



COMPANY: **PVH Corp, Cutter & Buck**
COUNTRY: **India**
ASSESSMENT DATE: **09/30/14**
MONITOR: **Ask India**
PRODUCTS: **Apparel**
PROCESSES: **Cut, Other**
NUMBER OF WORKERS: **564**
NUMBER OF WORKERS INTERVIEWED:
ASSESSMENT NUMBER: **AA0000000522**

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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.

Glossary

De minimis: A de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of such facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

Facility performance: how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

Fair labor standards: the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

Employment life cycle: all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

Code violation: failure to meet standards outlined in the FLA Workplace Code of Conduct in the workplace implementation of employment or management functions.

Employment Functions: The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

Management functions: violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

Finding: indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

Finding type

- **Immediate action required:** discoveries or findings at the workplace that need immediate action because they not only constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to

the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

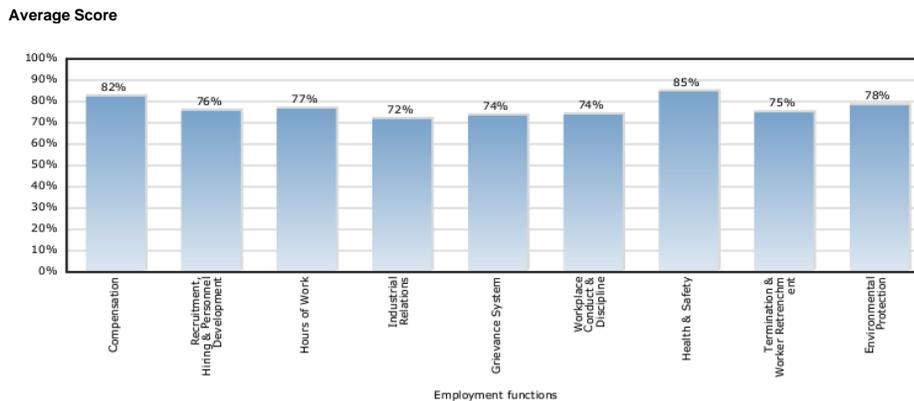
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection, but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

Factory Profile

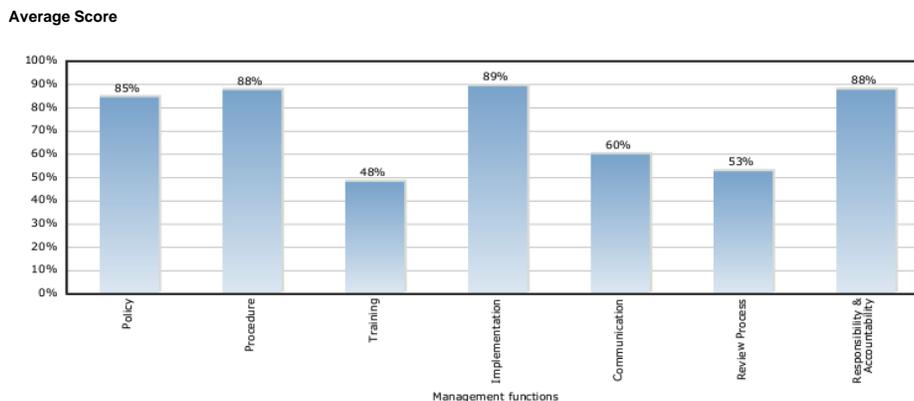
Score by Employment Function

Scores indicate a factory's performance related to a specific employment function based on an FLA assessment. A score of 100 percent indicates flawless operation of an employment function. A score of less than 100 percent indicates need for improvement.



Score by Management Function

Scores indicate a factory's performance related to a specific management function based on an assessment conducted for FLA by independent, accredited assessors. A score of 100 percent indicates flawless operation of a management function. A score of less than 100 percent indicates need for improvement.



Score Summary

Scores indicate the strength of management functions as they relate to different elements of the employment relationship (employment functions). For example (reading left to right), a score of 100 percent in the cell on the top left corner would indicate the existence of appropriate policies related to recruitment, hiring and personnel development.

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection
Policy	57.14%	83.33%	83.33%	66.75%	83.33%	66.67%	83.33%	80%	83.33%
Procedure	89.63%	100%	100%	100%	100%	66.67%	100%	82.26%	100%
Responsibility & Accountability	86.17%	79.25%	86.17%	72.33%	87.5%	87.5%	79.25%	83.33%	83.33%
Review Process	100%	100%	0%	0%	0%	0%	100%	33.33%	100%
Training	50%	33.33%	33.33%	0%	33.33%	100%	33.33%	60%	25%
Implementation	76.58%	95.56%	89.87%	86.36%	100%	86.36%	100%	91.87%	95.65%
Communication	66.67%	75%	50%	0%	50%	66.67%	33.33%	100%	0%

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	Number of Violations	Violations
Compensation	1	Workers Awareness and Understanding of Compensation
Employment Relationship	10	General/Human Resource Management Systems Terms and Conditions/New Employee Orientation Terms and Conditions/Communication Terms and Conditions/Supervisor Training Industrial Relations Work Rules and Discipline Skills Development/Management of Performance Reviews Skills Development/Promotion, Demotion and Job Reassignment Health, Safety, and Environmental Management System/Policies and Procedures Termination and Retrenchment/General Policies and Procedures
Freedom of Association and Collective Bargaining	3	Employer Interference Employer Interference/Constitution, Elections, Administration, Activities and Programs Facilities for Worker Representatives
Harassment and Abuse	3	General Compliance Harassment or Abuse Punishment of Abusive Supervisors/Managers/Workers Discipline/Physical Abuse
Health, Safety and Environment	3	Protection Reproductive Health Proper Use of Machinery Sanitation in Workplace Facilities
Non-Discrimination	1	Protection and Accommodation of Pregnant Workers and New Mothers

Findings and Action Plans

FINDING NO.1

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not have policies and procedures on personnel development, including procedures for managing performance reviews. There is no performance review mechanism for workers. According to management and worker

- discussions, there are two ways of promotion; either workers give their applications to their supervisors for promotion, or the supervisors themselves pick workers who they feel deserve promotion. Currently, there are no objective promotion criteria.
2. The factory does not have written procedures for the following: to record all warnings as part of disciplinary actions, appeal disciplinary action, for workers to raise Health & Safety concerns, and protection against retaliation for raising Health & Safety concerns.
 3. None of the job positions have written jobs description.

Local Law or Code Requirement

Factories Act, 1948 (*for procedures related to Health & safety*); FLA Workplace Code (Employment Relationship Benchmarks ER 1.1, ER 29.1, ER.27.1, ER.27.4, ER 31.2.4, and ER.3.2.6)

COMPANY ACTION PLANS

1. Immediate Action: Factory is in the process of developing a Performance Appraisal System.

Sustainable Action: Policies and procedures will be clearly defined and roles and responsibilities will be appropriately assigned to maintain sustainability.

Action plan status: In Progress
Planned completion date: 09/30/15
Progress update: 07/27/15 : In progress

2. Immediate Action: Factory has amended its Disciplinary Policy and Grievance Procedure. Progressive disciplinary procedures are clearly defined in the Company's statutory - "Certified Standing Orders" as approved by the office of the Assistant Commissioner of Labor.

Factory has posted a complaint register near its gate for workers to file any complaint regarding health and safety. Workers are also able to submit complaints anonymously in the complaint/suggestion box kept near the toilets.

Sustainable Action: Factory will ensure that appropriate documentation/logs are maintained for grievance and disciplinary matters including concerns pertaining to Health & Safety issues raised by employees. Furthermore, training on its Disciplinary Policy and Grievance Procedure will be conducted at regular six-month intervals which has been initiated on February 4, 2015.

Action plan status: Completed
Planned completion date: 07/31/15
Progress update: 07/27/15 : Completed
Completion date: 06/15/15

3. Immediate Action: Job Description Policy has been formulated.

Sustainable Action : Once approved, the Job Description Policy will be introduced in the factory.

Action plan status: In Progress
Planned completion date: 08/31/15
Progress update: 07/27/15 : In Progress

FINDING NO.2

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not provide new workers with written documentation that substantiates all the issues covered in orientation briefings.
2. There is no ongoing training for workers on the following Employment Functions: Termination & Retrenchment, Industrial Relations, Grievance system, Environmental Protection, and Health & Safety.
3. There is no ongoing training for supervisors on the following Employment Functions: Compensation, Termination &

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER 15.1 and ER.17.1)

COMPANY ACTION PLANS

1. Immediate Action: Hand-books in the local language are issued to all new recruits clearly stating contents of orientation briefings. Orientation briefings are imparted to all new recruits as per contents of the hand book.
Sustainable Action: Roles and responsibilities have been clearly assigned to relevant staff to ensure that the process is strictly followed.

Action plan status: Completed
Planned completion date: 06/15/15
Progress update: 07/27/15 : completed
Completion date: 06/15/15

2. Immediate Action: Training modules on employment functions including termination and retrenchment, industrial relations, and grievance systems are being developed while modules on Environment, Health, and Safety have already been developed.
Sustainable Action: EHS training has already commenced while training on other employment functions will commence once the modules have been developed. Refresher training will be conducted on an ongoing six-month basis. Roles and responsibilities will be assigned to ensure that the program is appropriately implemented.

Action plan status: In Progress
Planned completion date: 07/30/15
Progress update: 07/27/15 : In progress

3. Immediate Action: Training modules for supervisors are being developed.
Sustainable Action: Roles and responsibilities will be clearly assigned for program implementation once the modules are developed and the program commences. Refresher trainings will be conducted every six months.

Action plan status: In Progress
Planned completion date: 07/30/15
Progress update: 07/27/15 : In progress

FINDING NO.3

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has a six-month probation period, which is not in compliance with the three-month probation period required by the FLA Workplace Code.

Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmark C.3)

COMPANY ACTION PLANS

1. Immediate Action: The probationary period is being reviewed by the factory's senior management.
Sustainable Action: Once the matter is finalized, the Human Resource staff will implement and monitor.

Action plan status: In Progress
Planned completion date: 09/30/15

FINDING NO.4

REVIEW PROCESS (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not periodically review policies and procedures for the following Employment Functions: Hours of Work, Compensation, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Health & Safety.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.3)

COMPANY ACTION PLANS

1. Immediate Action: Policies and procedures shall be reviewed annually and revisions shall be implemented.

Sustainable Action: The process will be followed every fiscal year. Roles and responsibilities will be assigned to ensure implementation.

When policies and procedures are revised, updates will be posted on the bulletin boards on the factory's premises in the local language. These will also be communicated to workers via respective worker representatives.

Action plan status:	Completed
Planned completion date:	05/01/15
Progress update:	07/27/15 : Completed
Completion date:	05/01/15

FINDING NO.5

INDUSTRIAL RELATIONS

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The Workers' Committee comprises 17 members. The Committee meets on a monthly basis to discuss any worker grievances and follow up with the management, if need be. The representatives on the Committee, however, are not independently elected by the workers, but are appointed by management..
2. The factory does not provide any office space or other facilities for the worker representative structure to perform their functions.

Local Law or Code Requirement

Industrial Disputes Act, 1947; FLA Workplace Code (Freedom of Association Benchmarks FOA.10, FOA.11, and FOA.15)

Recommendations for Immediate Action

Members of the works' committee need to be reconstituted through a transparent and independent method of selection of members by workers without interference of management

COMPANY ACTION PLANS

1. Immediate Action: Members of the Works' Committee are elected by workers.

Sustainable Action: The election process will be conducted once a year. Staff has been assigned to ensure that the process is followed. All workers are informed about elections via notice boards. Factory will ensure that new workers are trained on elections procedures during orientation.

Action plan status: Completed
Planned completion date: 12/24/14
Progress update: 07/27/15 : Completed
Completion date: 12/24/14

2. Immediate Action: A room has been assigned for worker representatives to perform their functions.
Sustainable Action: Staff has been assigned to ensure that the facility is maintained. Factory has posted a sign on the door indicating the room as a location for meetings of committees represented by workers.

Action plan status: Completed
Planned completion date: 01/01/15
Progress update: 07/27/15 : Completed
Completion date: 01/01/15

FINDING NO.6

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Three incidents of physical harassment and abuse by a supervisor were witnessed during the assessment. A supervisor was observed yelling at the workers, and jerking and pushing the for not using rubber mats or not bringing their ID cards.
2. There is no functional disciplinary system to discipline supervisors who engage in harassment or abuse.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27; Harassment and Abuse Benchmarks H/A.4 and H/A.5)

Recommendations for Immediate Action

1. Issue a circular in the local language to all supervisors and line managers making clear that any form of physical abuse, including holding by the collar and jerking, pushing, or other forms of physical contact as a means to maintain labor discipline, is a zero tolerance issue and anyone found guilty will be liable to strict disciplinary action. This notification should also be sent to all workers.
2. Ensure that supervisors and line managers undergo thorough and detailed anti-harassment and abuse training, and training on more effective and sensitive ways to discipline workers, which do not harm human dignity or violate human rights.
3. Take necessary and appropriate counseling and corrective actions, per the company policy, with the supervisor who was physically abusing workers on the floor during the assessment.

COMPANY ACTION PLANS

1. Immediate action: Immediate disciplinary action was initiated against the supervisor, including a written warning. Training was conducted for all supervisors on personnel and stress management.

Factory had already developed the policy and procedures on harassment and abuse. This has since been posted in work areas in the local language.

Sustainable action: On a quarterly basis, supervisors and worker representatives will receive refresher trainings on these policies and procedures, including roles and responsibilities in grievance and disciplinary procedures. Worker representatives will communicate these policies and procedures to fellow workers on an on-going basis.

Action plan status: Completed

Planned completion date: 07/06/15

Progress update: 07/27/15 : Completed

Completion date: 07/06/15

2. Immediate Action: Progressive disciplinary procedures are clearly defined in the certified Standing Orders.
Sustainable Action : Training is conducted on disciplinary procedures to supervisors and workers' representatives at six-month intervals.

Action plan status: Completed

Planned completion date: 01/10/15

Progress update: 07/27/15 : Completed

Completion date: 01/10/15

FINDING NO.7

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

The toilets in the factory are not clean and sanitary; there is strong foul smell.

Local Law or Code Requirement

Factories Act, 1948; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.19)

Recommendations for Immediate Action

1. Keep the toilets clean.
2. Establish a regular inspection and maintenance mechanism.

COMPANY ACTION PLANS

1. Immediate Action: Toilets have since been cleaned. The housekeeping staff responsible for maintaining toilets has been made aware of the required standards. Checklists have been posted in all toilet blocks and must be completed during each cleaning session.

Sustainable Action: Staff has been assigned responsibility to monitor the process.

Training on both hygiene standards and appropriate usage of toilet facilities will be conducted for worker representatives, who in turn, will convey respective messaging to fellow workers.

Action plan status: Completed

Planned completion date: 12/29/14

Progress update: 07/27/15 : Completed

Completion date: 12/29/14

FINDING NO.8

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

There are no measures to protect the reproductive health of employees through minimizing exposure to workplace hazards.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.12)

COMPANY ACTION PLANS

1. Immediate action: As a company policy, female workers are not assigned to any activity that might pose a risk or hazardous exposure to their reproductive health. Additionally training on ergonomics is also included for these workers.

Sustainable action: We shall continue to ensure that the process is strictly monitored.

Action plan status: Completed
Planned completion date: 01/01/15
Progress update: 07/27/15 : Completed
Completion date: 01/01/15

FINDING NO.9

COMMUNICATION (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is no effective, ongoing, communication to workers for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations (Worker Integration), and Environmental Protection.
2. The factory does not provide Employee Handbooks or copies of company policies and procedures to workers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.16)

COMPANY ACTION PLANS

1. Immediate Action: The Human Resources team will be responsible for conducting comprehensive training to supervisors and worker representatives on employment functions. Subsequently, those trained will be required to create awareness among fellow workers.

Sustainable Action: The Human Resources team will be assigned responsibility to monitor the process.

Action plan status: In Progress
Planned completion date: 07/30/15
Progress update: 07/27/15 : In Progress

2. Immediate Action: Handbooks in the local language have been provided to workers and are issued to all new recruits at the time of induction. Sustainable Action: Staff has been assigned to monitor and implement the practice.

Action plan status: Completed
Planned completion date: 06/15/15
Progress update: 07/27/15 : Completed
Completion date: 06/15/15