



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: PVH Corp.
COUNTRY: India
FACTORY CODE: 1000321197I
MONITOR: Association for Stimulating
Know-How (ASK)
AUDIT DATE: November 27, 2010
PRODUCTS: Pants, Skirts, Jackets, Tops
PROCESSES: Cutting, Sewing, Sampling
NUMBER OF WORKERS: 848

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



CONTENTS:

Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation3
Wages, Benefits and Overtime Compensation: Wage Receipt4
Wages, Benefits and Overtime Compensation: Other - Wages, Benefits and Overtime
Compensation5
Forced Labor: General Compliance Forced Labor6
Forced Labor: Other - Forced Labor7
Freedom of Association: Grievance Procedure9
Freedom of Association: Other - Freedom of Association and Collective Bargaining10
Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job
Descriptions, Evaluation Policies)12
Health and Safety: Evacuation Requirements and Procedure14
Health and Safety: Safety Equipment and First Aid Training.....15
Health and Safety: Personal Protective Equipment17
Health and Safety: Medical Facilities.....19
Health and Safety: Sanitation in Factory Facilities20
Hours of Work: Rest Day21
Hours of Work: Time Recording System.....22



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: 4 workers reported that they receive a regular pay rate for overtime. However, records show that OT is paid at double rates. As per the legal provisions of The Factories Act 1948, overtime should be paid at a rate of twice the ordinary wage rate.

Plan Of Action: Factory needs to reconfirm that their systems are accurate and that everyone's wages are in accordance with the law.

Deadline Date: 03/30/2011

Supplier CAP: Factory will monitor any issues of inaccurate payments; however, could not locate these inaccuracies in their system. Factory encourages workers to come forward with any issues that they may have. HR Personnel Manager will be responsible to ensure that all workers are paid in accordance with the law.

Supplier CAP Date: 03/30/2011

Action Taken: This is an ongoing process and is being monitored by the Human Resources/Payroll Department.

Plan Complete: No

Plan Complete Date:



Wages, Benefits and Overtime Compensation: Wage Receipt

WBOT.27 All payments of wages and benefits in cash and in-kind made directly to the worker must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (signature, thumbprint, etc.). No one can receive wages on behalf of a worker, unless the worker concerned has, in full freedom, authorized in writing for another person to do so. (P)

Noncompliance

Explanation: Records review revealed that many workers' signatures are missing from the payment registers. 1 worker was found who has received payment but not signed on the payment register.

Plan Of Action: Ensure that all workers sign the payment registers. Factory needs to provide training to all employees stressing the importance of this.

Deadline Date: 03/30/2011

Supplier CAP: Signatures that were missing were those of migrant workers who did not collect their wages before they left on leave for the festivals. Since their return, all employees now have collected their wages and have signed the payment register. This will be left to the responsibility of the HR Department.

Supplier CAP Date: 03/30/2011

Action Taken: All signatures have been accounted for. System is now in place such that all workers will sign the payment register immediately.

Plan Complete: Yes

Plan Complete Date:

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

Other

Noncompliance

Explanation: Company has shown an employee handbook in local language and responded that a copy is given to all workers. However, all workers interviewed denied receiving a copy of the employee handbook.

Plan Of Action: The company spoke with the factory's HR manager. The HR Manager needs to maintain a receiving record of the employees that have received the handbook.

Deadline Date: 04/30/2011

Supplier CAP: All workers have been issued a handbook. A notice has been issued stating that any employee who has not received a handbook can obtain one from the Human Resource Department. The Human Resource Department has begun to maintain a record of all employees who have received a handbook so there is no confusion.

Supplier CAP Date: 04/30/2011

Action Taken: CAP is completed, and all steps mentioned above have been completed.

Plan Complete: Yes

Plan Complete Date: 04/30/2011



Forced Labor: General Compliance Forced Labor

F.1 Employers shall comply with all local laws, regulations and procedures concerning the prohibition of forced labor. (S)

Noncompliance

Explanation: None of the workers interviewed are confirmed receiving a copy of the Appointment letter. But, with regards to the confirmation of an employee, the INDUSTRIAL EMPLOYMENT (STANDING ORDERS) CENTRAL RULES, 1946 mentions that, the employer shall be in accordance with the terms and conditions stipulated in the letter of appointment, confirm the eligible workman and issue a letter of confirmation to him. Whenever a workman is confirmed, an entry with regard to the confirmation shall also be made in his service card within a period of thirty days from the date of such confirmation.

Plan Of Action: Factory needs to set up a system to ensure all workers receive their appointment letters.

Deadline Date: 01/31/2011

Supplier CAP: This was an oversight on the part of the personnel department. Letters will be given to workers upon completion of their 2-day trial period. We maintain signed copies of the appointment letters in the workers' personnel files. We have also posted notices that all workers must have these letters signed. The personnel department has been advised to ensure that all workers are provided with the appointment letter on the day they join the factory. Also, personnel department will perform periodic checks to ensure that all workers have appointment letters. Notice has been posted on the notice board that who wish to obtain a copy of their appointment letter could do so during working hours. During induction training we will inform workers and supervisors about the importance of the appointment letter. Responsible Person: [HR Employee name] (Executive HR)

Supplier CAP Date: 03/30/2011

Action Taken: This is an ongoing process, but initial steps have been completed.

Plan Complete: No

Plan Complete Date:

Forced Labor: Other - Forced Labor

Other

Noncompliance

Explanation: Only a few workers' ID cards were seen with the company's name on it. For others, instead of company name they have the company's stamp on their ID cards. But for many others they have neither the company name nor the company stamp on their ID, they only have Personnel Department name on their ID cards. But according to the Industrial Employment Standing orders central rules, every worker should be provided an ID that they have terms as Ticket. The INDUSTRIAL EMPLOYMENT (STANDING ORDERS) CENTRAL RULES, 1946 mentions that every workman shall be given a permanent ticket unless he is a probationer, badly, temporary worker or apprentice. Every permanent workman shall be provided with a departmental ticket showing his number, and shall, on being required to do so, show it to any person authorized by the manager to inspect it.

Plan Of Action: Factory needs to place the company name on all ID cards immediately in order to be in accordance with local law.

Deadline Date: 01/07/2011



Supplier CAP: The HR personnel manager will personally see that all workers' ID cards have the company's name on them. This was an oversight on the part of the HR department and it will be remedied.

Supplier CAP Date: 02/01/2011

Action Taken:

Plan Complete: No

Plan Complete Date:



Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that workers know the grievance procedures and applicable rules. (P)

Uncorroborated Evidence of Noncompliance

Explanation: There is a written grievance procedure that lists the different channels the workers can use to file grievances. These include approaching HR Dept., using the suggestion cum grievance box opened by MD and the committees. There are 4 committees at the facility, namely: Works Committee, Anti-Sexual Harassment Committee, Health and Safety and Canteen Committee. However, 36% of workers interviewed (21 workers) were found to be unaware of either the committees or the grievance procedures.

Plan Of Action: Factory needs to ensure that proper and comprehensive trainings for given to all employees at regular intervals to ensure all company policies, awareness of committees, etc. are known to all.

Deadline Date: 01/01/2011

Supplier CAP: Owing to the high rate of turnover and infrequent awareness trainings, it has been difficult to ensure that employees have knowledge of committees at the factory. At the time of recruitment, workers will be mandated to attend meetings regarding this topic. In addition, the topic has been included in all employee handbooks and these handbooks have been given to all workers. Factory will also conduct refresher meetings occasionally to enforce these procedures to all workers. The Human Resource Department is responsible for this task.



Supplier CAP Date: 11/30/2010

Action Taken: Supplier CAP is underway and meetings have already been held.

Plan Complete: No

Plan Complete Date:

Freedom of Association: Other - Freedom of Association and Collective Bargaining

Other

Noncompliance

Explanation: 11 workers stated that they are aware of workers' committee, but they are not very clear about the procedures of workers' committee. 36% (21 workers) interviewed are unaware of any committee at the facility.

Plan Of Action: Factory needs to ensure that proper and comprehensive trainings for given to all employees at regular intervals to ensure all company policies, awareness of committees, etc. to known to all.

Deadline Date: 01/01/2011



Supplier CAP: Owing to the high rate of turnover and infrequent awareness trainings, it has been difficult to ensure that employees have knowledge of committees at the factory. At the time of recruitment, workers will be mandated to attend meetings regarding this topic. In addition, the topic has been included in all employee handbooks and these handbooks have been given to all workers. Factory will also conduct refresher meetings occasionally to enforce these procedures to all workers. Responsibility for this task is in the hands of the Human Resource Department.

Supplier CAP Date: 11/30/2010

Action Taken: Supplier CAP is underway and meetings have already been held.

Plan Complete: No

Plan Complete Date:

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

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

Uncorroborated Evidence of Noncompliance

Explanation: An Annual Performance Appraisal system has been developed by the Company. Performance Appraisal process is being carried out on the basis of the following criteria:

- Results in the work assigned
- Timely completion of work
- Job knowledge of work
- Intelligence and judgment
- Integrity
- Proficiency in communication
- Regularity and punctuality
- Discipline and behavior
- Relationship with supervisor and colleagues
- State of health

However, there were no guidelines available on how to measure the particular parameters, except for parameters like regularity and punctuality where attendance records can be referenced. Hence, the supervisors use their subjective judgment to give their ratings. Thus, there is a risk of favoritism being practiced in the process of appraising the workers' performance.

Plan Of Action: Factory needs to set up measurable guidelines that workers can be evaluated on for the basis of their performance evaluations.



Deadline Date: 04/01/2011

Supplier CAP: The HR manager has started drafting measurable guidelines that all workers can be compared against for the performance evaluations. The guidelines will be fair to each worker's job responsibility. This process will take some time but management is eager to see it through.

Supplier CAP Date: 07/01/2011

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: Aisles are not marked at all places in cutting and bundling section. No aisle marking in packing section. Aisles are blocked in certain sections. Aisles in Button section, cutting section, and 2 production floors are not marked with directional arrows. Cutting, sampling and production floor each have 1 illuminated exit and none of the exits in computerized embroidery are illuminated. In Computerized Embroidering section, exit leading to main gate was locked at the time of the audit.

Plan Of Action: Factory needs to ensure all exits are clear and unobstructed; marked with yellow paint/tape with directional arrows, to ensure employees a safe evacuation in case of an emergency. Under no circumstances should any exits be locked.

Deadline Date: 03/30/2011

Supplier CAP: All supervisors have been advised to keep all aisles clear and clearly marked to ensure ease in case of an evacuation. Also, no exits shall be locked. Supervisors have been given training on importance of worker safety and all supervisors will report up to the HR manager and will be held responsible for unsafe health and safety conditions at the factory. Periodic walkthroughs will be mandated to ensure all health & safety standards are adhered to.

Supplier CAP Date: 03/30/2011

Action Taken: CAP Completed. All exits have been cleared and marked accordingly. All exits are open and will remain that way.

Plan Yes
Complete:

Plan
Complete
Date:

Health and Safety: Safety Equipment and First Aid Training

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

Noncompliance

Explanation: 1 fire extinguisher at cutting section near first aid box is not refilled although maintenance record is updated. Fire extinguishers near ladies' toilet and first aid box in finishing section are not checked as up-to-date. 2 fire extinguishers (1 near ladies' toilet and 1 near suggestion box) were not checked as up-to-date. A fire extinguisher in cutting section near bundling area was not accessible.

Plan Of Action: Factory needs to ensure that fire extinguishers are maintained efficiently and are updated periodically and all are accessible at all times to all employees.

Deadline 03/30/2011
Date:



Supplier CAP: All extinguishers are been refilled appropriately and will be monitored from now on by supervisors to ensure their accessibility. Supervisors have been given training on importance of worker safety and all supervisors will report up to the HR manager and will be held responsible for unsafe health and safety conditions at the factory. Periodic walkthroughs will be mandated to ensure all health & safety standards are adhered to.

Supplier CAP Date: 03/30/2011

Action Taken: CAP has been completed and the situation is being closely monitored.

Plan Complete: Yes

Plan Complete Date:

Health and Safety: Personal Protective Equipment

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

Noncompliance

Explanation: Workers in cutting section are using pieces of cloths as masks. On production floor II many machines are without needle guards. A worker in cutting section was using cutting machine without mesh gloves. None of the floors in the factory have posters on the usage of PPE.

Plan Of Action: Factory needs to conduct continuous trainings to all employees outlining the importance of and need for PPE, and provide the appropriate PPE. Factory needs to ensure all employees are using the appropriate PPE for their job.

Deadline Date: 03/02/2011

Supplier CAP: All workers have participated in trainings that explain the benefits and uses of PPE. Also employees have been educated in the possible accidents that can happen when PPE is not used. Supervisors have been given training on the importance of worker safety and all supervisors will report to the HR manager and will be held responsible for unsafe health and safety conditions at the factory. Walkthroughs by the supervisors will be mandated to ensure that all workers are using the appropriate PPE. Appropriate masks have been provided to workers.

Supplier CAP Date: 03/02/2011



Action Taken: Posters have been posted to illustrate the proper uses and need for PPE. Trainings have commenced and will take place every 2 months. Signs have been posted to help employees realize the benefits and also serve as reminders. The floor manager has been assigned to do walk through of the factory floor to ensure all employees as using PPE appropriately.

Plan Complete: Yes

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: At present there are no certified medical personnel at the factory. The nurse who was working in the factory left her job, so management is searching for a new person.

Plan Of Action: Factory needs to hire a nurse in order to fulfill this requirement.

Deadline Date: 05/31/2011

Supplier CAP: A nurse has been hired. HR management will be responsible to ensure that in the future this position does not remain empty for an extended period of time.

Supplier CAP Date: 05/02/2011

Action Taken: A nurse has been hired to fulfill this requirement.

Plan Complete: Yes

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 in production floors I and 2 were unhygienic and unclean. Blocked urinals and toilets were found overflowing and floating fecal matters were seen. The men's toilets on production floor II were found locked at the time of audit. Food preparation was not up to the standard. Kitchen area is not clean. Washing tubs are unhygienic.

Plan Of Action: Factory needs to ensure proper sanitary and hygienic facilities.

Deadline Date: 03/30/2011

Supplier CAP: The maintenance department will monitor this situation and ensure clean and hygienic facilities. There was found to be a blockage in the pipe and this has been cleared now. Maintenance will also ensure that no bathrooms are locked and all will be in working order. The kitchen facilities have been cleaned as well as washing tubs.

Supplier CAP Date: 03/30/2011

Action Taken: This has been completed. Maintenance will keep up their periodic checks on the cleanliness of the facilities.

Plan Complete: Yes

Plan Complete Date:

Hours of Work: Rest Day

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

Uncorroborated Evidence of Noncompliance

Explanation: 4 workers mentioned that they work on Sundays regularly and no alternative day off was given to them. In addition, on the way back from off-site interaction on Sunday (November 28, 2010), the audit team observed that workers were working inside the factory. But as per the provisions of the Factories Act, 1948 1 day of rest is legally mandated to be given to workers for every 6 days of work.

Plan Of Action: All workers need to be given 1 day off per 7-day week.

Deadline Date: 01/28/2011

Supplier CAP: HR management and supervisors will monitor this situation closely. There should be no workers working on their day off. Supervisors have been instructed to look at their production schedule and revise accordingly so no workers need to work on their day off.

Supplier CAP Date: 03/01/2011

Action Taken: Factory has reviewed its production schedules and revised accordingly.

Plan Complete: Yes

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: The Auditors observed inaccuracy in time records. Auditors reviewed the attendance records and the overtime hours were found to be within the legal limits, which is 50 hours per quarter. Hence, there is no documentary evidence of any work done on Sundays in the attendance records. As far as accuracy of weekday OT records is concerned, this could not be corroborated as according to the records there is no excessive OT on weekdays but 9 workers mentioned that during peak season they work for whole nights and OT hours exceed the legal limits of 50 hours per quarter or 2 hours per day as per provisions of the factories Act, 1948.

Plan Of Action: Workers shall not work beyond the local limit of hours. Management needs to ensure all workers are provided with their proper rest days, and ensure no worker works overnight.

Deadline Date: 01/03/2011

Supplier CAP: HR management and supervisors will monitor this situation closely. There should be no worker past their normal working hours. Supervisors have been instructed to look at their production schedules and revise accordingly so no workers need to work overtime and on their day off.

Supplier CAP Date: 03/01/2011

Action Taken: Factory has reviewed its production schedules and revised accordingly.

Plan Complete: Yes

Plan Complete Date:

