER.17]

Root Causes:

Factory does not have a written policy and procedure on Termination & Retrenchment. There is a lack of initiative and monitoring by management.

3. Finding Status: Not Remediated

Explanation: There is no ongoing training provided to workers on Termination & Retrenchment. [ER.1]

Root Causes:

The written policy and procedure for Termination & Retrenchment has yet to be established. There is no formally designed training program to include all Employment Functions.

4. Finding Status: Not Remediated Explanation:

There is no written procedure to calculate final payment in accordance with legal requirements. [ER.19]

Root Causes:

There is a lack of awareness by management of FLA Benchmark.

5. Finding Status: Remediated

Explanation:

As there have been no layoffs, the factory has not need consult with worker representatives before management reaches any final decisions on layoffs. Management holds meetings with the Works Committee every three months.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, ER.19, and ER.32)

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

1. The company has developed policy and procedures on retrenchment and termination.
2. The company has developed training calendar and started training to the supervisor about retrenchment & termination.
3. We have developed training calendar and started training to the employees about termination and retrenchment. Enclosed herewith the training calendar.
4. The company will develop written procedure for the calculation and payment of the final settlement. The same will be completed by 30th October 2017.

## SUSTAINABLE IMPROVEMENT REQUIRED

**FINDING TYPE:** Termination & Retrenchment

### Finding Explanation

The factory does not provide any formal training to supervisors on Industrial Relations.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.17.1)

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

Finding Status: Not Remediated Explanation:

Supervisors are not provided training on Industrial Relations as confirmed by management.

Root Causes:

The factory does not have a written policy and procedure for Industrial Relations. According to management, supervisors are not involved in industrial relations, hence training is not provided.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.17.1)

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

The company has started training to the supervisors about industrial relations and it will be completed by 15th Nov 2017.

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Workplace Conduct & Discipline

### Finding Explanation

The Workplace Conduct & Discipline rules are only communicated verbally during the induction program. While the Employee Handbook is provided as a reference in all work areas, it is not provided to individual workers. Human Resources provides a copy to workers upon request. [ER.15.3]

The factory does not maintain records of verbal warnings issued to workers. The factory has not experienced any disciplinary actions, aside from verbal warnings, and therefore does not have records of disciplinary actions signed by employees. None of the interviewed workers were given a written warning. [ER.2, ER.27]

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.15.3, and ER.27)

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Not Remediated

Explanation: Training on workplace conduct and discipline is not conducted. Employee handbook is not provided to any of the workers. Workers interviewed confirmed that except appointment contracts, no other document is given to them. [ER.15]

Root Causes: There is a lack of monitoring and commitment in implementing the required standards for sustainable practices.

2. Finding Status: Not Remediated

Explanation: The factory does not maintain any documentary evidence of verbal warnings. [ER.2, ER.27] Root Causes: There is a lack of understanding of FLA Benchmarks.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.15.3, and ER.27)

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

1.

The company has provided regular training to the employees during induction and at the time of refresher training on social policy and procedures. We have displayed the contents of the handbook in the notice board for better understanding of the employee.

2.

We have started recording of the verbal warning if any, given to the employees. We will prepare and approve the policy and procedure on the same by 30th October.

## PREVIOUS FINDING NO.15

### 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.25, ER.16]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.16 and ER.25.2)

### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

Finding Status: Not Remediated.

##### Explanation:

The worker integration component is missing across all Employment Functions. According to management, workers are not involved in the formation of policies and procedures

##### Root Causes:

Terms of employment are drafted based on local laws and workers are not involved. At the government level, unions are involved in formulating laws.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.16 and ER.25.2)

### COMPANY ACTION PLANS

Action Plan no 1.

## Description

Our Facility has certified for SA8000, SEDEX, Fair Trade, WRAP and we have different committee in the plant and in each committee, we have equal participation of the management and workers, during any process change or any new requirements we are involving workers and taking the feedback.

## New Findings and Action Plans

### NEW FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

**FINDING TYPE:** Responsibility & Accountability (Macro)

#### Finding Explanation

The factory has not defined responsibilities, in writing, for the management team for any of the employment functions. [ER.1.2]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.2)

#### COMPANY ACTION PLANS

Action Plan no 1.

#### Description

The company will develop our policy and procedures, in that we will define clearly the role and responsibility of the management team in the employment functions and it will be completed by 30th oct 2017.

### NEW FINDING NO.2



## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Recruitment, Hiring & Personnel Development

#### Finding Explanation

Agreements with service providers do not define the FLA workplace code including one rest day, maximum hours of work, minimum wage and overtime payments, minimum age, and health and safety requirements. [ER.6]

The factory does not have any written policy and procedure on Personnel Development or performance reviews. [ER.1, ER.28, ER.29, ER.30]

The procedures on Recruitment & Hiring do not define the need to regularly update employment documents. This is a legal requirement. [ER.1.3]

The policy and procedures do not include a list of the employment documents (except for nomination forms) that must be maintained in workers' personnel files. [ER.1.1]

Workers do not have access to their evaluations or the right to provide feedback on them. Evaluation results are not signed by workers. [ER 30.1.2]

The employment contracts issued to and signed by outsourced workers, includes the name and locations of all four factories owned by the group. Hence, the actual location of contracted work is unclear. [ER.11.5]

Workers' personnel files are not updated to reflect their current wages rate. [ER.11.5]

Clause No.1 in the policy on Recruitment and Hiring states that workers below 18 years will not be hired which is in violation of FLA workplace Code. Legally, workers between 16 to 18 years can be employed. [ND.1]

Factory does not issue a letter formally informing workers of promotions, including the position and wages. Promotions are verbally communicated, and revised wages are reflected on the wage slip the following month. There is no documentary evidence of the date of promotion. [ER.30.1.2]

The Maternity Benefit Amendment Act 2017 (based on the 1961 Act) and Sexual Harassment of Women at Workplace Act 2013 is not posted, as legally required. [ER.14, ER.2.2]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER 1.1, ER 1.3, ER 6, ER 11.5, ER 14, ER 15.3, ER 30.1.2; Compensation Benchmark C.3; Nondiscrimination Benchmark ND.1

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1.  
The company will revise the agreement of our service providers and will include FLA requirements on rest day, maximum hours of work, minimum wage and overtime payments, minimum age, and health and safety requirements. It will be completed by 15th November 2017.
2.  
The company will develop a policy and procedures on employee personal development. In that, we will clearly define roles and responsibilities of the management team in the employment functions. The same will be completed by 15th November 2017.
3.  
The company has maintained the details of records to be maintained in the employee file. Kindly refer the attached in the worker recruitment procedure of Social &EHS Policies Page # 6, Point no 5.
4.  
The company will develop policy and procedures for maintaining workers personal file and include list of the documents required in personal file and it will be completed by 30th October 2017.
5.  
The company has discussed with the IE department, for the workers access to their evaluations and the feedback. We will develop an SOP for the same and share it with the production department and workers. It will be completed by 15th November 2017.
6.  
The company has revised employment contract of outsourced workers where actual location is clearly mentioned where they are working. Attached herewith the employment agreement for reference.
7.  
The reason is due to the difficulty in the file management as we have a wage revision on every 6 months and irrespective of that we have another revision in worker's salary as retention benefit, that is depend on the years they are completing and revisions due to promotion. The facility has 7000 employees and every file need to be revised 3 to 4 times in a year. As the system is so advanced we can prepare an electronic copy of the same with our payroll system from that at the time of audit we can produce the same with the personal record. We will develop the system and will update the current wages by 30th Nov 2017.
8.  
This was due to the work situation we are not recruiting employees below 18 years. We have revised the policy by following the FLA bench mark.
9.  
The company will communicate to the employees in writing for the promotion, position and wages detail 15th Nov 2017

onwards.

10.

The company will post The Maternity Benefit Amendment Act 2017 (based on the 1961 Act) and Sexual Harassment of Women at Workplace Act 2013. We will display the same by 30th October 2017.

## NEW FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

There is no training calendar and trainings are not conducted in a planned manner for all workers including supervisors and managers, on any of the Employment Functions. Some trainings have been conducted on Fire Safety, PPE, First Aid for some workers. Information on Compensation and Hours of Work is provided during the orientation program. No training has been conducted on Recruitment, Hiring & Personnel development, Workplace Conduct & Discipline, Industrial Relations. Records reflect that regular meetings are conducted but none of the workers interviewed (apart from the committee members) are aware of the meetings. There is no evidence to suggest that management communicates its policy on worker participation and representation.[ER.15, ER.17]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.15, ER.17 and ER.27.2)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

The company has developed our annual training calendar and included all the requirements suggested by the auditors during the audit process. We will start training accordingly on immediate effect. Attached herewith the training plan.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

The Compensation procedures do not include the following: the requirement for supervisors and workers to be trained, calculation of contributions that would be deducted from wages towards legally mandated benefits, including the maternity benefit and the calculation of leaves and gratuity. There is also no information on the factory's Welfare Society (contributions for which are deducted from workers' wages), the attendance bonus or the retention allowance, or deductions for accommodation and electricity for workers residing in the dormitories. [ER.1]

The factory has not defined a review period to review and update the Compensation policy and procedures. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER 1.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The company will update the compensation policy and procedure details by 30th October.
2. The company will have included the review period of the policies.

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

Resignation, full, and final payment sheet and evidence of payments are maintained separately and not in the personnel files of resigned workers. Hence period of employment cannot be verified to confirm calculation of gratuity amount. As per the documents provided, the correct gratuity is paid. [ER.2]

The calculation sheet for the payments of terminal dues is missing in two out of the four sampled files; hence, it could not be verified that the factory correctly calculates the components that are part of terminal dues. [C.15]

Stitchers, Ironers and Packers work on a piece-rate system; however, according to their employment contracts, they are hired as monthly-rated workers instead of piece-rate. According to management, these workers do not work overtime hours; however, this was contrary to statements from interviewed workers who confirmed that they work overtime occasionally and are compensated. Hourly rate for OT hours worked as quoted by workers interviewed does not comply with legal requirements. The total earnings for these workers are split between basic wage (as per the government-set wage level for semi-skilled category of workers) and the production incentive. The production incentive is calculated on a weekly basis. [ER.2.1, C.7, C.15]

The date of payment is not recorded on the pay records of terminal dues. Based on review of bank statement of factory, the terminal dues for four sampled workers were paid five to eight days after the date of resignation. Legally terminal dues are to be paid within two days of the date of termination of employment (e.g., date of resignation). [C.4]

Employment contracts state that dormitory cost would be deducted from wages; however, the deduction amount is not defined. The factory deducts INR 280 (USD 4.37) for dormitory residents, which includes INR 230 (USD 3.59) towards accommodation and INR 50 (USD 0.78) towards electricity. [ER.2.1]

#### Local Law or Code Requirement

Factories Act 1948, Hours of work; Industrial Employment (Standing Orders) Act, 1946, Section 13, Termination of employment (3); FLA Workplace Code (Employment Relationship Benchmark ER 2.1; Compensation Benchmarks C.4, C.7, and C.15)

#### Recommendations for Immediate Action

1. Maintain complete documents pertaining to termination in personnel files of workers.
2. Employment contracts should reflect accurate nature of employment for piece-rated workers. All hours worked by

these workers should be recorded and compensated.

3. Management needs to be transparent in sharing complete information on working hours
4. Record date of payment on payment sheet of terminal dues. Terminal dues should be paid within 48 hours post termination of employment.
5. Define amount of deduction towards accommodation and electricity for dormitory residents in employment contracts.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The records are maintained by separate departments, in that the personal file is maintained by the HR, whereas the payment details and other compensations and benefit details were maintained by Payroll team. Each department is responsible for submitting the records under their control. We have discussed the FLA requirement with those departments and will start maintaining the records in one single file from 15th November 2017 onwards.
2. Piece rate is applicable in case of those who produce more than the minimum wage requirement and by considering the extra effort on production efficiency of that group and the rate is defined depend to the operation.
3. All our workers are working on monthly wage and the piece rate system is only for the calculation of the payment of performance bonus, that a group which produces additional for that month. There are very limited Overtimes in the departments, as the operations in their areas are shift based and all the system of calculating the hours is based on the electronic punching records.
4. We will initiate the same W E F 1st of October onwards.

5.

The details of deduction are explained on induction program of the workers

and explained at the time of accommodation request any raised from employee side. The workers are aware of their salary deductions. We will include the deduction amount in the appointment letter effective from 01st October.

## NEW FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

The written procedures on Hours of Work define the legal limits on working hours, though they do not define the shifts or weekly days off across the different production processes. The procedures do not define the nine paid holidays to which workers are entitled. The procedures also do not define the extraordinary business circumstances and work requirements (e.g., written consent, provision of breaks, compensation, transportation, etc.) during such circumstances. [ER.1.1]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relations benchmark ER 1.1)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

We will update shifts or weekly days off, nine paid holidays to which workers are entitled and about extraordinary business circumstances and work requirements by 30th October.

## NEW FINDING NO.7

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Hours of Work

#### Finding Explanation

Time records do not reflect accurate work hours. Sampled time records for Stitchers, Ironers, and Packers did not reflect any overtime hours although interviewed workers confirmed working overtime. Stitches, Ironers and Packers stated that they work overtime but are not compensated as they work on a piece rate basis. Time records from April 2016, December 2016 and June 2017 reflect a pattern for overtime hours worked in each month. Time records for all sampled workers from Dyeing and Knitting section shows two hours of overtime every day for eight days between the first to tenth day of the months. There is no overtime recorded after those eight days. Total overtime hours reflected on records is 16 hours (2 hours x 8 days) a month. Overtime beyond 16 hours a month is not shown in the time records. This practice is followed to comply with legal overtime work limit of 50 hours a quarter. Management stated that workers do not work beyond 16 hours a month of overtime; however, interviewed workers confirmed working more than two hours of overtime on some days. [ER.23, C.15]

Actual working hours cannot be verified as time records do not reflect complete and accurate work hours. [ER.23]

#### Local Law or Code Requirement

Factories Act 1948 – Working hours; FLA Workplace Code (Employment Relations Benchmark ER.23; Compensation Benchmark C.15)

#### Recommendations for Immediate Action

1. Management needs to be transparent in sharing information on working hours. All hours worked should be reflected on time records.
2. Complete time records should be maintained and made available for review

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description



1. We have biometric in/out punching attendance system and based on the same we are releasing the payment. Most of all the major operations that we are running in shifts for controlling the overtime, as our HR is monitoring every individual working hours in the system and controlling the same.
2. We have biometric system for recording the employee in and out time. The time records are taken from the system and the payment is also as per the time records. We have shared the same documents during the audit process

## NEW FINDING NO.8

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

There is no written policy on Health & Safety. There is a policy on Environment, Health & Safety which only mentions reducing environmental impacts. It does not provide any statement on factory obligation, duties & responsibilities, legal regulations, operations, safety, risk assessment and monitoring, raising concerns and communication. [ER.31]

Written procedures do not define measures to protect the reproductive health of workers through minimizing exposure to workplace hazards, steps for workers to raise health & safety concerns, protection against retaliation for workers who raise health & safety concerns, a list of confined spaces that require work permits, the precautions people must take prior to & upon entry and stay in each confined space, identification of managers and/or workers responsible in case of emergency, roles & responsibilities of emergency personnel, what workers should do in case of injury, phone numbers for medical assistance, and steps for reporting death, injury, illness, and other health and safety issues. [ER.31]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.31.2)

### COMPANY ACTION PLANS

## Action Plan no 1.

### Description

We will revise the policy and include the require information and it will be completed by 30th October 2017.

## NEW FINDING NO.9

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

There is no emergency light installed above the exit in either the sewing or embroidery sections. The evacuation routes and aisles between sewing lines and printing section are not marked. Trolleys, chairs and bins are placed in the passages, restricting quick and easy access to exits. [HSE 5]

Neither warning alarm or a flasher is installed on the fork lift. The fork loft moving area is not marked. [HSE.1]

There is fabric blocking the aisle of the fabric storage. [HSE.5]

Workers are not trained in proper lifting techniques or provided with the necessary helmets, though lifting belts are provided. [HSE 1]

Mirrors are installed in two of the blind turns but not for all. There are no indicators or speed breakers. The areas for vehicle and human traffic movement are not designated as separate to ensure safe driving practices. [HSE 1]

The underground water tank is not marked as a confined space. [HSE 1]

Workers in the dyeing section, who work at heights, do not use the provided helmets, nor are they trained on the proper use of PPE. [HSE 8]

Two workers share a bed in the male dormitory which may not be hygienic. [HSE.19]

Gas cylinders were seen inside living rooms in the male dormitory which exposes the risk of fire. [HSE.5, HSE.25]

Stagnant water was noted on the floors of dyeing section. [HSE.5]

Although chemical containers are labeled, hazards are not included on the containers. [HSE.9]

## Local Law or Code Requirement

Factories Act 1948; FLA workplace Code (Health, Safety & Environment Relations Benchmarks HSE.1, HSE.5, HSE.8, HSE.19, and HSE.25)

## Recommendations for Immediate Action

1. Install emergency lights above exits in the sewing and embroidery sections. Mark evacuation route and aisles between sewing lines in the sewing and printing sections and monitor to ensure they are always kept clear.
2. Install warning alarm / flasher on forklift vehicles.
3. Train workers on lifting techniques.
4. Provide mirrors on all blind turns, install speed breakers and indicators and mark lanes for human and vehicular traffic.
5. Mark underground water tank.
6. Educate and monitor workers in dyeing section on the use PPE
7. Provide individual beds for male dormitory residents.
8. Remove and ensure gas cylinders are not kept inside living rooms in male dormitories.
9. Ensure water is not stagnant on floors in dyeing section.

10.

Include hazards on chemical containers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1.  
The company will install the emergency light at identified area. Also, in sewing area we have provided block wise aisles marking for easy evacuation. In printing setting we will mark the aisles marking by end of this month. And we will provide the training to the employees to ensure aisles are always kept clear.
2.  
The company will display the board and marked forklift moving area by 30th October 2017.
3.  
The company has immediately removed the fabric roles and clear the blockage and instruct to the supervisor to ensure that all the aisles are clear all the times and included this process into the internal audit program.
4.  
The company has provided training to the employees now they are using proper PPE during the work. We will monitor the same during internal audit process.
5.  
The company has already installed convex mirror on turning, wherever we have vehicle movements. We have included in our internal audit process and monitoring the same.
6.  
The company has marked all the underground tank as confined space and we will include the requirements in EHS Management Programs on Confined Space Page 17&18 (Attached herewith the same).
7.  
The company has provided refresher training to the employees for usage of proper PPEs also we have started work permit system for height work; in case height work required in the department they will take proper permission from safety department and same will be monitored by the safety officer during the work.
8.  
The company will provide the partition between the beds and so that workers should use individual beds. It will be completed by 30th Nov 2017.

9. The company has provided a separate cooking area (common kitchen) in the men's dormitory for cooking the food. We have provided training to the employees for not to cook and not to keep the additional cylinders inside the room. Instead, they have provided separate space for cooking and for keeping the cylinder.
  
10. It was completed on the day of audit now no stagnant water on the floors of dyeing section. We have added the same in our internal audit check list. Enclosed herewith.
  
11. The company has segregated chemicals Hazardous and Non-Hazardous category and storing separately with proper marking. Also, we have developed chemical container checklist for monthly checking purpose. Refer the Internal Audit checklist.

## NEW FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

The written policy on Grievance System is not complete. It defines channels for raising grievances and maintenance of confidentiality but does not mention the types of grievances, timely intervention of grievances, responsible personnel for addressing grievances reported and the obligation of factory management. [ER.25]

The policy has not been developed in local language (Hindi) as understood by the majority of the workers and as legally required. [ER.25]

The Grievance System policy does not define a principle of non-retaliation against workers who raise complaints. As such, the training manuals do not include such a policy. [ER.25]

##### Local Law or Code Requirement

Madhya Pradesh Factory Rules 1962 section 129(7); FLA Workplace Code (Employment Relation Benchmark ER.1 and ER.25)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Finding 1 and 3, The company will upgrade the policy and procedures and include requirements and it will be completed by 30th October 2017.
2. Finding 2, The company will translate policy in local language and display in the factory. It will be completed by Dec 2017

## NEW FINDING NO.11

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

#### Finding Explanation

There is no policy on Industrial Relations; however, there is a policy on freedom of association (FOA) and right to collective bargaining. The definition of FOA and collective bargaining that is in the FOA policy is not understood well, as is in the international and national context. FOA is defined as 'free will of a worker to voice his/her concerns without employer interference'. This definition is similar to the definition of grievances and does not take into account the right of workers to freely form or join unions. Secondly, the definition of collective bargaining is defined as the 'means of agreement on behalf of a worker that can be commonly applied to a group of workers or all workers of a factory'. This definition is not clear in the context of collective bargaining as understood under ILO convention. [ER.1]

In the absence of unions in the factory, the policy does not define rules on the existing worker committees.

There are written procedures on FOA and collective bargaining but there are no procedures on IndustrialRelations. [ER.25]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.1, ER.25)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The company will upgrade our policy and procedures and include the requirements and it will be completed by 30th October 2017.
2. The company will update our works committee procedure by 30th October 2017.
3. The company will develop the procedures for industrial relation by 30th October 2017.

## NEW FINDING NO.12

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

There is a written policy on Workplace Conduct & Discipline, but there are no procedures. The policy does not include what constitutes workplace conduct, company rules, responsible personnel, company obligation, timely intervention, worker appeal, third party intervention if required. [ER.27]

The Workplace Conduct & Discipline procedures do not require all warnings and disciplinary actions to be recorded and filed. [ER.2, ER.27]

Section 15(1) (xviii) under Workplace Conduct in the factory's Standing Order (rules & regulations) states that "writing anonymous or pseudonymous letter accusing or criticizing co-employees, superior, management or company" is a misconduct. This statement can be misinterpreted by managers to take action against a worker who has the opportunity to submit anonymous complaints against coworkers or superiors through the suggestion boxes.

Management has posted the procedures stating strict disciplinary actions against workers who use cellphones during working hours.

However, this is not mentioned in the factory's Standing Order, nor any document maintained to suggest that disciplinary action has or has not been taken against workers so far. [ER.27]

The factory does not document verbal warnings. [ER.2, ER.27]

Workers receive employment contracts (appointment letters) upon joining, which do not contain details pertaining to workplace rules and regulations. No other document is distributed to workers defining the workplace rules. [ER.15]

#### Local Law or Code Requirement

FLA Workplace Code Employment Relationship Benchmarks ER. 1.1, ER.2, ER.15, ER 27.1 and ER 27.2.2)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1.  
The company will develop the procedures for workplace conduct by 30th October 2017.
2.  
The company will update our disciplinary policy and procedures and include FLA Bench Mark requirements by 30th October 2017
3.  
This standing order which is approved by labor commissioner and we have very good grievance system in that any workers can have the suggestion and grievance which can be anonymous.
4.  
This was updated to the workers only to avoid workplace accident when they are working and maintaining big machines. We are not acted employees on this.
5.  
The company has started recording of the verbal warning if any, given to the employees. We will prepare and approve the policy and procedure on the same by 30th October.
6.  
The company has employee handbook and during the induction process we are explaining the workplace rules, policy and



procedures of the company related to the workers.

## NEW FINDING NO.13

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

There is no ICC (internal complaints committee) as required under law. The management maintains a 'sexual harassment prevention committee.' However, this does not meet the legal requirements for the ICC: the committee must be named 'Internal Complaints Committee' and the members must be constituted as per the legal guidelines. [H/A.1]

Management does not organize workshops or awareness programs for informing workers about the provisions of the Sexual Harassment of Women at Workplace 2013 Act. [H/A.1]

The management does not post the disciplinary policy and procedures for sexual harassment at the workplace, for the knowledge of the workers, as legally required. [H/A.1, ER.2]

##### Local Law or Code Requirement

Sexual Harassment of Women at Workplace Act 2013; FLA Workplace Code (Employment Relationship Benchmark ER.2; Harassment & Abuse Benchmark H/A.1)

##### Recommendations for Immediate Action

1. Form the ICC committee as per guidelines provided under the Act.
2. Conduct awareness programs on Harassment and Abuse.

3. Post the disciplinary policy and procedures for sexual harassment in the work place, as required under the Act.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The company will upgrade and include ICC requirements in the committee by 30th October 2017.
2. The company has started to provide awareness training to the employees about the provisions of the Sexual Harassment of Women at Workplace 2013 Act. We will complete the workshop by 15th Nov 2017.
3. The company will display the disciplinary policy and procedures for sexual harassment at the workplace by 30th October 2017.