



2008

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Hanesbrands
COUNTRY: India
FACTORY CODE: 720032974G
MONITOR: Fair Wear Foundation
AUDIT DATE: November 24 – 25, 2008
PRODUCTS: Garments
PROCESSES: Cutting to Packing
NUMBER OF WORKERS: 525

Due to a 2010 IEV (Independent External Verification) at this factory, all updates after 2008 can be found on the IEV report [here](#).

For an explanation on how to read this report, please visit the FLA website [here](#).



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Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Uncorroborated Evidence of Noncompliance

Explanation: While records produced by management showed double wages were paid for recorded OT, worker interviews indicated single wages were paid for unrecorded OT (for which records were not produced in full for audit).

Plan Of Action: HBI will perform follow-up visit to this factory in the next 4 months to ensure factory did not hide payroll records and that wages are properly calculated and distributed.

Deadline Date: 07/31/2009

Supplier CAP: Factory is willing to provide genuine and complete records always.

Supplier CAP Date: 01/31/2009

Action Taken: HBI follow-up audit conducted by [Monitor name] February 23, 2009: Factory presented genuine records and overtime payment is correctly calculated for employees. (Sources: document review, worker interviews)

Plan Complete:

Plan Complete Date:



Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Uncorroborated Evidence of Noncompliance

Explanation: All OT was said to be paid in double, as per management interviews. But, workers mentioned some OT payments not paid at premium rates. Some also mentioned improper recording of OT. Management could not convincingly provide proper records.

Plan Of Action: HBI will ensure that factory completely and properly records working hours. We urged factory to pay OT premium to workers according to legal requirements. We will monitor transparency of counting and calculating OT in factory. First follow-up visit will be in February.

Deadline Date: 02/28/2009

Supplier CAP: Factory confirmed they paid OT premium to workers for all OT hours according to legal requirements. The misunderstanding of OT wage calculation was due to a mistake by new employee. Factory will arrange recurring training and education for workers about wage calculation from time to time.

Supplier CAP Date: February 23, 2009

Action Taken: Newly recruited workers from different factories with different pay practices were given confusing statements. We have started educating our workers about our compensation procedures. Upon further inquiry, issues related to forgetting to check in/out with biometric fingerprint machines also came to light, which led to wrong understanding of OT payment.

HBI follow-up audit conducted by [Monitor name] February 23, 2009: Found that all overtime work is compensated at 200%. (Sources: worker interviews, document review)

Plan Complete:

Plan Complete Date:



Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Excess OT recorded July-August 2008, but OT records for other months. Records not in documents given to audit team by management. Could not produce convincing evidence of actual OT and double payment for all OT. (Source: worker interviews)

Plan Of Action: HBI will ensure factory recorded work hours are complete and proper. We urged factory to pay OT premium to workers according to legal requirements. We will monitor transparency of counting/calculating OT in factory. First follow-up visit will be in February.

Deadline Date: 02/28/2009

Supplier CAP: Factory confirmed did not have double records and all hours truly shown in timesheets. They noted workers had low productivity; hence, they conducted training to improve efficiency. They confirmed factory pays sufficient premiums for OT hours if they occur.

Supplier CAP Date: February 23, 2009

Action Taken: OT properly recorded. Factory had excessive OT July -August 2008; evidence in records. July 30, 2008, initiated HR intervention program titled "HAPPY WORK FORCE" and kick-started variety of welfare measures. Program reduced absenteeism and employee turnover. If OT work needed, workers will be paid OT premium rate, as legally required.

HBI follow-up audit conducted by [Monitor name] February 23, 2009: (Factories Act, 1948, quarterly OT limit is 50 hours a quarter.) In 3rd quarter of 2008 (July – September 2008) factory only had OT work in July, maximum OT hours was 54. No OT in August – September 2008. As a result, only 4 hours of excess OT in 3rd quarter. As of this visit, maximum OT for November 2008, December 2008 and January 2009 within legal limits:

Cutting department: Nov: 16, Dec: 22, Jan: 12 hours;
Sewing department: Nov: 16, Dec: 18, Jan: 14 hours;
Trimming department: Nov: 16, Dec: 18, Jan: 12 hours;
Packaging department: Nov: 18, Dec: 18, Jan: 20 hours;
Checking department: Nov: 16, Jan: 20, Dec: 14 hours.



**Plan
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Date:**

Wages, Benefits and Overtime Compensation: 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)

Noncompliance

Explanation: Payment slips not given to workers when they are paid for OT during middle of month, whereas they do receive pay slips for actual shift wages paid at end of each month.

Plan Of Action: HBI will ensure factory provides pay slips. In addition, we will monitor how OT is calculated. 1st follow-up visit will be in February.

Deadline Date: 02/28/2009

Supplier CAP: Due to Worker Committee members paying wages in 2 installments to newcomers, as many of them were in weekly mode at previous employment. They are confused. Yet, it was requested by workers for 2 payments a month to be continued. They will provide pay slips for each payment and training for workers on their wage calculations.

Supplier CAP Date: February 23, 2009

Action Taken: HBI will update this issue in February visit.

HBI follow-up audit conducted by [Monitor name] February 23, 2009: Few workers (around 11) paid IRS. 500.00 as advance on weekly basis; weekly paid wages were being adjusted with monthly wages. This is why factory maintained only 1 wage slip during final payment. However, have introduced pay slips for weekly advance payments, if there are any in future.



**Plan
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Freedom of Association: Right to Collective Bargaining/Good Faith

FOA.19 Employers and worker representatives shall bargain in good faith, i.e. engage in genuine and constructive negotiations and make every effort to reach an agreement. (S)

Noncompliance

Explanation: There is a Worker Committee, but no forum for collective bargaining agreement (CBA). As management is not a TEA member, CBA rates for industry not binding to this factory. Thus, there is no scope for workers to engage in collective bargaining.

**Plan Of
Action:** HBI will coach factory in how to have an effective Worker Committee.

**Deadline
Date:** 06/30/2009

**Supplier
CAP:** Factory confirmed that many of such deliberations not recorded in previous CBA; henceforth, it will be ensured that minutes will be kept for all such representation. In addition, Worker Committee members will be trained on labor laws by an external organization to raise their awareness of CBA.

**Supplier CAP
Date:** 03/31/2009

Action Taken: Worker Committee members also selected via general election, part of HAPPY WORK FORCE PROJECT. Though minimum wages for tailors is INR 98.65, we pay them INR 130/-; for cutting masters, we pay INR 140/-. These best pay practices, and even 5.67% ex-gratia given to our employees, are also results of Worker Committee engagement.

HBI follow-up audit conducted by [Monitor name] February 23, 2009: Factory management advised on how to maintain minutes for all meetings with the workers' representative committees.

Plan Complete:

Plan Complete Date:

Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

Notable Feature

Explanation: 11 disabled workers employed in factory with some special care. For instance, worker with limp is allowed to sit and work. Management has conducted along with [Non-governmental organization name] a special drive to recruit workers with disabilities. This is a good practice and worthy of mentioning.

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.

Noncompliance

Explanation: Although codes displayed in local language, no means for employees to report noncompliances if any. Contact information of company not mentioned in code of conduct (CoC) display.

Plan Of Action: HBI will work to ensure there are effective means of communication between factory workers and their management.

Deadline Date: 06/30/2009

Supplier CAP: Supplier has no extra plan on this.

Supplier CAP Date: February 23, 2009

Action Taken: HBI follow-up audit conducted by [Monitor name] February 23, 2009: Workers can now communicate through their representatives, leave complaints in suggestion boxes and now have access to management representatives. Also, HBI auditor conducts regular audits in factory, performs a factory tour and conducts employee interviews. It provides the opportunity for workers to tell auditor their complaints about the facility.

Plan Complete:

Plan Complete Date:



Health and Safety: 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)

Uncorroborated Evidence of Noncompliance

Explanation: Although evacuation plans in place and regular drills also conducted, inflammable substances, such as cartons of finished goods, found stored in stairwells. Management mentioned stairwell is short-term storage area. Audit could not confirm if this is an everyday practice.

Plan Of Action: HBI will perform follow-up visit to factory regularly to ensure exits clearly marked and always easily accessible. We will invite safety officer to draw up plan to monitor these issues monthly.

Deadline Date: 02/28/2009

Supplier CAP: Better storage solutions will be planned and implemented for accessories' stores to ensure optimum space utilization. By doing this, all incoming accessories' materials can be placed in stores directly; hence, will not be needed or required to keep them outside.

Supplier CAP Date: 01/31/2009

Action Taken: HBI follow-up audit conducted by [Monitor name] February 23, 2009: All shipping cartons found in designated area; no carton observed in staircases or any exit route.

Plan Complete:

Plan Complete Date:



Health and Safety: 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)

Noncompliance

Explanation: Only 1 fire extinguisher available for both packing/fabric store area and first floor section A. First aid supplies not stocked as per list maintained in factory. No first aid procedures posted.

Plan Of Action: HBI will ensure factory places sufficient fire extinguishers and first aid supplies on all work floors. We will inspect those issues again in first follow-up visit in February.

Deadline Date: 02/28/2009

Supplier CAP:

1. Fire extinguisher checklist will be prepared to ensure easy availability on work floor.
2. Daily checklist will be used to check medicines in all first aid boxes. Nurse will be assigned this task. In addition, Safety Officer will be appointed to monitor overall health and safety activities.

Supplier CAP Date: 12/31/2008

Action Taken: 1. 1 fire extinguisher added January 12, 2008. Inspection checklist had been prepared to ensure all factory buildings have fire extinguishers as required by law.

2. Safety training given by HR Manager November 28, 2008, on OHSAS -18001 requirements.

HBI follow-up audit conducted by [Monitor name] February 23, 2009: 7 fire extinguishers found in packing room with area of 8000² ft (approx); 2 fire extinguishers found in fabric store with area of 200² ft (approx.)

Plan Complete:

Plan Complete Date:

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: Masks provided, but not used by employees. Rubber mats for standing workers not provided. Earplugs in automatic cutting area only given to cutting machine operators.

Plan Of Action: HBI will visit factory in February and instruct safety officer on their job responsibilities. HBI will also inspect their work to see if performed duties with due diligence and review trainings records to determine if factory has given personal protective equipment (PPE) training on regular basis.

Deadline Date: 02/28/2009

Supplier CAP: Safety officer appointed to provide training to employees on how to use PPE and on its importance. Also, will be responsible for monitoring employees' PPE use. Rubber mats will be provided to all workers working in standing positions before January 1, 2009.

Supplier CAP Date: 02/28/2009

Action Taken: Safety officer appointed to monitor these activities. Training schedule prepared and conducted to raise awareness among workers about PPE. Earplugs given to all workers in cutting area and all workers educated on importance of hearing protection.

HBI follow-up audit conducted by [Monitor name] February 23, 2009: Rubber mats not provided to standing workers. Earplugs given to all workers.

Plan Complete:

Plan Complete Date:

Health and Safety: Bodily Strain

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

Noncompliance

Explanation: Employee use of chairs without backrests is an ergonomic concern.

Plan Of Action: HBI will ensure factory provides chairs with backrests to employees in next 6 months. We will have first follow-up visit in February.

Deadline Date: 03/31/2009

Supplier CAP: Ergonomically designed chairs given to tailors in the last year, but they did not feel comfortable using them, as they were accustomed to sitting in chairs without backrests. They argue that, as they have to lean forward to operate machines, backrests will not help. Factory will educate employees about their importance and encourage them to use it in phased manner. Factory will select tailors as phase 1 and remaining workers will be on next phases. It should take around 6 months.

Supplier CAP Date: 06/30/2009

Action Taken: Factory had provided seats with backrests to tailors.

HBI follow-up audit conducted by [Monitor name] February 23, 2009: In regards to lack of backrests on factory seats, management says workers are comfortable with present seating, and that employees have not complained of back pain. However, management will look into this matter and will let HBI know if they are able to provide such seats, because it costs extra money during economic downturn.

Plan Complete:

Plan Complete Date:

Health and Safety: Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Noncompliance

Explanation: Although factory has full-time nurse, doctor's visit scheduled on Sundays. Doctor does not visit during regular work week. So, doctor's visit only available to workers staying in dormitories, and not for all regular workers.

Plan Of Action: HBI will ensure factory arranges on-site doctor on weekdays during regular work hours. First follow-up visit will be in February.

Deadline Date: 02/28/2009

Supplier CAP: Will reschedule doctor visits on week days to ensure all employees will benefit from this arrangement.

Supplier CAP Date: 02/28/2009

Action Taken: Doctor had been arranged to visit factory on week days.

Action Taken: HBI follow-up audit conducted by [Monitor name] February 23, 2009: Latest doctor visit recorded February 9, 2009; factory will ensure daily visits from doctor are in effect from February 25, 2009.

Plan Complete:

Plan Complete Date:

Health and Safety: 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)

Noncompliance

Explanation: Conditions in kitchen not up to standard prescribed for food service establishments. There appears to be major problem with houseflies, despite installation of pest control equipment. Storage of food in canteen/kitchen unsanitary, e.g., raw vegetables stored on floor.

Plan Of Action: HBI will ensure factory outlines improvement plan for food storage and pest control system. First follow-up visit will be in February.

Deadline Date: 02/28/2009

Supplier CAP: Existing pest control service for houseflies will be carried out on monthly basis. Additional requirements of pest control equipment also will be installed. Also, will provide training to kitchen helpers on housekeeping and hygienic condition of kitchen.

Supplier CAP Date: 01/31/2009

Action Taken: Uncut vegetables kept on reinforced concrete (RCC) slabs in store room.

HBI follow-up audit conducted by [Monitor name] February 23, 2009: Factory introduced regular pest control system and no flies observed during this visit. Raw vegetables now stored on wooden pallet and on rack instead of floor.

Plan Complete:

Plan Complete Date:

Health and Safety: Food Preparation

H&S.25 All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws. All workers handling food shall be provided with the tools and equipment necessary to do so in a safe and sanitary manner. (S)

Noncompliance

Explanation: Storage of food in canteen/kitchen is unsanitary, e.g., raw vegetables stored on floor.

Plan Of Action: HBI will ensure factory outlines an improvement plan of food storage system and pest control system. First follow-up visit will be in February.

Deadline Date: 02/28/2009

Supplier CAP: Will provide wooden pallets for keeping vegetables. Also, safety officer is assigned to check storage of food on a weekly basis as long-term plan.

Supplier CAP Date: 01/31/2009

Action Taken: Uncut vegetables kept on RCC slabs in store room.

HBI follow-up audit conducted by [Monitor name] February 23, 2009: Raw vegetables now stored on wooden pallet and on rack instead of floor.

Plan Complete:

Plan Complete Date:

Health and Safety: Drinking Water

H&S.26 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) must be safe and sanitary and available in an appropriate number. (S)

Noncompliance

Explanation: Physical and chemical qualities of water have been tested. However, biological quality of water test has not been done.

Plan Of Action: HBI will advise factory to have biological testing conducted on drinking water quarterly.

Deadline Date: 02/28/2009

Supplier CAP: Safety officer responsible for this task. Drinking water will be tested for chemical and biological parameters quarterly.

Supplier CAP Date: 11/30/2008

Action Taken: Biological test conducted for drinking water November 27, 2008.

HBI follow-up audit conducted by [Monitor name] February 23, 2009: Biological test done November 4, 2008.

Plan Complete:

Plan Complete Date:

Health and Safety: Other - Health and Safety

Other

Notable Feature

Explanation: Some best practices observed are:

1. Special program to promote children's education.
 2. Daily best worker award to promote worker enthusiasm. Also, there is monthly award ceremony held at the home of the winner.
 3. Medical camp to identify occupational illnesses.
 4. Special eye diseases identification camp.
 5. Special blood donation camp
 6. To avoid use of plastics, company uses tarpaulin bags, the longevity of which is more (2 years).
 7. Happy Workforce Day, to reduce attrition and absenteeism.
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Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Excess OT in July – August 2008. Non-availability of complete OT records for audit. Lack of convincing evidence from management to prove there is double payment for all OT.

Plan Of Action: HBI will ensure factory records work hours completely and properly. We will insist factory pays OT premium to workers according to legal requirements. We will monitor transparency of OT calculation in factory. First follow-up visit will be in February.

Deadline Date: 02/28/2009

Supplier CAP: Newly recruited workers from different factories with different pay practices were given such misleading and confusing statements. Factory confirmed they did not have double records and all hours truly reflected in timesheets. They noted workers had low productivity; therefore, conducted training to improve efficiency. However, confirmed factory pays sufficient premium for OT hours if they are accrued. Regardless, will provide training for workers on wages calculation and provide pay slips for each payment.

Supplier CAP Date: 12/30/2008

Action Taken: Reduced absenteeism and attrition rate now consistently maintained in our factory.
HBI follow-up audit conducted by [Monitor name] February 23, 2009: Factory has not had excess OT since November. Maximum OT noted in November 2008: 18 hours; December 2008: 22 hours and January 2009: 20 hours. All OT paid at 200% with proper time tracking sheets for recording OT work.

Plan Complete:

Plan Complete Date:

Hours of Work: Suspension of Work

HOW.22 Employers can only suspend work in accordance with local laws, regulations and procedures. Workers shall be paid in full during periods of suspension, unless local laws stipulate otherwise, workers and their representative organizations (temporarily) agree otherwise, and the relevant national authorities authorize the alternative arrangement. (S)

Noncompliance

Explanation: Due to machine repair and other reasons, “layers” and “sorters” in cutting area informed of non-availability of work the next day. On such occasions, wages are not paid to them. On days they are already present on shop floor when this work stoppage occurs, they are given alternative work with regular wages. There is no evidence that loss of these work hours made up with OT, but is a case of “No Work-No Pay” on a few days. Management accepted this finding from worker interviews, but insisted it doesn’t happen often.

Plan Of Action: HBI will ensure factory pays back wages to those work stoppage workers. Also, we will review what remediation in their production and HR policy is to be taken to avoid this issue in future. First follow-up visit will be in February.

Deadline Date: 02/28/2009

Supplier CAP: Factory confirmed this issue happened, as there was no work in a specific workshop and no work to be assigned to those workers. This action meant 8 workers were absent for few. They will quantify amount of owed wages and pay back wages to them. It would further educate line leader to have better production planning in future, to ensure it does not happen again.

Supplier CAP Date: 12/31/2008

Action Taken: Factory collected list of the names of those 8 affected workers and paid back owed wages to them.

HBI follow-up audit conducted by [Monitor name] February 23, 2009:

Payment released to workers. Workers confirmed they have received their wages during interviews.



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