



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Hanesbrands; Nike, Inc.

COUNTRY: India

FACTORY CODE: 720232875G

MONITOR: Bureau Veritas (BVCPS)

AUDIT DATE: September 22 – 23, 2008

PRODUCTS: Knitting Garments (Men's,
Women's, Kids Sleepwear; T-Shirts;
Underwear)

PROCESSES: Spinning, Winding, Knitting,
Dyeing, Embroidery, Garment Making

NUMBER OF WORKERS: 3900



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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.

Noncompliance

Explanation: Company has not imparted any formal training on elements of companies' codes of conduct. No records maintained in this regard. Training imparted to workers on codes of conduct for Hanesbrands (HBI) and Nike was not sufficient, as workers could not demonstrate their understanding of codes of conduct.

Plan Of Action: HBI auditor visited factory September 23, 2008, and met with management to ensure corrective action is taken. We plan to conduct follow-up visit again in December.

Deadline Date: 12/31/2008

Supplier CAP: Immediate action: Factory will organize necessary documentation and manpower to make training program a success.

Long-term plan: Factory will continue training process to bring all workers under training program. Also, new workers will be trained at time they join facility.

Supplier CAP Date: 09/30/2008

Action Taken: During follow-up visit September 23, 2008, observed that [Trainer Name], [Training Organization Name], organizes training among workers through PA (Personnel Address) system (audio) since September 15, 2008. Formal training has also been introduced in training room on HBI Global Standards for Suppliers since September 15, 2008. Regular training programs are introduced and copies for training records are attached.

Plan Complete: No

Plan Complete Date: 09/30/2008

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: The company has not imparted any formal training on elements of companies' codes of conduct. No records maintained in this regard. No mechanism provided to workers to contact companies, no contact numbers or contact address made available to workers for addressing their issues directly to clients. Training imparted to workers on codes of conduct for HBI and Nike was not sufficient, as workers could not demonstrate their understanding of codes of conduct.

Plan Of Action: HBI auditor visited factory September 23, 2008, and met with management to ensure corrective action is taken. We plan to conduct follow-up visit again in December.

Deadline Date: 10/31/2008

Supplier CAP: Immediate action: Management has established workers' awareness program and reporting channels on noncompliance and grievances.

Supplier CAP Date: 10/15/2008

Action Taken: During follow-up visit September 23, 2008, observed that company has regular meetings quarterly to discuss grievances and complaints and assess actions. Company has grievance policy and workers can report through different channels, i.e. verbally, in writing, or by dropping their complaints into suggestion boxes kept in different locations of factory. All actions recorded and last meeting held September 15, 2008. Workers' awareness training programs are introduced and proof of awareness program sent for review.

Plan Complete: No

Plan Complete Date: 10/15/2008

Miscellaneous: Other Identified Noncompliances

Labor

Fail

Explanation: No noncompliances noted for contractors supplying workforce with production activities; however, about 200 workers found working at different civil construction sites inside factory premises. These workers said to be working under different contractors (2 of them). Contractors employed contract workers by their own terms. Factory management did not provide any information regarding their employment conditions and agreements. Management does not have any documents regarding contractors. Only 1 set of documents related to 1 contractor was available for January 2008, which provides information regarding wage payment for January 2008 and ESI and PF contributions to workers. However, these workers are not involved in any production activities. These civil contract workers found provided with small huts for accommodation, which were not provided with basic amenities like washing, drinking, cooking, eating facilities, and any safety precautions.

Auditor interviewed 6 construction workers and found they are paid by contractors. Roughly, informed that workers have to work 50 days, then they will be paid INR5000. Once this agreement is over, they will be sent back. Contract workers would work 12 hour shifts from 7am – 7pm, and provided 1 lunch break and 2 tea breaks. Timings are not fixed. Workers not provided with any weekly day off work; only the 50 days of work are the working days that would be paid. These contract workers were not provided with any benefits like ESI, PF, leave, etc. Management considers civil workers not under scope of compliance code. So, this part of worker category found not monitored. Though factory management did not confidently acknowledge finding of noncompliance for construction workers through contractors, ensured to discuss this issue for further action. Contract workers, and whoever is working for a company and found inside the premises, shall be provided with basic amenities for living and a safe environment. Factory shall comply with Contract Labor (Regulation and Abolition) Act, 1970 whenever employing contract workers for any activities.

**Plan Of
Action:**

**Deadline
Date:**

**Action
Taken:**

Plan **No**
Complete:

Plan
Complete
Date:

Health and Safety: General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

Noncompliance

Explanation: 1. Fire license was not renewed. (Section 6 (1d) of Factories Act, 1948).

2. Fire safety officer not appointed appropriately, a) only 1 safety officer appointed for 3200 workers employed; b) appointed safety officer does not have qualifications as required by law. (Section 40B (1) of Factories Act, 1948); 3) Crèche assistant not appointed. (Section 48(2) of The Factories Act, 1948); 4) Factory has not obtained consent to operate from pollution control board (Section 21(1) of Air (Prevention and Control of Pollution) Act, 1981; Section 25 of Water (Prevention and Control of Pollution) Act, 1974); 5) Factory not conducted health check up for workers who are working in the stain removing section and handling chemicals.(Rule 82 R of Model Rules of Factories Act, 1950)

Plan Of Action: HBI auditor visited factory on September 23, 2008, and met with management to ensure corrective action is taken. We plan to conduct follow-up visit in December.

Deadline Date: 03/31/2009

Supplier CAP: Long-term plan: Factory will fulfill all regulatory requirements.

Supplier CAP Date: 03/31/2009

**Action
Taken:**

Incomplete tasks:

1. Applied for Fire License September 17, 2007; Department yet to issue permission. Fire Department visited and analyzed factory March 18, 2008. They have given their observation report and a list of requirements to get NOC. Factory is in preparation to fulfill requirement of getting NOC and expects to get this by December 2008.

2. Company is in search of a proper safety training course.

Completed tasks:

3. Crèche Assistant has been recruited.

4. Consent for operation from Pollution Control Board obtained September 12, 2008, for period from June 1, 2008 – May 31, 2009.

5. Health checkup for chemical handling personnel has been conducted.

Feedback from supplier February 12, 2009: They have given observation report and list of requirements to get NOC. It will be expected to have NOC until end of February 2009. Factory had nominated fire officer for safety training course.

**Plan
Complete:**

No

**Plan
Complete
Date:**

Health and Safety: Document Maintenance/Worker Accessibility and Awareness

H&S.2 All documents required to be available to workers and management by applicable laws (such as health and safety policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language(s) spoken by the workers if different from the local language. (P)

Noncompliance

Explanation: MSDS available for chemicals used in production; however, samples stored in factory did not have MSDS for their safe handling. (Section 41 B(1) of Factories Act, 194)

Plan Of Action: HBI auditor visited factory September 23, 2008, and met with management to ensure its compliance.

Deadline Date: 09/30/2008

Supplier CAP: Immediate action: Posted MSDS in all places of chemical usage and storage.

Supplier CAP Date: 09/30/2008

Action Taken: During follow-up visit September 23, 2008, observed that factory has posted MSDS to all places of chemical use and storage.

Plan Complete: No

Plan Complete Date: 09/30/2008



Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Noncompliance

Explanation: Factory has not obtained No Objection Certificate from concerned fire service authority. However, factory applied for it October 17, 2007. So, fire permit is not posted. (Section 40 of Factories Act 1948)

Plan Of Action: HBI auditor visited factory September 23, 2008, and met with management to ensure corrective action is taken. We plan to conduct follow-up visit in December to ensure this document is ready.

Deadline Date: 03/31/2009

Supplier CAP: Immediate action: Management to start contact with respective department to speed up process of obtaining No Objection Certificate from Fire Department.

Supplier CAP Date: 03/31/2009

Action Taken: During follow-up visit September 23, 2008, observed management has started to contact Fire Department for getting certificate.

Feedback from supplier February 12, 2009: They have given observation report and list of requirements to get NOC. It will be expected to have NOC until end of February 2009.

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: 1. Emergency lights installed in all sections except blow room emergency exit, dyeing section emergency exit, packed goods storage area at knitting section and staircase leading from ground floor to first floor of garment section. (Rule 68 9(e) of Model Rules of Factories Act, 1948)

2. Fire alarm installed in all sections except at canteen, where fire alarm not installed. (Rule 68 (9nn) of Model Rules of Factories Act, 1948)

3. Training section located on first floor, where more than 20 workers working are not provided with secondary exit. (Section 38 of Factories Act, 1948.)

4. Handrail not provided for staircase, which leads from ground floor to first floor where production and training hall are located. (Section 32(a) of Factories Act, 1948)

Plan Of Action: HBI auditor visited factory on September 23, 2008 and met with management to ensure corrective action is taken. We plan to conduct follow-up visit again in December.

Deadline Date: 12/31/2008

Supplier CAP: Immediate actions:

1. Emergency light will be installed.
2. Fire alarm will be installed.
3. 2nd exit to training room will be added.
4. Handrail will be provided.

Supplier CAP Date: 11/30/2008

Action Taken: During follow-up visit September 23, 2008, observed that respective departments are in process to assess requirements and procure necessary materials. Entire task will be completed by end of November.

Feedback from supplier on February 12, 2009: All tasks had been completed.

Plan Complete: No

Plan Complete Date: 02/12/2009

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: 1. All fire extinguishers are in working order, easily accessible and charged with current inspection date. However, none of the extinguishers posted with operating instructions in local language. (Provision 7 of Schedule I of Model Rules of Factories Act, 1948)

2. Fire extinguishers installed in all sections except in canteen on first floor. (Section 38(1b) of Factories Act, 1948)

Plan Of Action: HBI auditor visited factory on September 23, 2008, and met with management to ensure corrective action is taken. We plan to conduct follow-up visit again in December.

Deadline Date: 10/31/2008

Supplier CAP: Immediate action: Factory will procure printed operating instructions and fire fighting equipment.

Supplier CAP 10/31/2008

Date:

Action Taken: During follow-up visit September 23, 2008, observed that respective department is instructed to procure necessary materials to execute plan.

Feedback from supplier on February 12, 2009: It had been posted.

Plan Complete: No

Plan Complete Date: 02/12/2009

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: Stain removing section, that handles chemicals, not segregated from production area appropriately. (Model Rule (68) 7 of Factories Act, 1948)

Plan Of Action: HBI auditor visited factory September 23, 2008, and met with management to ensure corrective action is taken. We plan to conduct follow-up visit again in December.

Deadline Date: 12/31/2008

Supplier CAP: Immediate action: Stain removing area to be kept isolated from production area and will ensure safety of stain removing workers.

Supplier CAP Date: 11/10/2008

Action Taken: During follow-up visit September 23, 2008, observed that stain removing room shifted to ground floor and civil work started to fix exhaust fan. It is confirmed that remodeling work will be completed around November 10, 2008.

[Feedback from supplier on February 12, 2009:](#) Modification work had been completed.

Plan Complete: No

Plan Complete Date: 02/12/2009

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: MSDS available for chemicals used for production; however, samples stored in factory did not have MSDS. Samples used at time for several hit and trial, also need to be used with same care and safety, which requires safe handling procedures also to be documented and posted. Worker awareness is a must after MSDS made available to factory. (Section 41 B(1) of Factories Act, 194)

Plan Of Action: HBI auditor visited factory September 23, 2008, and met with management to ensure its compliance.

Deadline Date: 09/30/2008

Supplier CAP: [Immediate action:](#) MSDS posted in all places of chemical usage and storage.

Supplier CAP Date: 09/30/2008

Action Taken: During follow-up visit September 23, 2008, observed that factory has posted MSDS to all places of chemical use and stores.

Plan Complete: Yes

Plan Complete Date: 09/23/2008

Health and Safety: 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: 1. Factory has not provided needle guards on 50% of sewing machines in garmenting section. (Model Rule 71 of Factories Act 1948)

2. About 4 sewing machines found without pulley guards in sewing section on first and ground floors. (Section 21 of Factories Act, 1948)

Plan Of Action: HBI auditor visited factory September 23, 2008 and met with management to ensure corrective action is taken. We plan to conduct follow-up visit again in December.

Deadline Date: 10/31/2008

Supplier CAP: Immediate action: Maintenance staff to be instructed to count the actual number of sewing machines missing with needle and pulley guards and to provide necessary guards.

Long- term plan: they will hold regular safety training to employees about machine safety.

Supplier CAP Date: 10/15/2008



Action Taken: During follow-up visit September 23, 2008, observed that maintenance department has started working on making needle and pulley guards.

Obtained further feedback from factory on October 23, 2008: needle and pulley guards had been installed.

Plan Complete: No

Plan Complete Date: 10/23/2008

Health and Safety: Toilets

H&S.23 Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. (S)

Noncompliance

Explanation: Number of male toilets found to be low, with respect to number of males present. Total number of male workers, as per record, is 3200, but number of male toilets is only 29. As per ratio, there should be 66. However, factory management informed that some workers are in shift and some more toilets are kept separately for staff. Factory has not provided exact ratio of toilets for males. (Rule 44 of Model Rules of Factories Act, 1948)

Plan Of Action: HBI auditor visited factory September 23, 2008, and met with management to ensure corrective action is taken. We plan to conduct follow-up visit again in December.

Deadline Date: 10/31/2008

Supplier CAP: Immediate action: Adequate number of toilets provided both for male and female workers.

Supplier CAP Date: 10/30/2008

Action Taken: During follow-up visit September 23, 2008, observed that civil department instructed to arrange for an additional 6 toilets on ground floor and 2 toilets on 1st floor.

Obtained further feedback from factory October 23, 2008: Additional toilets are already functioning.

Plan Complete: No

Plan Complete Date: 10/23/2008

Health and Safety: Other - Health and Safety

Other

Noncompliance

Explanation: Child care (crèche) not provided with attached toilet/washroom for children. There was no crèche assistant appointed to take care of childcare center. (Section 48(3b) of Factories Act, 1948)

Plan Of Action: HBI auditor visited factory September 23, 2008, and met with management to ensure corrective action is taken. We plan to conduct follow-up visit in June 2009.

Deadline Date: 06/30/2009

Supplier CAP: Immediate action: 1 lady caretaker recruited since January 9, 2008. Present facility will be relocated to a suitable location on ground floor with necessary facilities.

Supplier CAP Date: 11/30/2008

Action Taken: During follow-up visit September 23, 2008, observed that civil department advised to start renovation/alteration work on ground floor for crèche with all recommended facilities. In process it should be ready by November 30, 2008.

Feedback from supplier February 12, 2009: it will be finished around end of February. They had hired the crèche assistant.

Plan Complete: No

Plan Complete Date:
