



[2013]

FAIR LABOR ASSOCIATION

SUMMARY IEM FINDINGS AND CORRECTIVE ACTION PLAN

COMPANY: Ethical Fashion Africa Limited (EFAL)

COUNTRY: Kenya

PROVINCE: Nairobi

MONITOR: Leonard Nawiri

AUDIT DATE: November 30 – December 6, 2013

PRODUCTS: Fashion accessories, jewelry, footwear

NUMBER OF EMPLOYEES AT THE HUB: 118

NUMBER OF EMPLOYEES INTERVIEWED: 22

TOTAL AREA COVERED IN AUDIT: EFAL Hub and 4 Community Groups located in Nairobi Suburbs and Gilgil

PROCESSES: Tailoring, Crochet,

Beadwork, Embroidery, Brass Work

FLA comment: This report provides a summary of the IEM findings with the corresponding action plans as developed by Ethical Fashion Africa Ltd (EFAL). A comprehensive assessment (IEM) report is also available under the company webpage providing full assessment results at the Hub and in the 4 visited community groups. For related background information and more details on the assessment results, please refer to the full report.

Ethical Fashions Africa Limited (EFAL), located in Godown Art Centre, Nairobi Industrial Area (HUB) is a manufacturing enterprise with a social mission. It is a non-dividend distribution company that provides a business infrastructure where micro producers conduct manufacturing work for international markets. The aim of this enterprise is also to have sustainable profits in order to continue operations. EFAL is responsible for the organization of production in community groups, administration, financial management, quality control, packing, shipping, and other business and trade operations.

For an explanation on how to read this report, please visit the FLA website [here](#).

Non-compliances Overview and Table of Content

Employment Relationship			Page
ER.9	Recruitment and Hiring/Invalid Use of Contract, Contingent or Temporary Workers	Noncompliance	<u>3</u>
Health, Safety, and Environment			
HSE.4	First Aid Training / Permits and Certificates	Noncompliance	<u>5</u>
HSE. 6	First Aid Training / Permits and Certificates	Noncompliance	<u>5</u>
HSE.13	Ventilation/Electrical/Facility Installation and Maintenance	Noncompliance	<u>6</u>
Hours of Work			
HOW.1	General Compliance Hours of Work	Noncompliance	<u>7</u>
HOW.2	Rest Day	Noncompliance	<u>8</u>
HOW.8	Forced Overtime/Exceptional Circumstances	Noncompliance	<u>9</u>
Compensation			
C.1	General Compliance Compensation	Noncompliance	<u>11</u>
C.1	General Compliance Compensation	Uncorroborated Noncompliance	<u>12</u>
C.4	Timely Payment of Wages	Noncompliance	<u>14</u>
C.7	Calculation Basis for Overtime Payments	Noncompliance	<u>16</u>
C.7	Calculation Basis for Overtime Payments	Noncompliance	<u>17</u>
C.12	Workers Access to Information /Workers Awareness and Understanding of Compensation	Noncompliance	<u>18</u>
C.17	Workers Access to Information /Workers Awareness and Understanding of Compensation	Noncompliance	<u>18</u>
C.13	Pay Statement	Noncompliance	<u>19</u>
Ethical Fashion Africa Limited (EFAL)			
EFAL	Pay and Compensation Policy and Procedures		<u>20</u>
EFA007	Grievance Policies And Procedures		<u>21</u>
EFAL008	Policy Of Non-Retaliation		<u>25</u>

Employment Relationship: Recruitment and Hiring/Invalid Use of Contract, Contingent or Temporary Workers

ER.9 Employers shall not: use contract/contingent/temporary workers on a regular basis for the long-term or multiple short-terms; hire contract/contingent/temporary workers as a means to support normal business needs on a continuous basis or as regular employment practice; or make excessive use of fixed-term contracts or schemes where there is no real intent to impart skills or provide regular employment.

Noncompliance

Explanation:

Less than 50% of the general workers are on fixed term employment contracts, despite the fact that they have worked with EFAL for more than 2 years. Management explained that this situation is due to the lack of regular orders that EFAL receives from their customers.

Explanation From EFAL

It was explained to the assessor there are no fixed term contracts due to the fact that the work is sporadic/temporary/season- and the workers that work on this seasonal basis do have temporary contracts that reflect the term of their engagement. We would like clarification is this is a noncompliance. Indeed, there are seasonal workers that have been engaged at EFAL in this seasonal way on an ongoing basis but not on a fixed term. This is the nature of the work due to the fashion seasons. EFAL cannot take people on fixed term contracts and have no work for them to do during off-season work.

Plan Of Action:

Prepare contracts to all those engaged seasonally, ensure well explained before signing, copy given to the worker. The timing of the seasonal work can now be established by the Company as it has taken several years to determine the peaks and troughs of orders. All workers, Casual, Seasonal and Permanent are subject to EFAL contractual terms. There are different contracts that outline the type of contract be it seasonal, annual etc. If a worker is seasonal, a policy outlining the terms of engagement at EFAL to be updated with clear guidance from HR experts.

EFAL anticipates more regular orders and is requesting the market to offer orders outside of the high seasons to try to establish year round work. It also does not work in the Company favor to train casuals and then being unable to offer them fixed term employment as the fashion season has tight timelines. With the move to a larger, more professional working environment it is anticipated that delivery times and quality of units produced will promote the increase in order quantities which will mean more offers to fixed term employees. Unfortunately the seasonal nature of the fashion industry does make this area a key focus of HR as there is a lot of time spent on ensuring there is adequate manpower whilst also ensuring issue of contracts relative to work anticipated from season to season.

Person Responsible

EFAL HR Manager and HR expert

Deadline Date:

Ongoing management of systems in this area. Clear paperwork and systems in place by September 2014.

Action Taken:

All casual and seasonal workers have been issued with contracts. The contracts explained before the workers appended their signatures. Copies of the contract maintained at the hub; worker keep a copy. Overall compliance systems are work in progress with clear training of the HR matters by the HR expert and the HR department on management. There

	is excitement that on the move to the EPZ there will be an opportunity in the mid-to long term to engage more people on fixed term contracts to also ensure the skill levels achieved in a season are retained and a happy work force engaged
Plan Complete:	December 2014 and ongoing due to keeping up with industry demands from busy to low seasons.
Plan Complete Date:	Dec- Feb 2015 as it is a good test of busy vs low season in months of Dec- Feb.

Health, Safety, and Environment: First Aid Training / Permits and Certificates

HSE.4 Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues.

HSE.6 All safety and medical equipment (e.g. fire fighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, 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.

	Noncompliance
Explanation:	The training certificate for the person who provides first aid expired in 2011 and has not since been renewed.
Plan Of Action:	Renew the existing certificates of those trained already.
Person Responsible	EFAL HR Manager
Deadline Date:	End of April, 2015
Action Taken:	Training to be done and planned for once settled when move to the new facility which that in itself will lend itself to better Health and Safety Conditions as the space is more spacious and clear areas for first aid etc.
Plan Complete:	End of April, 2015
Plan Complete Date:	End of April, 2015

Health, Safety, and Environment: Ventilation/Electrical/Facility Installation and Maintenance

HSE.13 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.

Noncompliance

Explanation:

There is inadequate ventilation in the production/tailoring department; workers have complained to management about excessive heat in the past. The management wish to point out that this is an area that has received attention however the assessor did not raise this point on site which would have shed more light on this and then seen that it is perhaps not an area of non-compliance given the circumstances. The extractor fans that were in place to assist with ventilation, airflow was removed a few months before the audit as the dust from the outside road was being sucked in and causing dust in the production area. This was of benefit to the workers in the production area. The fans were also lowered as a way to ensure maximum airflow at a safe distance from the workers. AC is not an option due to high costs of power as well as the open-air preference of workers to have natural air flow.

Plan Of Action:

Plans to move facility as the operations have outgrown the current workspace.

Person Responsible

Project Manager and experts in planning the production floor at the EPZ.

Deadline Date:

End of April, 2015

Action Taken:

Incorporated in the planning for EPZ

Plan Complete:

End of April, 2015

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.

	Noncompliance
Explanation:	EFAL's hours of work policy does not provide workers with paternity leave as required by local law.
Plan Of Action:	EFAL to obtain the provisions of the law and include it in the policy document and in workers contracts so that they are aware.
Person Responsible	EFAL HR Manager
Deadline Date:	As soon as possible – September 2014
Action Taken:	Policy on paternity leave developed. This has been included in the contracts to ensure all aware.
Plan Complete:	September 2014

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least 24 consecutive hours of rest in every seven- day period. If workers must work on a rest day, an alternative consecutive 24 hours must be provided within that same seven-day period or immediately following.

	Noncompliance
Explanation:	One rest day in every 7 days is not guaranteed for employees working in the production and product development departments. This was noted in September, October, and November 2013, which, according to management, are peak production months; workers worked in excess of 60 hours per week (up to 72 hours per week).
Plan Of Action:	Develop a request form for overtime and holidays and ensure implemented as required. Wage scale and calculations in case of piece rate be included in the contract. Pay slips be issued to the workers.
Person Responsible	EFAL HR Manager
Deadline Date:	Sept 2014
Action Taken:	<p>A request form for overtime and work on holidays developed. All overtimes are requested in advance to allow workers to decide. The announcements are made verbally in the local language that is commonly understood by all workers and through a memo posted on the notice board. Workers willingly fill and sign the request forms before engaging in any overtime. Wage scale and calculations in case of piece rate be included in the contract. Pay slips issued to the workers. Clear HR manual has been revised and all these points are included therein. Extracts are available at the bottom of this CAP.</p> <p>The company appreciates the importance of achievement of employee work life balance for increased productivity. Overtime is very expensive to the business as it is compensated at one and a half rate for normal days and double rate for Sundays and public holidays. Hence the company strives to ensure that employees work normal hours is achieved and overtime is restricted to few critical instances in the year usually when completion of orders is affected by reasons beyond control of the business.</p>
Plan Complete:	Sept 2014
Plan Complete Date:	Sept 2014

Hours of Work: Forced Overtime/Exceptional Circumstances

HOW.8 Employers shall not require workers to work more than the overtime hours allowed by the law of the country where the workers are employed. All overtime work shall be consensual. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours. Employers shall demonstrate a commitment to reduce overtime. Employers shall enact a voluntary overtime system, including for overtime mandated to meet exceptional circumstances.

	Noncompliance
Explanation:	40% of interviewed workers expressed concern that overtime is not always voluntary, even though most of them like to work overtime to earn more money. 15% of workers feel that they should be asked for consent or be able to decline overtime work due to family responsibilities. Workers are asked to continue working at EFAL and at the Baba Dogo, Ambassador, and Sanata community centers to meet production and shipment deadlines.
Plan Of Action:	All pays slips given to date; Stamped and signed by every employee at the HUB. Records maintained at the Hub and copies given to workers. Overtime request form needs to be in place for people to sign their agreement of doing OT and then this will also be a record if any issues on OT arise. EFAL HR Manager to ensure done and verified and communicated to accounts, accounts to ensure pay records and pay transfer includes recorded overtime. HR software program should ensure this. The issue relating to community groups is also being addressed as it indicates the difference of the compliance issues related to the informal and the formal setting.
Person Responsible	EFAL HR Manager with advice on best systems from Labor expert.
Deadline Date:	Ongoing
Action Taken:	All casual and seasonal workers issued with contracts are eligible to work overtime if they volunteer to do. Work in overtime is requested and accepted by the willing workers. The contracts explained before the workers sign. Copies of the contract maintained at EFAL Hub; workers keep a copy. An OT request form and approval developed as a result of CAP. All overtimes are announced in advance to allow workers decide and make necessary arrangements of transport and children/child care where necessary. The announcements are made verbally in the local language spoken by all workers and through a memo posted on the notice board. Workers willingly fill and sign the request forms before engaging in any overtime. All overtimes are compensated at premium rate which is one and 1\2 the hourly rate. If done over a holiday or Sundays the workers are compensated double their daily rate. This is added to the worker's regular wage subject to taxation (PAYE) at the end of the month. The daily rate is applicable to the normal working day of 8 hours per day from Monday to Friday, and 5 hours on Saturday. Hours worked above the normal hours is considered to be overtime and compensated at the stipulated overtime rates. All hours worked on Sundays and public holidays are considered overtime and paid double rate.
Plan Complete:	October 2015

Plan Complete Date:	October 2015
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Compensation: General Compliance Compensation

C.1 Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.

	Noncompliance
Explanation:	According to worker interviews and payroll review, casual workers are paid for the days they have worked, excluding rest days. The law provides for casual workers to be paid for 7 days when they work 6 consecutive days in 1 week.
Plan Of Action:	Review casual contracts appropriately to be compliant with the labor law. Plan to conduct research on pieces of legislation regarding casual workers
Person Responsible	EFAL HR Manager
Deadline Date:	End of June, 2015
Action Taken:	<p>Research and consultation on the issue done and corrective measures undertaken. It will have financial implications for EFAL to pay casuals on days when there is no output</p> <p>Regularization of casuals' contract to fixed periods will be reviewed in line with business restructure so that the company is able to give them more regular contracts of between one and three months in which case monthly pays will be paid as opposed to daily wage. This will take care of holidays and rest days falling within the period of the contract.</p> <p>The management is aware that with regular contracts there will be less room for non-compliance as well as allowing for less admin in the HR department so there is most certainly mindful of this. With regular contracts whether for a month, 2 or 3, other terms of employment such as leave, notice period etc. shall also apply to the casuals staff</p>
Plan Complete:	Ongoing monitoring End of October 2015- this date is in advance to be in line with the restructure in the EPZ where more consistency in business operations is expected.
Plan Complete Date:	End of October 2015

Compensation: General Compliance Compensation

C.1 Where compensation for a regular work week is not sufficient to meet workers' basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does.

Uncorroborated Evidence of Noncompliance

Explanation:

Whereas EFAL pays their workers above the minimum wage, workers complain that the wages paid are not adequate enough to meet their basic needs (food, rent, travel, children's school fees, clothing). This issue should be further looked at by EFAL through, among other possible means, the impact assessment tool for internal monitoring purpose. The management of EFAL are surprised this is raised as an area of non-compliance. Is it not the case that many people would claim that their pay is not enough- especially when posed the question by an external party as they perhaps think that by voicing it they may get an increase? The assessor should perhaps note this but not outline it as an area of non-compliance by the Company? Pay levels are calculated and all IA demonstrate that the pay received by engaging in work provided by EFAL pays more than in other industries or similar occupations. Incentive schemes on performance are being developed. The business cannot simply pay more as it needs to remain in business. The management at EFAL do not think this should appear as a non-compliance as this implies it is not paying workers the due wage. On this point there is ongoing dialogue of living wage and the implications of this to a Company that wishes to remain competitive in an industry where prices are being pushed

Plan Of Action:

EFAL to explore and conduct research on living wag

Person Responsible

EFAL HR Manager + HR expert + ITC advisors

Deadline Date:

End of March, 2015

Action Taken:

How to continue to involve the informal sector and bear all the costs of training to ensure the involvement of marginalized communities is also part of this discussion. If costs to engage with this sector become to high it will make the Company unsustainable and the aim of this area of work is to promote the artisan and encourage the sector of luxury fashion to involve this sector and appreciate the role this sector plays. The information of the challenges working in this sector is useful to try to establish working systems in this sector and is continuously being explored and addressed and systems adapted.

Plan Complete:

This is an ongoing issue of Living Wage vs. minimum wage. Workshop held in March 2015 with local governance to explore this issue as well as in meetings in Geneva in March 2015. The application of formal guidelines to the informal sector and artisanal sector is being addressed.

The government gazettes annually the minimum wages applicable to the workers. This is arrived at after deliberation at the tripartite level (Central Organization of Trade Union, Federation of Kenya Employers and the Ministry of Labor). It's mandatory for all companies to comply and EFAL has done so and gone a step ahead to pay an extra 5% above the minimum wage in the spirit of ensuring a realistic wage to its employees as well as ensuring

	<p>to remain competitive and sustainable. EFAL will review its benefits and salary offering to the employees as the business performance becomes more favourable and the company is optimistic that this will happen and will ensure increased employee engagement and achievement of higher productivity to the mutual benefit of both the company and the employees</p>
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Compensation: Timely Payment of Wages

C.4 All wages, including payment for overtime, shall be paid within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month.

	Noncompliance
Explanation:	<p>There have been salary payment delays up until the 10th – 15th of the new month for workers working at EFAL. This happened in June, July, and September 2013. Management explained that this was due to the late remittance of payments by EFAL customers, which was explained to workers. Delays in payment of workers’ salaries at the EFAL Hub subjected them to resorting to borrowing from loan sharks (individuals who lend out money) at high rates to meet their basic needs, including house rental payments. These months of delay were well known and communicated to the staff: EFAL management proposed to the workers that they take out a loan with the bank of which EFAL would pay the fees. The workers said they would prefer to delay payments and voiced understanding at that time. In the future, communications in case of delays of payments to be addressed in advance. There is an ongoing dialogue with customers to ensure timely payments so they fully understand the stresses. EFAL has approached financial institutions to assist in periods of restricted cash flow.</p>
Plan Of Action:	<p>EFAL to continue dialogue with customers to ensure timely payments so they fully understand the stresses. EFAL to approach financial institutions to assist in periods of restricted cash flow. Communications in case of delays will be done in a timely way. Complete agreement with Richa and the Directors taking key actions in this regards. As there is not clear ownership there are plans to bring in investment into the company to allow for capital. This requires restructuring of the business in terms of strategy and ownership structure. This matter is being addressed as priority as there also were identified issues related to cash flow which were highlighted also by this area of CAP.</p>
Person Responsible	<p>Project Advisor to assist in the area and under the control and implementation proposed solution by EFAL General Manager with Company Directors</p>
Deadline Date:	<p>March 2014</p>
Action Taken:	<p>Dialogue from ITC with customers to ensure timely payments as some customers take up to 6-8 weeks to pay final amounts on orders. . EFAL approached financial institutions to assist in periods of restricted cash flow. Offers come at varying percentages, which is being assessed by the management to establish its feasibility and ability to alleviate the financial constraints. The priority as has always been will be to pay labor first in times of restricted cash flow. The Directors also exploring finance options as well as understanding where cash is going and spending patterns in the organization to see where there is possibility of greater controls.</p> <p>Since July 2014, on the change of senior management and handling of financial matters of the business, the salaries have been processed and transferred to employee bank accounts on a timely basis. Transfers for fixed contract employees are transferred on or before 26th of every month while those of the casuals are transferred not later than the third day after the closure of the month.</p>

Plan Complete:	July 2014 and is running smoothly
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Compensation: Calculation Basis for Overtime Payments

C.7 Employers shall compensate workers for all hours worked. 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. Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country. In those countries where there is no legally established overtime premium, employees shall be compensated for overtime hours at the prevailing industry premium rate or at the internationally recognized overtime rate, whichever is higher. Employers shall not set production targets, piecework, or any other incentive or production system at such a level that the payment for overtime work performed is less than the premium pay required by law or the FLA Workplace Code.

	Noncompliance
Explanation:	Overtime payments at EFAL are not properly calculated. They are not based on the actual hours worked, but instead, hours are rounded up to the day's regular hourly wage and paid at the normal day's rates
Plan Of Action:	All pay slips given to date; Stamped and signed by every employee. Records maintained at the Hub and copies given to workers. OT request form needs to be in place for people to sign their agreement of doing OT and then this will also be a record if any issues on OT arises. Contracts to include the calculations i.e OT 1 ½ and work on holidays 2 times rate per hourly pay. The HR manager records the OT and there are clear and transparent records kept. These records are checked by the GM and in the restructuring period also by the HR consultant. There is also a clear receipt of payment of overtime signed by the staff member to ensure they are aware of the payment being made and how it is calculated. This area of non compliance has been well addressed in the Company restructure and is working well
Person Responsible	EFAL HR Manager and Accounts to ensure all clear
Deadline Date:	Ongoing and ensure all systems clear by Oct 201
Action Taken:	All casual and seasonal workers issued with contracts. The contracts explained before the workers sign. Copies of the contract maintained at EFAL hub; worker keep a copy. OT request form developed. OT method of working outlined in the contracts. The seasonal workers and contract workers will receive the regulated compensation of overtime if it is done. The general operations of the Company will be to manage the company with minimal overtime and only when necessary. When deemed necessary there is clear communication of the duration, time, and paperwork completed. The overtime rates of 1.5 and 2.0 apply to all employees and casuals engaged as applicable.
Plan Complete:	Dec 2014
Plan Complete Date:	Dec 2014 [this was deadline as was when there was a requirement for OT to meet customer orders]

Compensation: Calculation Basis for Overtime Payments

C.7 Employers shall compensate workers for all hours worked. 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. Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country. Employers shall not set production targets, piecework, or any other incentive or production system at such a level that the payment for overtime work performed is less than the premium pay required by law or the FLA Workplace Code.

	Noncompliance
Explanation:	If workers have worked on any public holidays it has been made clear to them the terms of this work in instances where deadlines are critical for keeping a customer deadlines. This assessment revealed a surprise for management of EFAL as there was no confusion on this point previously as it was very clear the terms of engagement on holidays, which are not many and only in instances of necessity to meet deadlines. From this assessment more paperwork has been developed to ensure it is clear that those that are requested to work on a public holiday do so under clear conditions, pay and voluntary. Contracts to include the calculations i.e. OT 1 ½ and work on holidays 2 times rate per hourly pay so it is clear. In regards to piece rate this largely involves the communities, which is being handled as a separate CAP as the community engagements differ to that of formal companies and the informal sector issues have been separated accordingly. This point has been addressed in previous sections.
Plan Of Action:	Develop OT request and agreement form. Update policy on the issue.
Person Responsible	EFAL HR Manager
Deadline Date:	End of March, 2015
Action Taken:	OT request form is developed. OT and holiday work calculations included in the contracts. The policy updated to include piece rate workers. The policy indicates that for overtime all workers are compensated at a premium rate in relation to day rate allocated for similar tasks. In a formal set up where employees are working at the hub, where normal working days are Monday to Saturday, then Sunday shall be considered a holiday or premium day where a premium double rate shall be paid. Extra hours worked beyond the normal working hours between Monday and Saturday shall also be compensated at 1.5 rates.
Plan Complete:	End of March, 2015
Plan Complete Date:	End of March, 2015

Compensation: Workers Access to Information /Workers Awareness and Understanding of Compensation

C.12 Workers shall have access to regular and full information concerning the status of relevant accounts and the status and level of their payments thereto.

C.17 Employers shall make every reasonable effort to ensure workers understand their compensation, including: the calculation of wages, incentives systems, fringe benefits, and bonuses they are entitled to at the workplace and under applicable laws. Employers shall communicate orally and in writing to all workers all relevant information in the local language or language spoken by the workers, if different from the local language.

Noncompliance

Explanation: Due to the lack of a robust time recording system at EFAL and ineffective communication to workers about hours worked and how the same is used to compute payments, workers feel that not all worked hours are compensated

Plan Of Action: Improve the time recording systems. Workers to be made aware how their wages are computed. Strict measures on any Overtime to be signed off by management and all staff to be off site at designated closing times and not to linger on site as was happening to some extent. If OT worked there are OT sheets signed by managers and the workers.

Person Responsible EFAL HR Manager

Deadline Date: May 15th 2014

Action Taken: Improved system of attendance records. All employees are clocked in and out of the work place by their supervisors and a master attendance register for all employees is used for verifying attendance records from supervisors. This records form the basis of pay calculation and are available for inspection by the employees at any time desired.

New and old employees are inducted by the HR Manager on their entitlements. Pay-slips are issued on one to one basis and any employee with queries is allowed to point out the same on the copy of the pay-slips, which is left with the HR to verify and where an error is noted, the shortfall is paid to the employee accordingly. Errors are obviously avoided and are addressed as soon as raised.


New payroll software installed to manage and to provide accurate computing of wages based on hours worked. OT sheets a clear system of approval and also workers to sign when applicable.

Plan Complete: October 2014

Plan Complete Date: October 2014 with a view to installation and external management of payroll.

Compensation: Pay Statement

C.13 Employers shall provide workers a pay statement each pay period and not less frequently than once a month, which shall show: earned wages, wage calculations, total number of hours worked, regular and overtime pay, bonuses, all deductions, and final total wage.

	Noncompliance
Explanation:	As term-contract workers do not receive a copy of their contracts and are not provided copies of their pay slips, they do not understand the basis for payments of overtime and holidays worked.
Plan Of Action:	All pays slips given to date; Stamped and signed by every employee. Records maintained at the hub and copies given to workers. Overtime (OT) request form needs to be in place for people to sign their agreement of doing OT and then this will also be a record if any issues on OT arise.
Person Responsible	EFAL HR Manager
Deadline Date:	October 2015
Action Taken:	<p>All casual and seasonal workers issued with contracts. The contracts explained before the workers sign. Copies of the contract maintained at EFAL hub; worker keep a copy. OT request form has been developed and is in use. Pay-slips template has been developed on excel worksheet for casual employees. The casual's pay-slip is issued monthly not later than five days after the close of the month. The pay-slip clearly states employee details, number of days worked, number of hours for OT, rate applicable etc. The employees sign on receipt of the same. Automation of the payroll for all employees is in advanced stages. Upgrade and training on the software in place. All overtimes are announced in advance to allow workers decide and make necessary arrangements of transport and children where necessary. The announcements are made verbally in the local language spoken by all workers and through a memo posted on the notice board. Regular sessions are held with employees to clarify on any unclear issues regarding their pay or employment terms in general. Workers willingly fill and sign the request forms before engaging in any overtime.</p> <p style="text-align: center;">  Casuals Payslip - February 2015.docx </p> <p>A sample pay-slip is attached:</p>
Plan Complete:	October 2015 and update of HR policy manual
Plan Complete Date:	October 2015

EFAL: Pay and Compensation Policy and Procedures

It is the policy of the Company to pay employees at the hub and workers at community groups by direct deposit in respective bank accounts on a regular basis according to the manner, method, and timing of wages that comply with the applicable Kenyan laws and regulations particularly part IV of The Employment Act, 2007.

Employees prior to each payday will receive, in addition to their deposit advice, a printed pay slip on 22nd of every month or statement showing gross pay, deductions, and net pay. Social Security and taxes will be deducted accordingly. No other deductions will be made unless required or allowed by law, contract, or employee willingly signed obligations.

Employees who discover a mistake in their pay must report immediately such errors to be remedied promptly by 24th of every month. However, the employee is solely responsible for the monetary loss after pay, as the Company will not be responsible for any loss or theft thereafter.

Employees normally will be paid on the 26th day of every month. For the community groups the pay shall be on Fridays or Saturdays of every week of work on presentation and clarification of invoices. Payments of wages and salaries shall not be later than 5th day of the new month.

If the regular payday occurs on a Saturday, Sunday, or a holiday, employees will be paid on the last working day before the regular payday.

The company does not give advances or loans instead it will offer advise where possible to all employees to apply for loans with their respective banks.

All employees subject to this EFAL policy and in compliance with FLA code of conduct will be paid overtime compensation at the rate of one and one-half times (11/2) their regular hourly rate for work in excess of forty eight hours during their normal workweek. Normal workweek includes regular Saturday half-day work.

All casual workers that are employed during times of high orders shall be paid on a daily rate in line with the government minimum wage and upon satisfactory performance in daily targets of output.

In calculating wages and the continuous working days, a casual employee shall be deemed to be entitled to one paid rest day after a continuous six days working period and such rest day or any public holiday which falls during the period under consideration

Overtime

As a general rule there shall be no overtime work at EFAL; however given the nature of business which operates in seasons and tight lead-times employees may sometimes be requested to work overtime.

OT or work during holidays shall be voluntary and workers shall be rightly compensated for it. No worker will be allowed to work round the clock i.e. request for overtime shall be within the acceptable working time as per the Kenya laws and regulations.

All employees both on fixed term or temporary contracts are eligible to receive overtime pay if they work more than 48 hours in a given week. Holiday, vacation, and sick time are not included in hours used to determine overtime eligibility.

Overtime pay equals 1.5 times employee's regular hourly rate.

All overtime must be requested by relevant EFAL departments and approved by the General Manager in advance.

Requests of over time shall be communicated through the HR memo and employees who accept to work overtime shall express their willingness in an OT request form which they have to sign understanding of the terms and conditions therein.

All employees both on fixed term or temporary contracts who are requested to work on Sundays or during public holidays shall be compensated double (2 times) the hourly/day rate.

Piece rate system of pay shall NOT apply on OT and work done during holidays

8.2 Procedure

All the pay and wages calculations will be completed by the accounts in a period not less than seven days prior to pay dates

All the pay slips or wage verifications must be completed at least three days prior to deposit date

All employees will receive the salaries in their bank accounts

All overtimes must be authorized by the General Manager and supervised for it to qualify for pay.

Over time pay shall be subject to the logging system's calculations in relation to valid work hours per week.

Any pay queries shall be directed to the accounts department.

The account department must keep the general manager and updated on all issues related to pay

Unless otherwise, all payments shall be through the bank transfers or M-Pesa.

EFA007: GRIEVANCE POLICIES AND PROCEDURES

The company understands that there are times employees may wish to raise issues, concerns or problems about their work, working environment or working relationships. Sometimes this may involve grievances about matter not entirely within the control of the company, such as client relationships. The purpose of this is to encourage free and frank communication between employees and their managers about these issues.

It's the company's aim, through this policy, to ensure that such issues, concerns and problems can be aired and, where possible, resolved quickly and to the satisfaction of all concerned.

Grievances may occur at all levels and this procedure applies to all employees equally.

Wherever possible, and in the context of conducting a fair investigation of any grievance, the **confidentiality** of those involved will be maintained as far as possible in the circumstances. The complaint of a serious nature should be brought to the attention of the General Manager.

For less serious grievances the matter should be brought to the attention of the Human Resources Representative who will communicate the grievances to the General Manager. The main instance in which this would not be practicable is where it is necessary to involve others in an investigation or to report a grievance or the outcome of an investigation to others in order to allow follow-up action to be taken. You will normally be informed before such dissemination occurs.

The company reserves the right to depart from the requirements of this procedure in its sole discretion.

7: 1 Informal Procedure

- Employees are encouraged to attempt to solve problems informally and directly without entering the formal grievance procedure. Most problems can be raised and settled during the course of everyday relationships.
- Where such attempts fails, or where employees feel unable to deal with the matter informally because of the serious nature of the grievance, the formal procedure should be used.
- Workers are allowed to have their own chosen or elected committee with the mandate to air their grievances both formally and informally.
- The company also allows workers to join unions of their choice.

7: 2 Formal Procedures

The formal grievance procedure is as follows: if any person requires assistance to follow this procedure assistance and service, will be provided by the HR Manager.

7:2:1 Step One – letter

- Set out the nature of your grievance in writing and send the statement to the HR Department.
- Confirm that you wish it dealt with under the formal grievance procedure, stick to the facts and avoid language, which could be considered insulting or abusive.
- If you have difficulty expressing yourself because of language or other difficulties, please let your Manager, supervisor or representative know so that they can arrange some assistance for you.

7:2:2 Step Two – Email

Set out the nature of your grievances and e mail it to HR Manager via grievance@ethicalfashionafrica.org

Confirm that you wish it dealt with under the formal grievance procedure, stick to the facts and avoid language, which could be considered insulting or abusive.

If you have difficulty expressing yourself because of language or other difficulties, please let your Manager, supervisor or representative know so that they can arrange some assistance for you.

7:2:3 Step Three – Meeting

- The aggrieved person is invited to attend a meeting to discuss the grievance as soon as reasonably practicable and normally within five working days.
- The aggrieved person is informed about his or her right to make a reasonable request to be accompanied to the meeting.
- With a companion of his/her choice (where applicable) the aggrieved person must take all reasonable steps to attend the meeting. If unable to attend the meeting, let the HR know immediately and propose an alternative time. The alternative proposed time must:
 - ✓ be reasonable; and
 - ✓ Fall within a period of 5 working days beginning with the first day after the day on which the company informed of the time proposed by the company for the grievance meeting.
- At the meeting the aggrieved person will re-state his/her grievance and explain how he/she would like to see it resolved.
- It may be necessary for the meeting to be adjourned to allow the company to investigate the grievance,
- At the end of the meeting the chair will sum up the main points and tell when the aggrieved will reasonably expect to receive a response.
- The aggrieved is informed in writing about the outcome of his/her grievance as soon as possible. If grievance is upheld, the aggrieved is informed about what action the company intends to take to resolve the grievance.
- If grievance is not upheld, the aggrieved will be given reasons.
- The aggrieved has the right to appeal against the decision if not satisfied with the outcome.

7:2:4 Step Four – Right to Appeal

- If dissatisfied with the decision and wish to appeal, the aggrieved must inform the appropriate person as stated in the letter/ e mail, in writing within five working days of your receipt of the written confirmation of the decision and set out the reason for appeal.
- The aggrieved is invited to attend a further meeting as soon as practicable, which he/she must take all reasonable steps to attend. He/she will also be informed about his/ her right to make a reasonable request to be accompanied to the meeting.
- Some more senior than the person who originally considered the grievance will usually deal with appeals.
- After the appeal meeting the aggrieved will be informed of the decision in writing, with reasons as soon as possible.
- The company will take all steps to resolve a grievance promptly and without undue delay.

7:3 Timing

- A grievance should be raised with the company promptly and without unreasonable delay. This will ensure that matters are resolved at the earliest opportunity and will assist with evidence gathering where appropriate.
- The company will take all steps to resolve a grievance promptly and without undue delay.

7:4 Meeting Companion

- The aggrieved person has the right to be accompanied to a meeting under this procedure by a colleague or trade union representative of choice. For the purpose of this policy, a trade union representative means either:
 - A full-time officer employed by a trade union; or
 - A lay trade union officer or work place representative who can provide a certificate in writing from his/

her trade union evidencing his/her competence to represent employees in this process.

- At the meeting the chosen companion may put the aggrieved case, respond to any views put forward by the chair and confer during the meeting, but they may not answer questions on your behalf.

7:5 Overlap with the Disciplinary Procedure

- It is possible that a grievance may arise while an employee is involved in the company's Disciplinary procedure. If, the grievance relates to the outcome of any disciplinary proceedings, the aggrieved should raise this as an appeal under the Disciplinary procedure.
- However, if a grievance concerns any other matter, you should raise it under this procedure.
- In some cases the company may, in its complete discretion, suspend the disciplinary process to deal with a grievance, but it will be obliged to do so. Where the grievance and disciplinary cases are related, the company may deal with both issues concurrently.

7:6 Collective Grievances

- If a representative of a recognized trade union or other appropriate workplace representative raises a grievance on behalf two or more employees, the company reserve the right to adapt the right this policy to enable it to deal with the grievances in the most efficient manner possible.

7:7 Post- Termination Grievances

- If a person has a grievance relating to employment, but was unable to raise it during employment, he/she is still entitled to raise a grievance under this procedure.

7:8 Mediation

- Mediation is a voluntary process where the mediator helps two or more people in dispute to attempt to reach an agreement.
- The mediator at EFAL may be selected from the HR Manager and/or General Manager depending on the nature and cause of the grievance.
- If both parties agree, the grievance process may be suspended to allow for mediation; however, in some cases mediation will be inappropriate.
- For the avoidance of doubt, mediation shall be entirely voluntary for both the company and the employee and neither shall be compelled to agree to mediation.

7:9 Records

- The company will keep a written record of the nature of the grievance, what was decided and the actions taken, the reasons for the actions, whether an appeal was lodged, the outcome of the appeal and any subsequent developments.
- Records will be kept confidential and kept only as long as necessary (not more than seven years).
- Minutes of meetings will be given to the employee who has raised a grievance, although in certain circumstances the company reserves the right to withhold some information, for example to protect a witness.

EFAL008: POLICY OF NON-RETALIATION

Retaliation in this policy is defined as an adverse action taken because an individual has engaged in reporting an improper treatment or wrongful activity. EFAL policy of non-retaliation prohibits the taking of any retaliatory action (against the person reporting a grievance, concern or criminal act) for reporting or inquiring about alleged improper treatment (abuse) or wrongful activity.

EFAL008.1 Encouragement of Reporting

All EFAL staff member/workers permanent and seasonal are encouraged to report in good faith all information regarding alleged improper treatment or wrongful activity that may constitute:

- Forced Labor
- Child labor
- Discrimination or harassment;
- Fraud;
- Unethical or unprofessional business conduct;
- Noncompliance with EFAL policies/procedures;
- Circumstances of substantial, specific or imminent danger to a staff member/worker or the public's health and/or safety;
- Violations of laws and regulations; or
- Other illegal or improper practices or policies.

EFAL is firmly committed to a policy that encourages timely disclosure of such concerns and prohibits retribution or retaliation against any staff member/worker who, in good faith, report such concerns. No staff member/worker will be exempt from the consequences of misconduct or inadequate performance by reporting his or her own misconduct or inadequate performance.

EFAL008.2 Protection from Retaliation

Any EFAL staff member/worker who, in good faith, reports such incidents as described above will be protected from retaliation, threats of retaliation, discharge, or other discrimination including but not limited to discrimination in compensation or terms and conditions of employment that are directly related to the disclosure of such information. In addition, no staff member/worker may be adversely affected because they refused to carry out a directive, which constitutes fraud or is a violation of local, state or other applicable laws and regulations.

EFAL008.3 Reporting Procedures

Staff member/worker should timely report evidence of alleged improper activity as described above by contacting their immediate supervisor, department head, or the General Manager. Any instances of alleged retaliation or retribution should be reported in the same manner. Where the staff member/worker is not satisfied with the response of the supervisor, department head, the staff member/worker may contact the General Manager.

All reports will be handled as promptly and discreetly as possible, with facts made available only to those who need to know or to investigate and resolve the matter.

Responsible Office: The Human Resource Office.