



BUREAU VERITAS (CPS)

SOCIAL AUDIT SUMMARY REPORT (AS)

CLIENT: RUSSELL CORP.



BV REPORT #:	10063520086	Facility Name:	Eve Dress-Shirts Ltd.
Date of Audit:	3 rd March'07	Facility Contact:	Md. Iftekhhar Matin
Agent Name:	-----	Contact Title:	Director
Vendor Name:	-----	Facility Address:	Asulia, Savar, Dhaka
		Country:	Bangladesh
Auditor Name(s):	Bahlul Dana & Mozzafar Hossain Taposh	Facility Phone:	88-02-8826900;9895002
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This AS provides a summary of the findings and other applicable information found/gathered during the social audit conducted on the above date only and does not officially confirm or certify compliance with any legal regulations or industry standards. The Social Audit process requires that information be gathered and considered from Records Review, Worker Interviews; Management Interviews & Visual Observation. More information is gathered during the Social Audit process than maybe provided here.

It is BV's position to ensure that workers of factories will not be retaliated against due to comments or information obtained during the auditing process. In absence of objective evidence and to ensure the integrity of the audit process, BV reserves the right to non disclosure of information obtained from workers. Therefore, information obtained from interviews will be kept confidential and may not be included in this report. However if the payee has previously agreed, then this confidential information may be communicated to retailers & vendors that the factory supplies to.

Complete / Initial Audit Follow-Up Audit

OVERALL RATING:

NEEDS MAJOR IMPROVEMENT: NEEDS IMPROVEMENT: SATISFACTORY:

Summary of Findings by Section

Monitoring & Documentation:	Needs Major Improvement <input checked="" type="checkbox"/>	Needs Improvement <input type="checkbox"/>	Satisfactory <input type="checkbox"/>
Non-Compliance Findings:			
<u>Previous Findings:</u>			
1. Description of Non-Compliance:			
Approx. 10 rented security guards who are not directly recruited by this factory do not have personnel file & payroll.			
Local law or Client Standard:			
To comply with The Factories Acts, 1965, chapter-6, Section-61 , the manager of every factory shall maintain a register of adult workers, to be available to the inspector at all times during working hours, showing- (a) the name of each adult worker in the factory; (b) the nature of his work; (c) the group, if any, in which he is included; (d) where his group works on shifts, the relay to which he is allotted; and (e) such other particulars as may be prescribed. To comply with The Employment Of labor (Record of Services) Act, 1951 , The employer shall at the commencement of the employment and during the continuance of the same make such entries therein from time to time as are required by this act and the rules made there under and he and the employee shall sign the entries as they are made. The service book shall contain the particulars of identification of the employee, the name and other particulars of the persons under whom employed from time to time, period of employment, occupation, rate of wages, including allowances, if any, leave taken and records of conduct and efficiency by employees. To comply with The Payment of Wages Rules, 1937, Section-6 , the register required by the rules shall be maintained in the Bengali language and shall be preserved for twelve months after the date of the last entry made in them.			
Recommended Corrective Action:			
Factory shall maintain payroll record & personnel files for rented security guard.			
Supporting Information:			
Appropriate Action Taken:			
During follow up audit it was found that factory has started to keep personnel file and payroll sheet for all rented security guards.			

New Findings:

1. Description of Non-Compliance:

It was noted that appointment letter was not updated as per new Labor Law 2006.

Local law or Client Standard:

To comply with **Bangladesh Labor Law 2006, Chapter- 2, Section – 5**, no owner can employed any worker without issuing appointment letter.

Recommended Corrective Action:

Factory shall update appointment letter as per new Labor law effective from 11th Oct, 06.

Supporting Information:

Based on document review.

2. Description of Non-Compliance:

Inconsistency was found between the provided time cards and Metal detector register, daily out put register of sewing line “B”. Based on the Metal detector register, daily out put register of sewing line “B” it was found that factory performed weekend works on 10th, 17th Nov’06; 8th, 15th Dec’06; 9th Feb’07 and 2nd March’07; but those weekend works were not listed in the provided time cards.

Local law or Client Standard:

The factory shall maintain all documents completely and faithfully.

Recommended Corrective Action:

Factory shall provide all documents completely and faithfully to auditors for review.

Supporting Information:

Based on document review, Inconsistency was found between the provided time cards and Metal detector register, daily out put register of sewing line B. Based on the Metal detector register, daily out put register of sewing line B it was found that factory performed weekend works on 10th, 17th Nov’06; 8th, 15th Dec’06; 9th Feb’07 and 2nd March’07, but those weekend works were not listed in the provided time cards. The provided time cards showed that employees performed 2 hours overtime works daily and off duty on mentioned weekend’s days. As a result, payment of those weekend works could not be verified due to inconsistency was found.

Potential Issues:

Nothing to report

Current Practice:

Nothing to report

Best Practices:

Nothing to report

Child Labour:

Needs Major Improvement

Needs Improvement

Satisfactory

Non-Compliance Findings:

Nothing to report

Potential Issues

Nothing to report

Current Practice:

Factory has a policy that prohibits any under aged employees in this factory and minimum age found in this factory is 18. At the time of first interview, worker is apparently check by nurse and finally if he is selected then certify by factory’s own registered doctor to employees depending on interview and physically checked the biological growth. 40 personal files were reviewed where employees have age documentation , joining letter, contract based on listed terms and conditions signed by both parties, personal information, nominee declaration , service record, nationality certificate given by local authority etc. During interview, employees stated they never seen any under aged worker in this factory. Thus, based on observation, reviewing the documents and interview during audit, it was noted that this factory is compliant with this section.

Best Practices:

Nothing to report

Forced or Compulsory Labour:	Needs Major Improvement <input type="checkbox"/>	Needs Improvement <input type="checkbox"/>	Satisfactory <input checked="" type="checkbox"/>
<p>Non-Compliance Findings: Nothing to report</p> <p>Potential Issues Nothing to report</p> <p>Current Practice: All employees found working voluntarily during audit in the factory. Employees' freedom of movement is not restricted as they can easily go to toilet or can drink water. Terms and conditions in personal file doesn't reflect any coercion, limitation to the employee's basic right of freedom or forced labor of any kind beyond legal generally accepted obligations . Factory doesn't require any monetary deposits during recruitment. Factory doesn't have system to recruit from manpower agency accept 10 numbers of rented security guards; If any employees want to leave the job, he/she may leave giving 30 days notice prior to leave. Security guards are not allowed in production floors. Thus, based on observation and employees interview during audit, it was noted that this factory is compliant with this section.</p> <p>Best Practices: Nothing to report</p>			

Health & Safety (Production Area):	Needs Major Improvement <input type="checkbox"/>	Needs Improvement <input checked="" type="checkbox"/>	Satisfactory <input type="checkbox"/>
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Non-Compliance Findings:

[Previous Findings:](#)

1. Description of Non-Compliance:

Most of the exit door found opening inward in this factory.

Local law or Client Standard:

<u>Bargaining:</u>	
Non-Compliance Findings: Previous Findings: 1. Description of Non-Compliance: There is no designated welfare officer found in this factory. Local law or Client Standard: To comply with The Factories Rules, 1979, Section-93 , in every factory wherein five hundred or more workers are ordinarily employed their shall be appointed at least one welfare officer , and when the number of workers exceed two thousand , one welfare officer shall be appointed for every two thousand workers or a fraction thereof. Recommended Corrective Action: Designated welfare officer shall be appointed in order to establish effective welfare system. Supporting Information: Based on workers and management interview. Appropriate Action Taken: During follow up audit it was found that factory has appointed a designated welfare officer. Potential Issues Nothing to report Current Practice: Nothing to report Best Practices: Nothing to report	

<u>Non-discrimination:</u>	Needs Major Improvement <input type="checkbox"/>	Needs Improvement <input type="checkbox"/>	Satisfactory <input checked="" type="checkbox"/>
Non-Compliance Findings: Nothing to report Potential Issues Nothing to report Current Practice: Based on audit process such as interviewing, documentation factory tour etc, no discrimination practice observed in hiring, compensation, access to training, promotion, caste, national origin, religion, age, gender, marital status etc. in this factory. Factory has own discrimination policy. Thus, this factory is fully compliant with this section. Best Practices: Nothing to report			

<u>Disciplinary Practices:</u>	Needs Major Improvement <input type="checkbox"/>	Needs Improvement <input type="checkbox"/>	Satisfactory <input checked="" type="checkbox"/>
Non-Compliance Findings: Previous Findings: 1. Description of Non-Compliance: Unauthorized deduction found in this factory. There was no effective disciplinary system found in this factory. Based on disciplinary documents /notice: factory practice is to deduct full day wage instead of half day wage if employees do not come after lunch; if time card is missing so factory takes Tk-20 for issuing a new card which is more than actual price; if any worker remain absent for 3 days without permission so his/her salary will be with held for some days as disciplinary practice, etc. Local law or Client Standard: To comply with Bangladesh Labor Law, 2006, Chapter-24 & 25 , no order for punishment shall be made unless the allegation against him are recorded in writing, he is given a copy thereof and not less than seven days time to explain, he is given a hearing. The total amount of fine which may be imposed in any one wage period on any employed person shall not exceed one tenth amount of the wages payable to him in respect of the wage period. All fines and all realizations thereof shall be recorded in a register.			

Recommended Corrective Action:

Factory shall follow effective disciplinary procedure for the employees. The procedures must include an escalating series of verbal and written warnings prior to taking any action. Factory shall cease this policy to ensure compliance with the law.

Supporting Information:

Based on document review and workers interview.

Appropriate Action Taken:

During follow up audit it was found that after initial audit factory has stopped all kind of unauthorised deduction.

Potential Issues

Nothing to report

Current Practice:

Nothing to report

Best Practices:

Nothing to report

Harassment & Abuse:Needs Major Improvement Needs Improvement Satisfactory **Non-Compliance Findings:****Previous Findings:****1. Description of Non-Compliance:**

Employees are verbally abused if they make simple mistake.

Local law or Client Standard:

To comply with **The Audit worksheet # 9**, Each employee shall be treated with dignity and respect. The employer shall not engage in or support for any reason the use of physical punishment, mental or physical coercion and verbal abuse. To comply with **Bangladesh Constitution 1972, Fundamental Rights (Part III)**, No person shall be subjected to torture or to cruel, inhuman, or degrading punishment or treatment.

Recommended Corrective Action:

Management shall realize the respect and dignity of all individual employees and try to practice on that ground. Factory shall properly investigate the matter thoroughly to ensure workers satisfaction for keeping smooth production & to regain their confidence on workplace. Workers shall receive instruction more often on their rights under national law and company's expectations and where relevant, best practices .Also factory shall effectively communicate disciplinary procedures to employees, supervisor & Manager.

Supporting Information:

Employees are frequently verbally abused for simple mistake with slang language by their in charge which was reported by most of the interviewed employees during interview session.

Appropriate Action Taken:

During follow up audit it was found that employees were not verbally abused by their Incharges/supervisor anymore.

Potential Issues

Nothing to report

Current Practice:

Nothing to report

Best Practices:

Nothing to report

Compensation & Benefits:Needs Major Improvement Needs Improvement Satisfactory **Non-Compliance Findings:****Previous Findings:****1. Description of Non-Compliance:**

Delay payment found in this factory. Till audit date(8th Oct,06) factory didn't pay the wages for Sep,06 which supposed to be paid by 7th Oct,06. Usually factory pays wages by 10th of next month.

Local law or Client Standard:

To comply with **Bangladesh Labour Law -2006, Chapter- 10**, Wages of each worker will have to pay within the 7th working day following the pay period for which the wages are being payable.

Recommended Corrective Action:

Factory shall adjust the pay date so that wages are paid on time i.e. by 7th of next month.

Supporting Information:

Based on document review.

Appropriate Action Taken:

During follow up audit it was found that factory has started to pay salary within 7th of next month.

2. Description of Non-Compliance:

Approx 15 employees who are working as security guard, store asst. Generator operator, boiler operator, etc. are not getting overtime wages after completion of their general duty.

Local law or Client Standard:

To comply with **Bangladesh Labour Law, 2006, chapter-9, Section-108**, where a worker works in a factory more than mentioned in this law in any day or week, he shall, in respect of overtime work, be entitled to allowance at the rate of twice his ordinary rate of basic wages, dearness allowances and adhoc or interim wages (if any).

Recommended Corrective Action:

After completion of general duty all worked hour shall be counted as overtime and paid according to law.

Supporting Information:

Factory counted them as staff instead of worker thus not paying overtime but they are paid high salary.

Appropriate Action Taken:

During follow up audit it was found that factory has provided overtime wages to all above mentioned employees.

3. Description of Non-Compliance:

When the employees absent for few days, the deduction would be deducted from the gross salary instead of basic salary. This would affect the allowances (house rent and medical allowance).

Local law or Client Standard:

In accordance with **section 2 & 6, The Payment of Wages Act, 1936**, "Wages" means all remuneration but does not include – the value of any house accommodation, supply of light, water, medical, attendance, or other amenity or of any service excluded by general or special order of the Government. Deduction from the wages of an employed person shall be made only in accordance with the provisions of this act, and may be of the following kinds only, namely: fines, deduction for absence from duty, deduction for damage to or loss of goods expressly entrusted to the employed person for custody etc.

Recommended Corrective Action:

In case of absenteeism from work, deduction shall be made from basic wage instead of gross wage.

Supporting Information:

Based on document review.

Appropriate Action Taken:

Based on payroll sheet during follow up audit , it was found that all deduction has been made from basic instead of gross.

Potential Issues:

Overtime compensation cannot be fully verified due to inconsistencies was found. Please see Monitoring and Documentation section for more details.

Current Practice:

Nothing to report

Best Practices:

- a) Attendance Bonus Tk 100/monthly
- b) Line wise production bonus Tk 2000/monthly
- c) Free Transportation
- d) Although the factory has not worked for year, they have provided two festival bonuses during EID festivals.
- e) Although the worker didn't work for the stipulated time the company has provided maternity benefit to female workers.

Hours of Work:

Needs Major Improvement

Needs Improvement

Satisfactory

Non-Compliance Findings:

Previous Findings:

1. Description of Non-Compliance:

Approx. 7 to 10 numbers of adolescent / young employees (age is 16+) are working in this factory for whom working hour is as like the adult workers. Also there is no separate working hour register found for these employees. Moreover, 1 out of them found working as sewing machine operator and other some workers were found working in front of sewing machine as helper.

Local law or Client Standard:

To comply with **Bangladesh Labour Law, 2006, chapter-3, Section-41**, (1) No adolescent shall be required or allowed to work in any factory- (a) for more than five hours in any day; and (b) between the hours of 7 p.m. and 7 a.m. c) weekly not more than 30 hrs. (2) The period of work of all children employed in a factory shall be limited to two shifts which shall not overlap or spread over more than seven and a half hours each. To comply with **Bangladesh Labour Law, 2006, chapter-3, Section-43**, every factory in which adolescent are employed shall maintain a notice as per rules mentioning the particular work hour of adolescent workers. To comply with **Bangladesh Labour Law, 2006, chapter-3, Section-39 & 40**, No adolescent shall be allowed in any factory to clean, lubricate or adjust any part of machinery while that part is in motion, or to work between moving parts or between fixed and moving parts, of any machinery which is in motion. No young person shall work at any machine unless he has been fully instructed as to the dangers arising in connection with the machine and the precautions to be observed.

Recommended Corrective Action:

Identify young /adolescent workers and communicate to supervisors and workers the required legal working hour's restrictions and restrictions on jobs (no hazardous jobs).
Create/maintain separate register and implement young/adolescent employment restrictions. Adolescent/young workers are prohibited from working at night or conducting work in machineries, as defined by law.

Supporting Information:

Nothing to report

Appropriate Action Taken:

During follow up audit it was noted that there was no adolescent / young employees found in this factory.

2. Description of Non-Compliance:

Based on overtime register/payroll/night bill document, highest overtime hours found daily 10 hrs (overnight work) in June, 06; weekly 16 hrs in August, 06; monthly 90 hrs in the month of August, 06. All actual worked hours didn't list in provided time cards.

Local law or Client Standard:

To comply with **Bangladesh Labour Law, 2006, Section-102**, no adult worker shall be required or allowed to work in a factory for more than forty-eight hours in any week. To comply with **Bangladesh Labour Law, 2006, Section-102**, the total hours of work of an adult worker shall not exceed sixty hours in any week and on the average fifty-six hours per week in any year.

Recommended Corrective Action:

Factory shall ensure working hours do not exceed 60 hours per week as per law. Factory shall work harder to improve the working hour's policy applied to each worker. Factory shall maintain one set of time card/attendance record in order to avoid any confusion.

Supporting Information:

Based on document review.

Appropriate Action NOT Taken:

Could not be verified as inconsistencies was found between provided time card and Metal detector register, Daily out put register of sewing line B. Please see section Monitoring & Documentation for more information.

3. Description of Non-Compliance:

As per weekends work records, approx

Local law or Client Standard:

To comply with **Bangladesh Labour Law, section-103**, any worker working in a factory shall be entitled to get one day off in a week as weekly holiday. To comply with **Bangladesh Labour Law, section-103**, where any worker become deprived to get weekly holiday as mentioned in section 103, compensatory leave have to provide to the said worker as according to the circumstances as early as possible.

Recommended Corrective Action:

F

Supporting Information:

Based on document review.

Appropriate Action NOT Taken:

Could not be verified as inconsistencies was found between provided time card and Metal detector register, Daily out put register of sewing line B. Please see section Monitoring & Documentation for more information.

Remark: Factory written their comments in draft report " as per our Govt. regulation the work force are allowed to obtain 3 days festival holiday in each Eid holiday . As the workforces visit their home town in the eid holidays only , we give them additional leave and adjust the same in later period . This is done only looking the benefit of the workforces . We forget to make any notice for it . However we are immediately issuing a notice for this."

Potential Issues

Although not classed as a non-compliance issue, it was noted that, Metal detector register & daily out put register of sewing line "B", it was found that factory performed weekend works on 10th, 17th Nov'06; 8th, 15th Dec'06; 9th Feb'07 and 2nd March'07, But the provided time cards and payroll sheets showed no such activity. Therefore, it was unable to fully verify the working hours, overtime hours and the seventh day of rest during the current audit. Please see section Monitoring & Documentation for more information.

Current Practice:

Nothing to report

Best Practices:

Nothing to report

Environmental:Needs Major Improvement Needs Improvement Satisfactory **Non-Compliance Findings:**

Nothing to report

Potential Issues

Nothing to report

Current Practice:

Factory use thinner for spot removing and stored in safe way. Factory preserves sewerage permission from government and no objection certificate from local government. Thus, based on observation, document review and management interview during audit, it was noted that this factory is compliant with this section.

Best Practices:

Nothing to report

Sub-Contracting & Homework:Needs Major Improvement Needs Improvement Satisfactory **Non-Compliance Findings:**

N/A

Potential Issues

N/A

Current Practice:

N/A

Best Practices:

N/A

Other Laws:Needs Major Improvement Needs Improvement Satisfactory **Non-Compliance Findings:**

Nothing to report

Potential Issues

Nothing to report

Current Practice:

Factory has a HR/compliance team to look after, obtain, implement and update the laws and regulations relevant for operating the factory and educate workers accordingly. All business license documents are found updated. Beside it was observed that management has a positive view towards compliance. Thus, based on document review, interview and observation, it was observed that factory is compliant with this section.

Best Practices:

Nothing to report

Worker Interview Summary

<i>Number of Worker Interviews Conducted?</i>	16
<i>Interviews were done in private and the confidentiality of the interview process was communicated to the workers?</i>	Yes <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<i>In general, the attitude of the workers towards their workplace was?</i>	Favorable <input checked="" type="checkbox"/> Non-favorable <input type="checkbox"/> Indifferent <input type="checkbox"/> N/A <input type="checkbox"/>
<i>Does each worker record (punch) his/her own timecard?</i>	Yes <input type="checkbox"/> NO <input checked="" type="checkbox"/>
<i>What was the most common worker complaint?</i>	Nothing to report
<i>What did the workers like the most about working at this facility?</i>	Free transport facility & Health and safety condition
<i>Any additional comment(s) regarding interviews:</i>	Nothing to report
<i>Are there Worker Statement Reports associated with this report</i>	Yes <input type="checkbox"/> NO <input checked="" type="checkbox"/>

Local Law

<i>Legal normal work week:</i>	6 days a week (6 days X 8 hours= 48 hours)
<i>Legal max allowed overtime: hours (per day, week, month):</i>	Daily 2 hours/ weekly 12 hours/ monthly 52 hours
<i>Legal minimum work age:</i>	14+ years with significant restriction.
<i>Legal minimum work age for Unrestricted work:</i>	18 years.
<i>Legal minimum wage(s):</i>	
<i>Legal overtime wage(s):</i>	Double of The Basic.

This Facility

<i>Were adequate records available to verify hours of work and correct wages:</i>	Yes <input type="checkbox"/> NO <input checked="" type="checkbox"/>	<i>Applicable Business & other legally required license numbers:</i>	In corporation # C-56540/2005; Environment # 4398; Factory License # 12706; Fire # DHK-19040
<i>Month(s) of Peak Season:</i>	Jan to July	<i>Normal Work Days & Hours (include all shifts)</i>	Shift 1: Saturday - Thursday 8:00 am to 5:00 pm Shift2: Shift3:
<i>Number of Workers on Payroll:</i>	870	<i>Max Overtime Hours found (per day, week):</i>	Per Day: 2 Hrs Per Week: 12 hrs Per Month: 44 hrs

			Based on provided time card for the month of Jan'07
Were all workers clocked in?	Yes <input checked="" type="checkbox"/> NO <input type="checkbox"/> 729	Normal Overtime Worked during peak period (per day, week):	2 Hrs/ 12hrs/ 44 Hrs. Based on provided time card for the month of Jan'07
Number of Workers in Sample: (worker files & payroll)	40 & 20	Combined Hours (Reg & OT) over 60 per week found:	Yes <input type="checkbox"/> NO <input type="checkbox"/> Based on provided time card working hrs found within 60 hrs /week but Inconsistency was found between the provided time cards & Metal detector register, Daily out put register of sewing line B.
Type of Work Activity Observed:	Cutting, Sewing, Finishing	Lowest wage paid:	Tk-1663 per month
Youngest Worker found:	18 Years	Highest wage paid:	Tk-4500 per month
Workers under 18 subject to hazardous work assignments?	Yes <input type="checkbox"/> NO <input checked="" type="checkbox"/>	Are wages paid in cash?	Yes <input checked="" type="checkbox"/> NO <input type="checkbox"/>
% of Piece Rate Workers:	N/A	Are migrant or guest workers from other countries present?	Yes <input type="checkbox"/> NO <input checked="" type="checkbox"/> If yes, from where?
% of Workers Living in Dorms:	5 persons	If applicable, Name of Union & Union representative:	N/A <input checked="" type="checkbox"/>
% of production for this clients products:	40%	Is there a Collective Bargaining Agreement (CBA) between workers and the facility?	Yes <input type="checkbox"/> NO <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
Which time keeping system is used?	Time Cards <input checked="" type="checkbox"/> Swipe Cards <input type="checkbox"/> Manual <input type="checkbox"/> Other:		
Audit results reviewed with facility management and draft CAP report signed?	Yes <input checked="" type="checkbox"/> NO <input type="checkbox"/> If "NO" explain:		
Any Additional Comments:	Nil		