



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: BSI Products, Inc.
COUNTRY: India
FACTORY CODE: 100003247021
MONITOR: Association for Stimulating
Know How (ASK)
AUDIT DATE: July 16, 2010
PRODUCTS: Stadium Cushions, Driver
Headrest Covers
PROCESSES: Cutting, Stitching, Printing,
Finishing, Checking, Packing
NUMBER OF WORKERS: 23

FLA Comment: This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company, however the recommendations have not been agreed or incorporated by the company. The report is posted in its current state and is considered finalized. Updates on the progress of the corrective action will be posted when received by the company.

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



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Wages, Benefits and Overtime Compensation: 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)

Uncorroborated Evidence of Noncompliance

Explanation: According to the management, workers are provided 15 days of earned leave per year. However, 20 workers interviewed denied having any paid leave. According to the workers, all leave days are deducted from their salary.

Plan Of Action: We have had many phone conversations with [Factory name] regarding issues raised from the Audit. Here is the response to this provision. We have requested that the company show us supporting documentation to back up their statement.

Deadline Date: 02/28/2011

Supplier CAP: [Factory name]: Do not know how the question was asked and whether the workers understood the implication of the question. Most workers being migrant workers take leave between 3-8 weeks a year, which is against company interest. Most do not arrive on the day they are to report back, almost all report back to work 1-3 weeks LATE / AFTER their sanctioned leave, and as per law their wages are adjusted.

Supplier CAP Date:

Action Taken:

Plan Complete: No



**Plan
Complete
Date:**

Wages, Benefits and Overtime Compensation: Employer Provided Services

WBOT.16 All workers have a right to use or not to use employer provided services, such as housing or meals. Deductions for services to workers shall not exceed the cost of the service to the employer. Employers must be able to demonstrate the accuracy or reasonableness of these charges. (P)

Notable Feature

Explanation: Although not required legally, the management provides a daily meal to all workers that includes tea, snacks, and also dinner during OT hours free of cost.

Plan Of Action: [Factory name] has also stated in a supplemental letter uploaded to the FFC that they voluntarily supply their workers with bottled mineral water so that they don't have drink tap water, which may pose a health risk.

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)

Noncompliance

Explanation: In records, the wage shown is the legal minimum wage whereas the actual wages paid are below the legal minimum, as stated by all workers interviewed, as well as accepted by the management at the closing meeting. The wages paid range presently from Rs 3900 for an unskilled helper to Rs 5000 for a skilled worker.

Legal Minimum wages w.e.f January 2, 2010 are; Unskilled: Rs 5278, Semi-skilled: Rs 5850, Skilled: Rs 6448.

Plan Of Action: [Factory name] believes that there is a strong possibility that this law will be changed back to a much lower percent increase of the minimum wage than the current increase of up to 45%. There is a strong concern in the business community that this large an increase will make them less competitive in the export market and in local Indian markets. This increase was only in the state of Delhi and not in other Indian states. The company maintains that most employees were paid above the previous minimum wage. The annual wage increases occur during their festival of Diwali which is later this year. If there are sufficient profits to support wage increases they will happen at that time. The company has supplied some articles related to the pending cases that are in the Indian courts. Our college business is very small with this factory and they would probably refuse to accept orders if this isn't resolved with a lower minimum wage.

Deadline Date: 02/28/2011

Action Taken:

Plan Complete: No

**Plan
Complete
Date:**

Wages, Benefits and Overtime Compensation: Minimum Wage

WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Noncompliance

Explanation: In records, the wage shown is the legal minimum wage, whereas the actual wages paid are below the legal minimum as stated by all workers interviewed, as well as accepted by the management at the closing meeting. The wages paid range presently from Rs 3900 for an unskilled helper to Rs 5000 for a skilled worker.

Legal Minimum wages w.e.f January 2, 2010 are; Unskilled: Rs 5278, Semi-skilled: Rs 5850, Skilled: Rs 6448.

**Plan Of
Action:** See comments in the above section.

**Deadline
Date:**

**Action
Taken:**

**Plan
Complete:** No

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: OT payment is not made at double rates as required by the local law. Although the records show payment of OT at double rate, 20 workers interviewed out of 23 reported that in reality, OT payment is being done at the regular rate.

Plan Of Action: We have requested information from the company regarding this finding. We find them to be evasive on this point.

**Deadline
Date:**

**Supplier
CAP:** [Factory name]: Do not know how the question was asked and whether the workers understood the implication of the question.

**Supplier
CAP Date:**

**Action
Taken:**

**Plan
Complete:** No

Plan
Complete
Date:

Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

Noncompliance

Explanation: Records show payment being made according to legal minimum wages, but in reality, the payments made are different and much lower, as already mentioned in related findings. Manipulated records are being maintained both for regular as well as OT payments and for Earned Annual Leaves.

Plan Of Action: The factory's response to this is the same as in the initial discussion above regarding the new minimum wage.

Deadline Date:

Action Taken:

Plan Complete: No

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: Records show payment being made according to legal minimum wages, but actual payment made is different and much lower, as already mentioned in related findings. Manipulated records are being maintained both for regular as well as OT payments and for Earned Annual Leaves.

Plan Of Action: Same response as above.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:



Wages, Benefits and Overtime Compensation: Payroll Record Maintenance/Worker Acknowledgement

WBOT.20 All compensation records shall be maintained accurately and shall be acknowledged by the worker as accurate. (P)

Noncompliance

Explanation: Although workers sign the payment records, these records are manipulated and not accurate, as reported by the workers as well as acknowledged by the management.

Plan Of Action: [Factory name] disagrees with this finding. We have requested documentation to back up their claim and we are waiting to see if they will produce this information.

Deadline Date: 02/28/2011

Action Taken:

Plan Complete: No

Plan Complete Date:



Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Noncompliance

Explanation: Workers are not provided a copy of their pay slips in the local language showing actual payments. They do sign the payroll register, but this record does not reveal actual payments.

Plan Of Action: Again [Factory name] disagrees with this finding. We have requested a copy of a typical pay slip to verify their claim.

Deadline Date: 02/28/2011

Action Taken:

Plan Complete: No

Plan Complete 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: Workers are neither provided with an appointment letter or a pay slip as reported by both management and workers. Workers are aware of the OT compensation rates, but are not provided any pay statement.

Plan Of Action: The company disagrees with this statement.

Deadline Date:

Supplier CAP: [Factory name]: Disagree. The file containing appointment letters was with concerned authority on day of visit and therefore not shown.

Supplier CAP Date:

Action Taken: The company has provided a copy of the pay statement given to their employees. This has been uploaded.

Plan Complete: Yes

Plan Complete Date: 02/22/2011

Forced/Compulsory Labor: Employment Records

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

Uncorroborated Evidence of Noncompliance

Explanation: According to the management, the factory signs an Appointment Letter with terms of employment that are agreed upon with the workers. This letter is kept with the management after both the employer and the worker has signed it. However, copies of these letters could not be provided on the day of the audit. The management said that a copy would be mailed later.

Plan Of Action: The company has responded as follows: Disagree. The file containing appointment letters was with concerned authority on day of visit and therefore was not shown.

**Deadline
Date:**

**Action
Taken:**

Plan Complete: No

**Plan Complete
Date:**

Harassment or Abuse: Discipline/Progressive Discipline

H&A.2 Employers shall have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination). Any exceptions to this system (e.g., immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers. (P)

Noncompliance

Explanation: The company does not have a written policy on discipline and termination. However, the company does not practice disciplinary measures as there has not been any case that called for disciplinary action so far.

Plan Of Action: [Factory name] is going to work on a written policy to cover discipline and termination.

Deadline Date: 02/28/2011

Action Taken:

Plan Complete: No

Plan Complete Date:



Harassment or Abuse: Discipline/Written Disciplinary System

H&A.5 Employers shall maintain a system of written disciplinary rules, procedures and practices. Disciplinary rules, procedures and practices shall be clearly communicated to all workers. (P)

Noncompliance

Explanation: Since the company does not have any written policy on discipline and termination, and neither does it follow any disciplinary system, there are no written disciplinary rules, procedures and practices.

Plan Of Action: As stated above, [Factory name] is going to work on a written policy. They asked me if the FLA has any examples one they could model theirs on from another Indian company.

Deadline Date: 02/28/2011

Action Taken:

Plan Complete: No

Plan Complete Date:

Child Labor: Proof of Age Documentation

CL.3 Employers shall collect and maintain all documentation necessary to confirm and verify date of birth of all workers, such as birth certificates. In addition, the employers shall take reasonable measures to ensure such documentation is complete and accurate. (P)

Noncompliance

Explanation: The management does not maintain proof-of-age documents for all workers. The owners shared that as most of the workers are from villages, they do not have valid documents with them. The management was able to provide proof-of-age documents for only some workers.

Plan Of Action: Here is the written response we received from [Factory name]. It is our understanding that no underage workers were found on-site.

Deadline Date:

Supplier CAP: [Factory name]: Since migrant workers do not have proof-of-age records, we can only check and see that they do not look underage by the appearance. NO UNDER AGED PERSONS ARE GIVEN EMPLOYMENT. Should FLA have suggestions on how to verify age in such situations; we could employ such means to verify workers' ages.

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Child Labor: Other Means of Age Verification

CL.4 In those cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary precautions which can reasonably be expected of them to ensure that all workers are at least the minimum working age, including requesting and maintaining medical or religious records of workers, or through other means considered reliable in the local context. (P)

Noncompliance

Explanation: The management has not taken steps to verify the ages of workers.

Plan Of Action: Since migrant workers do not have age records, we can only check and see that they do not look underage by their appearance. NO UNDER AGED PERSONS ARE GIVEN EMPLOYMENT. Should FLA have suggestions on how to verify age in such situations, we might be able to verify employee ages.

Deadline Date:

Supplier CAP: Since migrant workers do not have age records, we can only check and see that they do not look underage by their appearance. NO UNDER AGED PERSONS ARE GIVEN EMPLOYMENT. Should FLA have suggestions on how to verify age in such situations, we might be able to verify employee ages.

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Health and Safety: Written Health and Safety Policy

H&S.3 Employers are required to develop, maintain and regularly review a written health and safety policy. The policy must, at the very least, be aimed at complying with legal minimum safety and health standards, regulations and procedures. (P)

Noncompliance

Explanation: The company does not have a written policy on Health and Safety.

Plan Of Action: [Factory name] has agreed to create a written policy regarding health and safety. They have again asked if there is something the FLA could supply that they could use a template for this policy.

Deadline Date: 02/28/2011

Supplier CAP: [Factory name] has provided a written health and safety policy for the stakeholders review.

Supplier CAP Date: 02/22/2011

Action Taken: Their policy has been uploaded to the FFC for comments.

Plan Complete: Yes

Plan Complete Date: 02/22/2011

Health and Safety: Worker Consultation

H&S.4 The health and safety policy shall be developed and implemented in consultation with workers or their representatives. (P)

Noncompliance

Explanation: There is no consultation with workers regarding Health and Safety.

Plan Of Action: Same response as above.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Health and Safety: Health and Safety Management System

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

Noncompliance

Explanation: The Company does not have any written Health and Safety Policy, nor is there a management system (responsibilities, procedures and records) for addressing health and safety issues.

Plan Of Action: Same response as above.

Deadline Date:

Action Taken:

Plan Complete: No

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)

Noncompliance

Explanation: There is no evacuation plan posted in the facility and there are no aisle markings for evacuation. Also, none of the emergency exits is marked as needed, the exit in Printing Room is blocked by materials, and there is less space for workers to evacuate in this section. There are no emergency lights installed at the workplace and workers have not been provided any training on emergency evacuation.

Plan Of Action: [Factory name] has agreed to post and inform workers of an evacuation plan.

Deadline Date: 11/30/2010

Action Taken: Photos posted.

Plan Complete: No

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: There is no fire extinguisher in the Printing Room and no regular testing record for any of the fire extinguishers. Besides, 2 fire extinguishers were found blocked by materials in the sewing section. There is no one trained in first aid available at the facility and no adequately equipped first aid kit. Band aids and tablets for headaches are available at the facility, but without any trained person to administer them.

Plan Of Action: [Factory name] has agreed to make the fire extinguishers more accessible and to maintain clear aisles. They will upgrade their first aid equipment. They are looking into where an employee can be trained in basic first aid.

Deadline Date: 12/31/2010

Supplier CAP: [Factory name] has also made available safety glasses for the workers. Picture has been uploaded.

Supplier CAP Date:

Action Taken: Photos posted.

Plan Complete: Yes

Plan [02/22/2011](#)
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: [No PPE is being used by workers at the facility. There are also no PPE or PPE postings available.](#)

Plan Of Action: [The company will make personal protective equipment available to all employees working in the areas where this is required.](#)

Deadline Date: [02/28/2011](#)

Action Taken:

Plan Complete: [No](#)

Plan Complete Date:

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: Vinyl, amyl, nitro diluters, hardeners and hydrogen are used in the printing section. However, there is no proper storage of these chemicals and the chemicals are not appropriately marked in local language. Further, no worker is provided any training on the safe handling of these chemicals.

Plan Of Action: [Factory name] has agreed to proper storage of all chemicals. They will label them in the local languages and meet with workers to establish proper handling procedures for the chemicals.

Deadline Date: 12/31/2010

Action Taken: Photo posted.

Plan Complete: No

Plan Complete Date:

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: The company has not obtained MSDS for the chemicals used.

Plan Of Action: [Factory name] has agreed to get the Material Safety Data Sheets for the chemicals used in their company and to ensure they are translated into the local language or if necessary have the information spoken by management to the workers.

Deadline Date: 12/31/2010

Action Taken: Photo posted.

Plan Complete: No

Plan Complete Date:



Health and Safety: 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)

Noncompliance

Explanation: Electrical wires were found hanging over the cartons in the printing room. There are wires with scotch tape joints hanging in the printing room as well.

Plan Of Action: [Factory name] has agreed to contact an electrician to have the wires properly placed where they will not be a hazard to the workers.

Deadline Date: 12/31/2010

Action Taken: Photo posted.

Plan Complete: No

Plan Complete Date:

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)

Noncompliance

Explanation: Needle guards were found missing on some of the sewing machines.

Plan Of Action: [Factory name] has agreed to get the necessary needle guards for the sewing machines that are missing them.

Deadline Date: 12/31/2010

Action Taken: Photo posted.

Plan Complete: No

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)

Uncorroborated Evidence of Noncompliance

Explanation: Cutting, finishing and packing are done by workers while sitting on the floor. However, none of the workers engaged in the work complained of any strain on the body, as they are used to this working position.

Plan Of Action: [Factory name] did not view this as something that needed changing.

Deadline Date:

Action Taken:

Plan Complete: No

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: Adequate medical supplies and/or first aid stock are not maintained by the facility as per the [City name] Factories Rules dd 1950.

Plan Of Action: [Factory name] has agreed to upgrade their first aid materials.

Deadline Date: 12/31/2010

Action Taken: Photo posted.

Plan Complete: No

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: Toilets are not clean and not well maintained.

Plan Of Action: [Factory name] strongly disagrees with this assessment. They have stated that while the toilets are old they are cleaned on a regular basis.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: The facility exceeds the quarterly legal limit of 50 hours for Overtime Hours. For the period of January - March, 2010, 23 workers worked for 144 OT hours in the quarter.



Plan Of Action: [Factory name] has stated that they will try to improve this but that there are peak periods when they have to increase overtime to satisfy their customers.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

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: Time recording is done manually by a part time accountant. According to the management, the accountant comes twice a week and marks every worker's attendance and time for the pending days by asking the worker his in and out times.

Plan Of Action: [Factory name] maintains that the time recording is done accurately.

**Deadline
Date:**

**Action
Taken:**

**Plan No
Complete:**

**Plan
Complete
Date:**

Hours of Work: Annual Leave

HOW.14 Employers shall provide workers with paid annual leave as required under local laws, regulations and procedures. (S)

Uncorroborated Evidence of Noncompliance

Explanation: All workers interviewed shared that they are not provided the legal Earned Leaves, as all leave days are deducted from their salary. However, the management shared that workers are provided with 15 Earned Leave days per year.

**Plan Of We have asked if they have records to back up this statement.
Action:**

**Deadline 12/31/2010
Date:**



Supplier CAP: [Factory name]: Most workers being migrant workers take leave between 3-8 weeks a year, which is against company interest. Most NEVER arrive on the day they are to report back, almost all report back to work 1-3 weeks LATE / AFTER their sanctioned leave, and as per law there wages are adjusted.

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
