



2011

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT

COMPANY: Hanesbrands and Nike, Inc.

COUNTRY: India

FACTORY CODE: 720232875GV

MONITOR: International Resources for
Fairer Trade

AUDIT DATE: September 26, 2011

PRODUCTS: Knitted Garments

PROCESSES: Dyeing, Cutting, Sewing,
Finishing, Packing

NUMBER OF WORKERS: 2,539

*To read the original IEM report of this factory, please visit the FLA website [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: 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: [New Findings \(September 2011, IEV\):](#)

1. Factory provides incentives to the workers based on the production achieved, but there is no formal system for incentives and no records are maintained to demonstrate the parameters used to derive the incentive amount.

Legal Reference: Payment of Wages Act 1936

2. Factory does not provide the social security benefit of Employee State Insurance on the gross wages (salary + incentives).

Legal Reference: Employees State Insurance Act, 1946

Plan Of Action: 1. The factory should set up a policy for incentives, and state clearly how, including the parameters, to derive the incentive amount. The said policy will be documented and communicated to the workers.

2. The factory should provide the workers with the social security benefits of the Employee State Insurance on the gross wages (salary and incentives) pursuant to the Employees State Insurance Act, 1946.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No



**Action
Verified
Text:**

**Action
Verified
Date:**

**Follow Up
Plan of
Action:** HBI (Hanesbrands, Inc.) compliance team conducted the follow up audit on December 1, 2011 and noted the following:

1. The policy for incentives has not yet been finalized. The factory management agreed that the policy would be established by the end of December 2011. The policy would be posted in the facility, and properly communicated to the workers.
2. The social security benefits were not provided to the workers. The factory agreed that this would be corrected by January 2012. HBI will continue to follow up until these 2 issues are resolved properly.

Wages, Benefits and Overtime Compensation: Record Maintenance

WBOT.21 Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to-date. (P)

Noncompliance

Explanation: No information about the civil construction workers employed by the two contractors was available from the factory. The accommodation provided did not have the basic amenities. They were on a contract for 50 days and did not receive the social security benefits. They worked for 12 hours without a rest day or any kind of leave. Contract workers and whoever is working for the company and found inside the premises shall be provided with basic amenities for living and a safe environment.

**Plan Of
Action:**

**Deadline
Date:**

**Action
Taken:**

Plan Complete: Yes

Plan Complete Date: 09/01/2011

Action Verified: No

Action Verified Text: Completed (September 2011, IEV): There were no civil construction workers found to be working on the premises of the factory.

Action Verified 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: New Finding (September 2011, IEV): Factory does not have a formal system of communication to the workers for various deductions under multiple heads in the payroll system, per the Payment of Wages Act 1936. Further, worker discussions revealed that the workers were not aware of the amount being deducted under each of the various heads like house rent, electricity, advance, etc.

Plan Of Action: The factory should establish a formal communication channel to advise workers of various deductions under multiple heads in the payroll system, in accordance with the Payment of Wages Act 1936. The factory management should arrange a training session to enhance workers' awareness so that they are well aware of the amount and nature of the deductions.

Deadline Date:

**Action
Taken:**

**Plan
Complete:** No

**Plan
Complete
Date:**

**Action
Verified:** No

**Action
Verified
Text:**

**Action
Verified
Date:**

**Follow Up
Plan of
Action:** The HBI compliance team conducted the follow up audit on December 1, 2011 and noted the following: The issue was still outstanding. The factory agreed to take the following actions before the end of December, 2011:

1. Employment contracts and pay slips will be revised to include the nature and amount of the deduction.
 2. A memo showing the nature of the deductions will be posted on the notice board.
 3. The topic of the nature of the deductions will be included in the orientation training for new workers.
-



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: New Finding (September 2011, IEV): Wage slips provided to the workers do not indicate the incentives. Also, the deductions mentioned in the summary of the payroll are not consistent with the deductions mentioned on the pay slips. [For e.g. house rent and electricity deductions in the payroll summary is reflected as an advance taken in the wage slip; and INR100 deducted for the ATM card reflected in the (wage register/payroll system) is under the head of 'Other deductions' on the wage slip.]

Legal Reference: Payment of Wages Act 1936

Plan Of Action: The factory should revise the wage slips to indicate all the incentives. In addition, the deductions stated on the payroll summary should be consistent with that on the pay slip.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:



Follow Up Plan of Action: HBI compliance team conducted the follow up audit on December 1, 2011 and noted the following: The issues were still outstanding. The factory agreed to take the corrective actions mentioned above by January 2012.

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: The company has not conducted any formal training on the elements of the code of conduct of the companies. No records have been maintained in this regard. Training conducted for the workers on the Code of Conduct for Hanesbrands Inc. (HBI) and Nike was not sufficient, since workers could not demonstrate understanding of the COC (Code of Conduct).

Plan Of Action: Hbi auditor visited the factory on September 23, 2008 and met with the management to ensure the corrective action is taken. We plan to conduct a follow-up visit again in December. Hbi will perform a follow-up visit every 6 months to ensure the supplier shows continual improvement.

Deadline Date: 12/31/2008

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

Long-term plan: Factory will continue the training process to make sure all the workers get trained. Also the new workers will be trained when they join the facility.

Supplier CAP Date: 10/06/2009

Action Taken: During a follow-up visit on September 23, 2008, it has been observed that [employee name], training & development, has been organizing training among workers through PA (Personnel Address system (audio) since September 15, 2008. Formal training has also been conducted in the training room on HBI Global Standards for Suppliers since September 15, 2008. Regular training programs are introduced and copies of the training records are attached.

The Hbl in house auditor performed a follow-up visit on June 19, 2009. It has been observed that [employee name], training & development, organizes training among workers through the PA (Personnel Address system) (audio) and lists out the names of all the present workers on that day. But having interviewed the workers, they were not found to be aware of any code of HBI GSS (Global Standards for Suppliers). Management also does not have any mechanism to measure the understanding level of the workers. The management should coach in groups and should also measure the understanding level of the workers.

October 2009: Factory has formalized the training calendar and has also put together trainings on other documentation. The trainings are conducted on a regular basis; however, we are working with the factory to strengthen the documentation process and training calendar.

Plan Complete: Yes

Plan Complete Date: 06/19/2009

Action Verified: No

Action Verified Text: Completed (September 2011, IEV): Training programs on the awareness of the code of conduct have been introduced. Records of group trainings were available for review. Workers are trained on the general aspects of the code of conduct.

Action Verified Date: 09/28/2011

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 conducted any formal training on the elements of the code of conduct of the companies. No records have been maintained in this regard. No mechanism has been provided to the workers for contacting the company, and no contact numbers or contact addresses have been made available to the workers for addressing their issues directly with the client companies. Training given to workers on the code of conduct of Hanesbrands Inc. and Nike was not sufficient, since workers could not demonstrate understanding of the COC.

Plan Of Action: Hbl auditor visited the factory on September 23, 2008 and met with management to ensure the corrective action is taken. We plan to conduct another follow-up visit in December. Hbl will perform a follow-up visit every 6 months to ensure the supplier facility is continually improving.

Deadline Date: 10/31/2008

Supplier CAP: Immediate action: Management has established worker awareness programs and reporting channels for non-compliance and grievances.

Supplier CAP Date:

Action Taken: During the follow-up visit on September 23, 2008, it has been observed that the company has regular meetings every quarter to discuss the grievances and complaints and figure out the appropriate actions. The company has a grievance policy and workers can report grievances through different channels, i.e. verbally, in writing, or by dropping their complaints into suggestion boxes kept in different locations of the factory. All actions are recorded and the last meeting was held on September 15, 2008. Worker awareness training programs were introduced and proof of awareness programs are attached.

Hbl in house auditor performed a follow-up visit on June 19, 2009. Complaint boxes have not been locked. No record of complaints is maintained. Management said that they received a few complaints verbally and resolved them immediately. They are advised to lock the complaint box to ensure its privacy.

June 30, 2009: A training calendar for the committees is being done. The factory is working on building up the trainings for the committee members; the factory is also working on raising the awareness of the workers on different communication channels and of the committees.

Plan Complete: No

Plan Complete Date: 10/15/2008

Action Verified: No

Action Verified Text: PENDING (September 2011, IEV): The company does not have a confidential non-compliance reporting mechanism where workers can directly address their grievances to company representatives.

Action Verified Date: 09/28/2011

Follow Up Plan of Action: HBI compliance team will establish a confidential non-compliance reporting mechanism (i.e. an email address) directly with the workers the next time a follow up audit is performed.

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. The fire license was not renewed.

Legal Reference: Section 6 (1d) of The Factories Act, 1948

2. Fire safety officer was not appointed appropriately. a) Only 1 safety officer was appointed for 3200 workers. b) The safety officer appointed does not have the qualification required by law.

Legal Reference: Section 40B (1) of The Factories Act, 1948

3. Crèche assistant was not appointed.

Legal Reference: Section 48(2) of The Factories Act, 1948

4. Factory has not obtained consent for operating from the Pollution Control Board.

Legal References: Section 21(1) of The Air (Prevention and Control of Pollution) Act, 1981; Section 25 of Water (Prevention & Control of Pollution) Act, 1974

5. The factory has not conducted health check-ups for the workers who are working in the stain removing section and handling the chemicals.

Legal Reference: Rule 82 R of Model Rules of Factories Act, 1950

Plan Of Action: Hbl auditor visited the factory on September 23, 2008 and met with management to ensure the corrective action is taken. We plan to conduct a follow-up visit in December. Hbl will perform the follow-up visit every 6 months to ensure the continual improvement of the supplier facility.

Deadline Date: 03/31/2009

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

Supplier CAP Date:

Action Taken: Incomplete tasks:

1. Applied for a fire license on September 17th, 2007 and the fire department is yet to issue the permit. The fire department visited and analyzed the factory on March 18, 2008. They have given their observation report and a list of requirements to get the NOC (No Objection Certificate). Factory is in preparation to fulfill the requirements in order to get the NOC and the factory 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. Photo evidence has been sent to FLA for review.
4. Consent for operation from the Pollution Control Board was obtained on September 12, 2008 for June 01, 2008 to May 31, 2009. Photo evidence sent to FLA for review.
5. Health check-ups for chemical handling personnel have been conducted.

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

Hbl in house auditor performed a follow-up visit on June 19, 2009: 1 fire officer was recruited on June 1st, 2009 and will be starting work on July 14th, 2009.

1. A childcare assistant has been hired.
2. Consent applications have been collected, and the factory has received the originals.
3. Health check-up records for the workers that handle chemicals were maintained.

October 2009: Factory has obtained the Fire NOC. Also, the factory has worked in collaboration with the adjacent factory on offsite emergency preparedness and fire safety.

Plan Complete: No

Plan Complete Date: 07/03/2009

Action Verified: No

Action Verified: September 2011, IEV:

Text:

1. PENDING: Factory has not received the Fire NOC from the local fire department. A Provisional Fire NOC was available in the factory with the details of requirements that must be met to get the NOC. The Management explained that this is the only document provided by the local fire department.
2. PENDING: The safety officer appointed by the factory does not have the appropriate qualifications as defined under the local law.
3. COMPLETED: A crèche (childcare room) assistant has been appointed.

4. PENDING: Factory does not have a valid consent to operate under the Prevention of Air and Water Pollution Act from the Pollution Control Board. Factory applied for this permit in May 2011.

5. COMPLETED: The factory has conducted health check-ups for the workers that work in the stain removing section and that handle the chemicals. The records on this were available for review.

Action Verified Date: 09/28/2011

Follow Up Plan of Action: HBI compliance team conducted the follow up audit on December 1, 2011 and noted that (a) only the Provisional Fire NOC is available in the factory. There are several requirements that need to be fulfilled before a permanent NOC will be issued by the local fire department. The factory is advised to meet those conditions before the expiration date of the Provisional Fire NOC. (b) The safety officer appointed by the factory will meet the appropriate qualifications under the relevant local laws. (c) The factory has renewed and obtained a valid consent from the Pollution Control Board. The HBI team will conduct further follow up audits.

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 are available for the chemicals used in productions, however, samples stored in the factory did not have MSDS available to explain their safe handling.

Legal Reference: Section 41 B(1) of The Factories Act, 1948

Plan Of Action: Hbi auditor visited the factory on September 23, 2008 and met with management to ensure compliance on the matter. Hbi will perform a follow-up visit every 6 months to ensure the continual improvement of the supplier facility.

Deadline Date: 09/30/2008



Supplier CAP: Immediate action: We have posted MSDS in all places where chemicals are used and stored.

Supplier CAP Date: 09/30/2008

Action Taken: During a follow-up visit on September 23, 2008, it was observed that the factory has posted MSDS in all places where chemicals are used and stored. Photo evidence has been sent to FLA for review.

June 30, 2009: During the visit it was noted that MSDS implementation has not been consistent. MSDS at the screen-printing areas cannot be seen and the workers working with the chemicals were not trained nor were aware of the hazards of the chemicals.

October 2009: Factory has posted MSDS for all the chemicals and has ensured that chemicals have been secluded from the production area.

Plan Complete: Yes

Plan Complete Date: 12/01/2011

Action Verified: No

Action Verified Text: PENDING (September 2011, IEV): Samples stored in the factory did not have their MSDS posted to describe their safe handling in the organic storage section.

Action Verified Date: 09/28/2011

Follow Up Plan of Action: HBI compliance team conducted the follow up audit on December 1, 2011 and noted that the MSDS has been posted in the organic storage section.

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: The factory has not obtained a No Objection Certificate from the concerned fire service authority. However, the factory applied for it on October 17th, 2007. The fire permit is not posted.

Legal Reference: Section 40 of The Factories Act 1948

Plan Of Action: Hbl auditor visited the factory on September 23rd, 2008 and met with management to ensure the corrective action is taken. We plan to conduct a follow-up visit in December to ensure this document is ready. Hbl will perform a follow-up visit every 6 months to ensure the continual improvement of the supplier facility.

Deadline Date: 03/31/2009

Supplier CAP: Immediate action: Management must start contacting the respective department to speed up the process of obtaining a No Objection Certificate from the fire department.

Supplier CAP Date: 03/31/2009

Action Taken: During a follow-up visit on September 23, 2008, it was observed that the management had started to contact the fire department in order to get the certificate. Feedback from the supplier on February 12th, 2009: They have been given the observation report and a list of requirements to get the NOC. They expect to have the NOC until the end of February 2009. The Hbl in-house auditor performed the follow-up visit on June 19, 2009: The fire license has not yet been obtained and the management says that the process is being delayed due to complications with government officials.

June 30, 2009:

1. Fire applications have been reviewed along with an acknowledgement from the fire department. A final copy has yet to be received.

2. Application for consent has been sent in and a final copy has yet to be received. July 3, 2009: The Fire NOC has been received. The factory is tracking the fire alarm system, extinguishers and other copies.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: PENDING (September 2011, IEV): Factory has not received the Fire NOC from the local fire department. A Provisional Fire NOC was available in the factory with the details of requirements to get the permanent Fire NOC. The Management explained that this has been the only document provided by the local fire department.

Legal Reference: The Fire NOC is a legal requirement under The Factories Act 1948, Building By-laws and National Building Code

Action Verified Date: 09/28/2011

Follow Up Plan of Action: HBI compliance team conducted the follow up audit on December 1, 2011 and noted that only the Provisional Fire NOC is available in the factory. There are several requirements that need to be fulfilled before a permanent NOC will be issued by the local fire department. The factory is advised to meet those conditions before the expiration date on the Provisional Fire NOC. HBI team will conduct a further follow up in the next audit.

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 are installed in all the sections except by the blow room emergency exit, dyeing section emergency exit, packed goods storage area in the knitting section, by the stair case leading from the ground floor to first floor of the garment section.

Legal Reference: Rule 68 9(e) of The Model Rules of The Factories Act, 1948

2. Fire alarms are installed in all sections, except in the canteen where fire alarms are not installed.

Legal Reference: Rule 68 (9nn) of The Model Rules of The Factories Act, 1948 3. The training section located in the first floor where more than 20 workers work does not have a secondary exit.

Legal Reference: Section 38 of The Factories Act, 1948 4. Handrail not provided for the staircases that lead from ground floor to first floor where production and training hall are located.

Legal Reference: Section 32(a) of The Factories Act, 1948

Plan Of Action: Hbl auditor visited the factory on September 23rd, 2008 and met with management to ensure the corrective action is taken. We plan to conduct a follow-up visit again in December. Hbl will perform a follow-up visit every 6 months to ensure the continual improvement of the supplier facility.

Deadline Date: 12/31/2008

Supplier CAP: Immediate actions:

1. Emergency light will be installed.
2. Fire alarm will be installed.
3. 2nd exit in the training room will be added.

4. Handrail will be provided.

Supplier CAP 11/30/2008

Date:

Action Taken: During a follow-up visit on September 23, 2008, it has been observed that the respective departments are in the process of assessing the requirements and procuring the necessary materials. The entire task will be completed by the end of November. The Hbl in-house auditor performed a follow-up visit on June 19, 2009:

1. Emergency lights have been installed.
2. No fire alarm, evacuation map or fire extinguishers have been installed in the canteen.
3. The training room has been shifted to the other building, far from the factory. Feedback from the supplier on February 19th, 2009: all tasked have been completed. Photo evidence has been sent to FLA for review.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified September 2011, IEV:

Text:

1. ONGOING: Factory has not installed emergency lights on the staircase leading from the ground floor to the first floor of the garment section. Also, the emergency lights installed near the emergency exit in the dyeing section do not have the required level of luminosity.
2. COMPLETED: Fire alarm installed in the canteen.
3. COMPLETED: The training section located on the first floor, where more than 20 workers work, now has a secondary exit.
4. COMPLETED: A handrail was provided for the staircase which leads from the ground floor to first floor where the production and training halls are located.

Action Verified Date: 09/28/2011

Follow Up Plan of Action: HBI compliance team conducted the follow up audit on December 1, 2011 and noted that the emergency lights on the staircase leading from ground floor to the first floor of the garment section have been installed. HBI team will conduct a further follow-up audit to ensure that the emergency lights installed near the emergency exit in the dyeing section have the required level of luminosity.

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, are easily accessible and have a current inspection date listed on them. However, none of the extinguishers had operating instructions in the local language posted on them.

Legal Reference: Provision 7 of Schedule I of Model Rules of The Factories Act, 1948

2. Fire extinguishers are installed in all sections except in the canteen on the first floor.

Legal Reference: Section 38(1b) of The Factories Act, 1948

Plan Of Action: The HBI auditor visited the factory on September 23rd, 2008 and met with management to ensure the corrective action is taken. We plan to conduct a follow-up visit again in December. HBI will perform a follow-up visit every 6 months to ensure the continual improvement of the supplier facility.

Deadline Date:

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

Supplier CAP Date:

Action Taken: During the follow-up visit on September 23, 2008, it was observed that the respective department has been instructed to procure the necessary materials to execute the plan.



Feedback from supplier on February 19, 2009: it has been posted. Photo evidence has been sent to FLA for review.

Hbl in house auditor performed a follow-up visit on June 19, 2009: Factory has posted the operating instructions for the fire extinguishers but they are not visible. Factory is advised to get printed operating instructions with larger letters and post those instructions near the fire extinguishers so that they can be easily read from a certain distance.

June 30, 2009: Handling and operating procedures have been developed, and the instructions have been displayed. The do's and dont's were displayed on the notice boards. The large bold handouts were recommended to be displayed.

Nike follow-up visit on July 3, 2009: All the tasks are completed.

Plan Complete: Yes

Plan Complete Date: 07/03/2009

Action Verified: No

Action Verified Text: 1. Completed (September 2011, IEV): Handling and operating instructions were displayed on the fire extinguishers.

2. Completed (September 2011, IEV): Fire extinguisher has been installed in the canteen on the first floor.

Action Verified Date: 09/28/2011

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: New Finding (September 2011, IEV): The factory does not provide appropriate personal protective equipment like aprons to the dyeing operators to protect them from prolonged exposure to water and dyeing chemicals. Also, worker discussions revealed that the personal protective equipment (boots and gloves) are not replaced or repaired at appropriate intervals, leading to workers being exposed to hazardous chemicals.

Plan Of Action: The factory should provide the appropriate personal protective equipment (PPE) to the dyeing operators, and train them on the importance of using the PPE. In addition, new PPE (e.g. boots and gloves) should be provided to workers at regular intervals in order to fully protect the workers from exposure to hazardous chemicals.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Follow Up Plan of Action: HBI compliance team conducted a follow up audit on December 1, 2011 and noted that PPE has not been provided to the workers. The factory agreed that the PPE would be provided to workers no later than December 15, 2011. HBI will conduct a follow up audit.

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: 1. The stain removing section that handles the chemicals was not segregated from the production area appropriately.

Legal Reference: Model Rule (68) 7 of The Factories Act, 1948

Plan Of Action: Hbi auditor visited the factory on September 23rd, 2008 and met with the management to ensure corrective action is taken. We plan to conduct another follow-up visit in December. Hbi will perform the follow-up visit every 6 months to ensure the continual improvement of the supplier facility.

Deadline Date: 12/31/2008

Supplier CAP: Immediate action: Stain removing area is to be kept isolated from the production area, ensuring the safety of the stain removal workers.

Supplier CAP Date: 11/10/2008

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

Feedback from the supplier on February 12th, 2009: the modification work has been completed. Photo evidence has been sent to FLA for review.



June 30, 2009: The stain removal chemical segregation process is taking place. Identification of chemicals and handling of chemicals was poor. Waste segregation was a concern; the spill management system was poor since spillage was noted in the stain, spot washing and screen-printing areas.

October 2009: The hazardous waste has been segregated and authorized vendors have disposed of it.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified: September 2011, IEV:

Text:

1. Completed: The stain removing section has been segregated appropriately from the production department.

2. New Finding: Factory has not provided secondary containment in the newly constructed chemical storage in the dyeing section. This is to effectively contain chemical spillage.

Action Verified Date: 09/28/2011

Follow Up Plan of Action: HBI compliance team conducted the follow up audit on December 1, 2011 and noted that the factory had not installed the secondary containment in the newly constructed chemical storage in the dyeing section. Follow up audit will be performed to ensure that the secondary containment is constructed.

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 is available for the chemicals used in the productions, however, samples stored in the factory did not have MSDS. The samples that were being used at the time in several trials need to be used with same care and safety. Their safe handling procedures also need to be documented and posted. Worker awareness is a must after the MSDS is made available in the factory.

Legal Reference: Section 41 B(1) of The Factories Act, 1948

Plan Of Action: Hbl auditor visited the factory on September 23rd, 2008 and met with the management to ensure their compliance. Hbl will perform a follow-up visit every 6 months to ensure the supplier facility continually improves.

Deadline Date:

Supplier CAP: Immediate action: MSDS has been posted in all parts of the chemical usage and storage areas.

Supplier CAP Date:

Action Taken: During a follow-up visit on September 23, 2008, it was observed that the factory has posted MSDS in all parts of the chemical usage and storage areas. Photo evidence has been sent to FLA for review.

June 30, 2009: Inconsistent implementation of the MSDS procedure and systems. It was noted that the MSDS in the screen-printing room and spot washing areas were not available. This issue has not been resolved and requires further verification. The MSDS needs to be posted in the local language.

October 15, 2009: Noted that factory has posted MSDS for all the chemicals. The chemical containers were also labeled as per the legal requirement and Nike standards.

Plan Complete: Yes

Plan Complete Date: 12/01/2011

Action Verified: No

Action Verified Text: PENDING (September 2011, IEV): Samples stored in the factory did not have MSDS to explain their safe handling in the organic storage section.

Action Verified Date: 09/28/2011

Follow Up Plan of Action: HBI compliance team conducted the follow up audit on December 1, 2011 and noted that the MSDS have been posted in the organic storage section.

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: New Finding (September 2011, IEV): One of the eye wash stations in the dyeing department was not functioning properly due to an improper fitting.

Plan Of Action: The factory should fix the eye wash stations in the dyeing department to ensure that they are functioning properly.

Deadline Date:

Action Taken:

Plan Complete: Yes

Plan Complete Date: 12/01/2011

Action Verified: No

Action Verified Text:

Action Verified Date:

Follow Up Plan of Action: HBI compliance team conducted the follow up audit on December 1, 2011 and noted that the eye wash device had been fixed and was functioning properly.

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 the sewing machines in the garmenting section.

Legal Reference: Model Rule 71 of the Factories Act 1948

2. About 4 sewing machines were found without the pulley guards in the sewing section on the first and ground floor.

Legal Reference: Section 21 of The Factories Act, 1948

Plan Of Action: HBI auditor visited the factory on September 23, 2008 and met with management to ensure the corrective action is taken. We plan to conduct another follow-up visit in December. HBI will perform the follow-up visit every 6 months to ensure the supplier facility continually improves.

Deadline Date: 10/31/2008

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

Long-term plan: They will hold regular safety trainings for employees on machine safety.

Supplier CAP Date: 10/15/2008

Action Taken: During a follow-up visit on September 23, 2008, it was observed that the Maintenance Department has started working on making the needle and pulley guards. We obtained further feedback from the factory on October 23, 2008, and the needle and pulley guards have been installed. Photo evidence has been sent to FLA for review.

Hbl in house auditor performed a follow-up visit on June 19, 2009: Eye guards were found missing on the over lock machines. Maintenance staff has been instructed to count the actual number of over lock machines missing eye guards and to provide necessary guards.

June 30, 2009: We verified that the missing needle guards and pulley guards have been installed. Eye guard installation is almost complete. Factory needs to train workers on reporting the missing guards to the maintenance team in order to strengthen the system. This is ongoing.

October 15, 2009: All the machines have eye guards.

Plan Complete: Yes

Plan Complete Date: 10/15/2009

Action Verified: No

Action Verified Text: Completed (September 2011, IEV): The needle and pulley guards are installed on all the sewing machines.

Action Verified Date: 09/28/2011

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: The number of male toilets was found to be less than the number of males present. There are 3200 male workers in the record, but there are only 29 male toilets; there should be 66 male toilets. However, the factory management informed us that some of the workers are shift workers and the factory keeps some toilets separately for staff. The factory has not provided the exact ratio of toilets for males.

Legal Reference: Rule 44 of The Model Rules of The Factories Act, 1948

Plan Of Action: Hbl auditor visited the factory on September 23, 2008 and met with management to ensure the corrective action is taken. We plan to conduct the follow-up visit in December. Hbl will perform a follow-up visit every 6 months to ensure the supplier facility is continually improving.

Deadline Date: 10/31/2008

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

Supplier CAP Date: 10/30/2008

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

We obtained further feedback from the factory on October 23, 2008: additional toilets are already functioning. Photo evidence sent to FLA for review.

Hbl in house auditor performed a follow-up visit on June 19, 2009: Total number of toilets were found to be in compliance with the legal requirement for 2 different shifts of workers. During this visit the total male workers for the 2 equal shifts numbered 2,510, and there are 28 toilets. I.e. the number of workers per shift is 1,255 and toilet ratio is an average of 1:45. However, a few of the toilet stall's doors were broken and a few were missing. Management confirmed that they will arrange the repair and maintenance of those broken doors.

June 30, 2009: We verified that the number of toilets is within the ratio prescribed by the inspectorate. Improvements were noted on the hygiene aspects as well, however, the consistency needs to be verified, as there were issues with regards to health and hygiene in the security dormitory. The Nike auditor will wait to close this issue based on verifying the consistent performance of the factory.

Oct 15, 2009: The doors were repaired, and toilets were kept in a hygienic condition.

Plan Complete: Yes

Plan Complete Date: 10/15/2009

Action Verified: No

Action Verified Text: Completed (September 2011, IEV): 6 new toilets were installed on the ground floor and 2 on the first floor.

Action Verified Date: 09/28/2011

Health and Safety: Other - Health and Safety

Other

Noncompliance

Explanation: Childcare room (a crèche) was not provided with an attached toilet/wash room for the children. There was no crèche assistant appointed to take care of the childcare center.

Legal Reference: Section 48(3b) of The Factories Act, 1948

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

Deadline Date: 06/30/2009

Supplier CAP: Immediate action: 1 lady caretaker started January 9, 2008. The present facility will be relocated to a suitable location on the ground floor where there is an adequate facility.

Supplier CAP Date: 11/30/2008

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

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

Hbl in house auditor performed a follow-up visit on June 19, 2009: A crèche is now on the ground floor of the dormitory. An attendant was found.

June 30, 2009: The childcare facility is located in the female dormitory. An assistant has been hired.

Plan Complete: Yes

Plan Complete Date: 06/30/2009

Action Verified: No

Action Verified Text: Completed (September 2011, IEV): A childcare facility (crèche) has been provided with an attached toilet. A crèche assistant has also been appointed.

Action Verified Date: