



COMPANIES: PVH Corp
COUNTRY: Brazil
ASSESSMENT DATE: 07/29/16
ASSESSOR: Francisco Chicas
PRODUCTS: Apparel
NUMBER OF WORKERS: 491

Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element	Violations
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Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1.The factory has not developed written policies or procedures on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety.

2.There are no policies or procedures on performance reviews for production workers that include steps and processes, demonstrate linkages to job grading, prohibit discrimination, provide written feedback, and comply with legal requirements. As a result, the factory does not conduct performance reviews for any of its employees.

3.There are no policies or procedures that encourage ongoing training for all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory and beyond.

4.There are no procedures that: a) outline the steps and requirements for promotion, demotion, and job reassignment, b) demonstrate linkages to job grading, and c) prohibit discrimination or the use of demotion or job reassignment as a form of penalty or punishment. The written outcomes of promotion, demotion, and job reassignment are not provided to workers.

5.There are no procedures that include methods for calculating termination payouts in accordance with legal requirements and implement a mechanism that allows workers to confidentially report concerns about retrenchment payouts. There are also no procedures that allow for communication and consultation with workers' representatives before reaching a final decision on layoffs;

however, the factory has never experienced layoffs.

6.The informal documents used to manage Workplace Conduct & Discipline do not include an appeal process or the workers' right to the presence of a third party witness during the imposition of disciplinary actions.

7.The informal documents used to manage Environmental Protection do not include a commitment to minimize environmental impacts with respect to energy, water, waste, hazardous materials, and other environmental risks.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.19.1, ER.19.2, ER.23.1, ER.25.3, ER.27, ER.28.1, ER.29.1, ER.30.1, ER.31.1, ER.31.3, and ER.32.1)

COMPANY ACTION PLANS

1.

Immediate Action: The factory will develop policies and procedures on: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety. Sustainable Action: The factory will provide training to workers every year in order to ensure that these new policies and procedures are being followed. Immediate Action: The factory will develop policies and procedures on performance reviews for production workers that include steps and processes, demonstrate linkages to job grading, prohibit discrimination, provide written feedback, and comply with legal requirements.categories of workers with an aim to provide more information to workers and raise/broaden workers' skills to advance in their careers. Sustainable Action: The factory will establish "Training" as part of HR activities.

Immediate Action: The factory will develop policies on personnel promotion and reassignment. Sustainable Action: The factory will provide training to workers every year in order to ensure that these new policies are being followed. Immediate Action: The factory will develop a formal document to manage Workplace Conduct & Discipline that includes the workers' right to the presence of a third party witness during the imposition of disciplinary actions. Sustainable Action: The factory will ensure that the procedure is followed. Immediate Action: The factory will develop a formal document to manage Workplace Conduct & Discipline that includes the workers' right to the presence of a third party witness during the imposition of disciplinary actions. Sustainable Action: The factory will ensure that the procedure is followed. Immediate Action: The factory will create a formal document to manage Environmental Protection and include the factory's responsibility to minimize environmental impacts with respect to energy, water, waste, hazardous materials, and other environmental risks. Sustainable Action: The factory will ensure compliance by creating a committee for environmental matters to communicate to all employees the actions performed by the group.

Action plan status: Scheduled

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Orientation training to new workers only covers Health & Safety; hence, new workers do not receive information on workplace rules, Compensation, Hours of Work, Industrial Relations, or Human Resources policies.

2.New workers do not receive a copy of the workplace rules or other written documentation that substantiates the topics covered during orientation.

3.The factory does not provide ongoing training for workers or specific training for supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, and Grievance System. Only about 40% of the workforce receives ongoing training on Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.1, ER.15.2, ER.15.3, ER.17.1, and ER.17.3)

COMPANY ACTION PLANS

1. Immediate Action: The factory will provide training on Compensation, Hours of Work, Industrial Relations, or Human Resources policies to both old and new hires. Sustainable Action: The factory will ensure that all workers are trained on these matters. Immediate Action: The factory will provide a copy of the workplace standards to all workers. Sustainable Action: The factory will ensure that all workers will receive a copy of these documents when receiving the employees' handbook. Furthermore, the worker will be asked to sign a document stating that s/he is aware of the content and this signed document will be attached into the

employee's file. Immediate Action: The factory will provide specific regular trainings to workers on Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Grievance System and Environmental Protection. Sustainable Action: The factory will ensure that all workers are trained on these matters.

Action plan status: Scheduled

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1.The factory does not communicate with workers regarding the policies, procedures, and their updates on Recruitment, Hiring & Personnel Development and Termination & Retrenchment. The factory has made some efforts to communicate with workers regarding the policies, procedures, and updates on Compensation, Hours of Work, and Grievance System, but this communication is not consistent.

2.The Worker Integration component is missing from all Employment Functions. The factory does not have policies and procedures to receive worker input and feedback on the creation, implementation, and revision of its policies and procedures. Also, workers are neither systematically integrated nor consulted in the decision-making process.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.1.3, ER.16.1, ER.25.1, ER.25.2, ER.29.1.1, and ER.30.2; Compensation Benchmark C.17)

COMPANY ACTION PLANS

1. Immediate Action: The factory will create ways of communicating with workers regarding policies and procedures - either through posting documents or announcements within the factory, informing these policies are available at HR etc. Sustainable Action: The factory will ensure that all workers are aware of policies and procedures providing trainings. Immediate Action: The factory will develop policies and procedures to receive worker input and feedback on the creation, implementation, and revision of its policies and procedures. Sustainable Action: The factory will ensure that these new policies are followed.

Action plan status: Scheduled

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1.As the factory is missing policies and procedures on all Employment Functions, there is no review process for Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, or Health & Safety.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29.1.1, ER.30.2, and ER.31.1)

COMPANY ACTION PLANS

1. Immediate Action: The factory will develop policies and procedures on: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety. Additionally, the factory will develop a schedule whereby all policies can be reviewed on a regular basis.

Sustainable Action: The factory will ensure that these new policies and procedures are followed by providing trainings to all employees including new hires.

Action plan status: Scheduled

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not sufficiently inform workers on Compensation, as no regular or ongoing communication or training is provided to ensure that workers understand the wage structure, the legal and Collective Bargain Agreement (CBA) provisions applicable to overtime (including overtime rates), or other legally required benefits such as an annual vacation and Christmas bonus (thirteenth month bonus).

Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmarks C.8 and C.17.1)

COMPANY ACTION PLANS

1. Immediate Action: The factory will provide specific regular trainings to workers regarding Collective Bargaining Agreement (CBA) provisions applicable to overtime (including overtime rates), and legally required benefits such as an annual vacation and Christmas bonus (thirteenth month bonus).

Sustainable Action: The factory will ensure that all workers will receive a copy of all relevant documents.

Action plan status: Scheduled

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The factory does not have an effective confidential grievance channel. There are three suggestion boxes located in the administrative office, the embroidery department, and the sewing department, but they are within the sight of workers, which might inhibit their use.

2. Factory does not systematically register the complaints and suggestions received; hence, no documentation on grievances was available for review.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2.1 and ER.25.3)

COMPANY ACTION PLANS

1. Immediate Action: The factory will provide an effective confidential grievance channel (suggestion box) in a place that workers feel comfortable to use. Sustainable Action: The factory will ensure that all workers are aware about grievance channel and their locations. Immediate Action: The factory will develop a procedure to register all complaints and suggestions received. The HR department is already trained to respond the complaints. Sustainable Action: The factory will ensure that these new procedures are followed.

Action plan status: Scheduled

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The only electrical forklift in use has been modified by the factory. It was equipped with a new cabin for the operator and a new pallet for lifting fabric rolls. However, the factory has not conducted a new assessment to determine the new maximum load of the modified apparatus. The modifications have not been checked by a certified mechanic/safety inspector to ensure that the modified forklift is safe to operate.

2. The factory has not commissioned an external assessment of the electrical installations, as legally required.

3. As part of the Workplace Risk Analysis Evaluation (PPRA), the factory conducted a noise assessment; however, the factory did not provide evidence that the equipment used to conduct this assessment had been calibrated to ensure accurate results, as legally required.
4. The factory has not posted signs in the embroidery department indicating the mandatory use of Personal Protective Equipment (PPE) (e.g. earplugs). This requirement applies to the embroidery workers and to workers from the warehouse who often walk around the embroidery area. Assessors noticed that workers from the warehouse were not using earplugs when walking through the embroidery department.
5. Assessors observed one worker not wearing safety shoes while using a manual forklift. The factory does not provide safety shoes to workers.
6. The factory has not conducted audiometric tests for workers in the embroidery department, as legally required. Although the factory may not have used properly calibrated equipment during the PPRA, the noise level indicated at one workstation was 86dB; hence, the 13 workers in this area should be subjected to medical examinations (audiometric tests).
7. Approximately 15 sewing machines in the sample development department do not have needle guards.
8. During the observation, assessors noted that fans and electrical equipment in the cutting area were covered in dust, increasing the risk of fire.
9. There are no signs in the emergency assembly areas to identify them as such. During interviews, workers confirmed that they were not totally clear about the exact positions of the assembly areas.
10. There is no way to distinguish members of the fire and evacuation brigades (e.g. by their clothing), therefore workers cannot easily identify them during an emergency or evacuation procedure; also, the names and pictures of the members of the fire and evacuation brigades have not been posted or shared with workers.
11. Members of the fire and evacuation brigades do not hold monthly meetings, as required by local state regulations.
12. The markings on the floors of the sewing, cutting, and embroidery departments that indicate the exit routes for each work area are faded and difficult to read.
13. The factory has not commissioned an ergonomic assessment in the workplace, as legally required, or provided training on ergonomics, including lifting techniques, to the workers. Furthermore, ergonomic breaks have not been conducted since December 2015 and the work stations are not adjustable to individual workers.

Local Law or Code Requirement

Brazilian Normative Regulations NR09, NR10, NR12, and NR17; Technical Procedure Norm of Paraná State, NPT-17; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5.1, HSE.6.1, HSE.7, HSE.8, HSE.13, HSE.14.1, HSE.17.1, and HSE.17.2)

Recommendations for Immediate Action

1. Conduct a new assessment on the modified forklift to determine its lifting capacity. Accordingly, post a sign indicating the new lifting capacity.
2. Commission an assessment of electrical installations, as legally required.
3. Have the instrument used to conduct noise assessments calibrated by an accredited laboratory, as legally required, and keep relevant documentation of the calibration. Conduct a new noise assessment with the calibrated equipment.
4. Post a sign indicating the mandatory use of PPE in the embroidery department. Reinforce workers training on the proper use of PPE and monitor compliance to ensure workers' safety.
5. Provide safety shoes to all forklift operators. Reinforce workers training on the proper use of PPE and monitor compliance to ensure workers' safety.
6. Conduct audiometric tests for the 13 eligible workers from the embroidery department, as legally required.
7. Install needle guards on all sewing machines in the sample development department.
8. Regularly clean the cutting department to ensure that fans and electrical equipment are free of dust.
9. Identify assembly areas with signs indicating their locations. Train workers on the evacuation procedures so that they know where to go in case of an emergency.
10. Identify members of the fire and evacuation brigades through distinguishing elements (e.g. clothing), and post their pictures along

with their names and the work areas where they are located. Inform workers accordingly.

11.Ensure that the members of the fire and evacuation brigades meet monthly, as required by local state regulations.

12.Repaint the floor markings in the sewing, cutting, and embroidery departments to ensure that they are visible in case of an emergency.

COMPANY ACTION PLANS

1. Immediate Action: The factory will retain a certified mechanism/safety inspector to conduct an inspection to ensure that the modified forklift is safe to operate and post a sign indicating the new lifting capacity. Immediate Action: The factory will commission an assessment of electrical installations, as legally required. Immediate Action: The tool used to conduct noise assessments was already calibrated by an accredited laboratory, as legally required, and the documentation of the calibration was kept. A new noise assessment was conducted on October 20th. Sustainable Action: The factory will always include the calibration result of all equipment together with PPRA. Immediate Action: The factory will post a sign in the embroidery department indicating that using PPE is mandatory. Sustainable Action: The factory will reinforce workers training on the proper use of PPE and monitor compliance to ensure workers' safety. Immediate Action: The factory will provide safety shoes to all forklift operators. Sustainable Action: The factory will reinforce training on the proper use of PPE and monitor compliance to ensure workers' safety. Immediate Action: The factory will conduct audiometric tests for the 13 eligible workers from the embroidery department, as legally required. Sustainable Action: The factory will also ensure that the audiometric tests are performed regularly and accurately. Immediate Action: The factory will install needle guards on all sewing machines in the sample development department. Sustainable Action: The factory will ensure that the H&S committee check the sewing machines regularly. Immediate Action: The factory will clean the cutting department including all equipment mentioned in the finding. Sustainable Action: The factory will regularly clean the cutting department to ensure that fans and electrical equipment are free of dust. Immediate Action: The factory will identify emergency assembly areas with signs indicating their locations. Sustainable Action: The factory will ensure that all emergency assembly areas are always identified as required. Immediate Action: The factory will Identify Fire and Evacuation Brigade members with distinguishing elements (e.g. clothing), and post their pictures along with their names, as well as the work areas where they are located. Inform workers accordingly. Sustainable Action: The factory will ensure that all members always wear the distinguishing gear. Immediate Action: The factory will ensure that Fire and Evacuation Brigade members have a monthly meeting, as required by local state regulations. Sustainable Action: The factory will ensure that the meetings happen regularly and currently follows a set schedule for such meetings. Immediate Action: The factory will repaint the markings on the floor in the sewing, cutting, and embroidery departments to ensure that they are visible in case of an emergency. Sustainable Action: The factory will repaint the marking on floor periodically. Immediate Action: The factory will conduct an ergonomic assessment in the workplace to ensure compliance with local law. Sustainable Action: The factory will develop a procedure to renew the ergonomic assessment when necessary.

Action plan status: Scheduled