

FLA Audit Profile

Factory Code	720239217H
Country	Jordan
FLA Affiliate	Hanesbrands
Monitor	Level Works
Audit Date	June 28-29, 2009
Products	Knit tops and bottoms
Processes	Cutting-Sewing-Quality Controlling-Ironing-Finishing-Warehousing
Number of Workers	654



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Wages, Benefits and Overtime Compensation: A. Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Notable Feature

Explanation: Factory pays the full social security (including worker contribution) for the workers.

Plan Of Action:

Deadline Date:

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Wages, Benefits and Overtime Compensation: J. Overtime Compensation Awareness

WBOT.11 Workers shall be informed, orally and in writing, about overtime compensation rates prior to undertaking overtime. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: As required by the FLA, it was noted that "unit 2" workers are not aware of the overtime compensation rate. Note that this issue is related to the workers at unit 2, which is 50 KM away from unit #1. There was no training or awareness program arranged by the factory. Furthermore, workers were not aware about OT rates.

Plan Of Action: Hbl will advise the factory to provide training programs on wage and compensation topics to all employees on regular basis. Also, we will review their training records to ensure it is conducted effectively. The Hbl social compliance

manager plans the visit to factory for 1st follow up in October 2009.

Deadline 12/31/2009

Date:

Supplier

CAP:

Supplier CAP

Date:

Action Taken: Reply by factory manager on 8/31/2009: The plant Manager and the HR manager the OT rate and the Jordanian labor law to all employees. This information was posted onto the factory notice board. See attached photo.

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Wages, Benefits and Overtime Compensation: V. Pay Statement

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

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: During document review it was noted that the Pay slip and payroll records did not have information on overtime hours. An overtime column is not clarified in the payroll (unit 1 and 2). Note: The payment is correct.

Plan Of Action: Hbl will review the current system and advise the factory on what information should be included on the pay slip and payroll records. In addition, Hbl will monitor the system modification progress on a visit in October 2009. More importantly, the payment must match the actual working hours, regardless of any changes to the system.

Deadline 12/31/2009

Date:

Supplier

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Supplier CAP

Date:

Action Taken: Reply by factory manager on 8/31/2009: This deficiency was caused by a problem with payroll software. The factory is now consulting with software program company on how to upgrade the current system without affecting its operation.

The schedule will be noted until the end of September. Follow up visit by Hbl on 10/11/2009: The software company confirmed the modification of payroll records and payroll slips. It was noted that software company added specific references to OT hours. Please see the attached old and new versions as evidence. This representative will be effective from October payroll records. Hbl will follow up this issue next follow up audit in Spring 2010

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Wages, Benefits and Overtime Compensation: Y. Other - Wages, Benefits and Overtime Compensation

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Notable Feature

Explanation: The factory provided free food to Bangladeshi workers. For Unit 2 workers, the factory also provided food free of charge. Most of the factories in the same zone deduct between USD 20 to USD 40 from each month.

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Harassment or Abuse: H. Discipline/Monetary Fines and Penalties

H&A.8 Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: As required by the FLA: During the management/ worker interviews and document review it was noted that the factory prepared detailed disciplinary policy and it is posted on the notice boards in the local language of the workers. The disciplinary rules are not against the labor law and approved by the ministry of labor, but the policy is not objective and fair. For example; if the worker is absent without excuse, the factory can give warning letter if it is a first offense. If it happens a second time, the worker will lose a day's wages. If it happens a, third time the factory can deduct 2 daily wage salary etc. The factory also can deduct money from workers if they are not productive. As per provided payroll and the worker interviews, these discipline rules are used in the factory.

Plan Of Action: Hbl will highlight the importance of the FLA code and make sure there are no intentional monetary penalties imposed on employees. In addition, Hbl will help the factory to develop the proper disciplinary policies and procedures which avoid using fines to discipline employees. There should be full transparency of factory rules and disciplinary procedures. The first meeting will be held till October 2009.

Deadline Date: 10/31/2009

Supplier CAP:

Supplier CAP Date:

Action Taken: Reply by factory manager on 8/31/2009: The disciplinary system was approved the Ministry of Labor which means it was approved by the Law of Land. In addition, the current procedures were clearly stated in the warning letter that is issued at the first violation. The deductions from a worker's salary came in the event of 2nd and 3rd violations. Additional note: the factory kept separate account for those fines, the contents of which are subsequently used for employee welfare. The factory has no intention to keep the money or gain supplementary income from penalties.

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Miscellaneous: A. Code Awareness

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: During the factory tour it was noted that at Unit #1, the Hanes Code of Conduct is posted only in Bengali. At unit #2, there is no Hanes Code of Conduct is posted.

Plan Of Action: Hbl will send all soft copies of the poster in multiple languages to the factory. The factory will ensure they are posted properly on the work floor.

Deadline Date: 09/30/2009

Supplier CAP:

Supplier CAP Date:

Action Taken: Reply by factory manager on 8/31/2009: The supplier received copies of the code of conduct in Arabic, Bengali and English from Hbl. These documents have been posted in both units. (see attached photo)

Plan Complete:

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Miscellaneous: A. Code Awareness

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: During the factory tour and interview with the management, it was noted that there is no confidential communication / reporting channel exists to reach out to the PC (both in units 1 & 2).

Plan Of Action: Hbl will ensure that there is an effective means of communication between factory workers and their management. We conducted regular visits to the facility (At least twice a year by internal auditor, once or twice by 3rd party auditing firm). This is one of the ways we collect ground information and hear their complaints.

Deadline Date: 12/31/2009

Supplier CAP:

Supplier CAP Date:

Action Taken: Reply by factory manager on 8/31/2009: factory management had gotten the communication channel to Hbl. However, Hbl has not yet developed the communication channel for general employees. However, suggestion Boxes, where employees can write any issues of concern without mentioning their names, are located throughout the factory. In addition, a committee has been established by the workers by their choice to communicate with the management regularly on any matters of concern.

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Health and Safety: F. Communication to Workers

H&S.6 The health and safety policy shall be communicated to all workers in the local language or language(s) spoken by workers if different from the local language. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: During the worker and management interviews, it was noted that workers in Unit 2 are not aware of the health and safety policy and the procedures.

Plan Of Action: Hbl will advise the factory on how to conduct the health and safety training sessions for employees in Unit 2, as this factory is very new. Hbl will advise the factory to add this topic to the orientation training for new employees.

Deadline Date: 10/31/2009

Supplier CAP:
Supplier CAP Date:

Action Taken: Reply by factory manager on 8/31/2009: H&S training is conducted by a health and safety officer. Additionally, a safety committee has been formed. (see attached photo & documents)

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Health and Safety: I. Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: During the factory tour, it was noted that there was no evacuation plan posted in Unit 2. Fire drills were not arranged in Unit 2.

Plan Of Action: Hbl will monitor the following corrective actions:
1) The posting of all emergency evacuation areas in the new facility
2) Conducting the fire drill twice a year but they could choose to do that in slack season.

Deadline Date: 12/31/2009

Supplier CAP:
Supplier CAP Date:

Action Taken: Reply by factory manager on 8/31/2009: the evacuation plan had been posted on the Unit 2 work floor. In addition the fire drill & training has been conducted. (see attached photo)

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Health and Safety: J. Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: During the factory tour it was noted that the first aid procedures were not posted. In addition, workers in Unit 2 are not trained on first aid. The first aid boxes in Units 1 and 2 are mostly empty. It was also noted that fire drill with evacuation and fire trainings were not arranged in Unit 2.

Plan Of Action: Hbl will monitor the corrective actions by doing the following 1) posting the first aid procedures; 2) providing first aid training to selected employees; 3) conducting fire drills twice a year

Deadline Date: 12/31/2009

Supplier CAP:
Supplier CAP Date:

Action Taken: Reply by factory manager on 8/31/2009: The first aid boxes have been filled. A fire drill had been conducted (see attached photo).

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Health and Safety: Q. Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: During the factory tour it was evident that the temperature in Unit #2 was high. This issue was communicated with the management during the closing meeting. The management agreed that the temperature can get very high during the summer. The management is in the process of installing industrial fans and exhaust fans.

Plan Of Action: Hbl advised the factory to add an adequate number of fans and ventilators in work floor to ensure that the indoor temperature is more comfortable. After consulting with employees during the October 1st follow-up visit, no evidence was found showing that the temperature had been reduced. The next follow-up visit will be after summer.

Deadline Date: 12/31/2009

Supplier CAP:

Supplier CAP Date:

Action Taken: Reply from the factory manager on 8/31/2009: An industrial fan was installed on work floor and the workplace is cooler than it was before.

Plan Complete:

Plan Complete Date:

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Health and Safety: R. Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly

guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: According to Jordanian Labor Law, Article 78 / 1, factories should ensure that dangerous machines should have the necessary safety devices and guards. During the factory tour it was noted that some nearly 10% of workers are not using eye-guard in the button machine in Unit 2.

Plan Of Action: Hbl will advise the factory to provide regular training to employees. More importantly, HBI will require the factory to appoint a supervisor to ensure that employees are wearing protective gear. The supervisors will be accountable in their performance for this EHS issue.

Deadline Date: 10/31/2009

Supplier CAP:

Supplier CAP Date:

Action Taken: Reply by factory manager on 8/31/2009: The workers to use the safety devices and wear the appropriate PPE. Disciplinary procedures are taken if workers fail to use safety devices or wear PPE.

Plan Complete:

Plan Complete Date:

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Action Verified Date:

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Health and Safety: V. Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: During the factory tour it was noted that toilets were dirty and some did not flush properly. (Units 1 and 2)

Plan Of Action: Hbl will ensure the factory set up a system for ensuring that the toilets are

cleaned and maintained on a regular basis.

Deadline Date: 10/31/2009

Supplier CAP:

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Date:

Action Taken: Reply by factory manager on 8/31/2009: All of the toilets are repaired. We have also assigned one full time washroom cleaner. (see attached photo)

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Health and Safety: ZB. Sanitation in Dormitories

H&S.28 All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills shall also be conducted at least annually. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: The toilets are leaking in some places. In addition, the dormitory in Unit 1 needs to be painted.

Plan Of Action: Hbl has already communicated with factory about our dormitory standards. The maintenance program of dormitory is included in our guidelines. An Hbl auditor will visit the dormitory often to that ensure that it is in sound condition. In addition, Hbl will ensure the factory develop the self-checking protocols about dormitory condition on regular basis.

Deadline Date: 12/31/2009

Supplier CAP:

Supplier CAP Date:

Action Taken: Reply by factory manager on 8/31/2009: The toilets have been repaired. The room in Unit 1 has been repainted. (see attached photo).

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Hours of Work: B. Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
06/28/2009	External	FLA Independent External Monitoring	Level Works	Noncompliance

Explanation: According to Jordanian Labor Law, Article 60, Friday of every week shall be the Worker's weekly holiday unless the nature of work requires otherwise. During the document review and workers and management interviews, it was found that around 30-40 Bangladeshi employees in unit 2 worked on June 19th 2009 (a designated day off) because of an urgent shipment. Unit #2 workers also worked during the weekly off day in May and June 2009.

Plan Of Action: Hbl has informed the facility that employees should be guaranteed the minimal requirement of one rest day per week. Also, the factory should ensure that there is no forced labor and that there is sufficient compensation if workers work 7 days in a row. Additionally, 7th day work should be minimized unless there is an emergency business condition that is beyond the factory's control. It is observed that the factory did not have excessive OT hours or 7th day work during the past 6 months. As a matter of fact, this factory did not have enough work. Hbl believed that the factory did not often have 7th day work, but due to an emergency situation; employees had to work during a 7th day. Regardless, Hbl will highlight this issue to factory management next follow up visit in October.

Deadline 10/31/2009

Date:

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Date:

Action Taken: Reply by factory manager on 8/31/2009: Hbl restated the guarantee of one rest day per week. Due to global economy crisis which affected significantly first half year, employees in this factory had 2 rest days per week. The employees have come to understand that they have to work more OT in order to earn more income. They are willing to work on those rest days without being forced. Furthermore, only a small group of workers to be required in those days. Finally, the factory paid sufficient premium to workers who worked overtime. Nevertheless, factory will avoid having employees work 7 days in a row in the future.

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