

## Social Compliance Audit Report & CAP

<b>Vendor:</b>	HELKON- Konarski spolka jawna	<b>Auditor:</b>	Dogan Koksal	<b>Ref. No.:</b>	SPW
<b>Factory:</b>	HELKON- Konarski spolka jawna	<b>Co-Auditor:</b>		<b>Date:</b>	18 Sept 2012

Business Card		Social Standard	
(HQ) Vendor name:	HELKON-Konarski spolka jawna	SA 8000:	<input type="checkbox"/>
Factory name:	HELKON-Konarski spolka jawna	Please attach a copy of the certificate	
P.O. Box:		WRAP:	<input type="checkbox"/>
Street:	Poludnovia 2	(Worldwide Responsible Apparel Production) Please attach a copy of the certificate	
ZIP Code:	63-600	Others:	<input type="checkbox"/>
Town:	Baranow-Kepno	Type:	
Country:	Poland	Please attach a copy	
Phone:	+ 48 – 62- 7810530		
Fax:	+48-62-7829100		
Sustainability manager: (contact person for Social Compliance)	Mr.Lukasz Slowikowski		
E-Mail:	slowikowski@helkon.pl		

### Audit Results

#### Chapter results

#	Chapter	Maximum points	Reached points	Grading
1	Social Compliance Management	24	24	Good
2	Child Labor & Young Laborers	8	8	Good
3	Forced Labor	4	4	Good
4	Worker Treatment	12	12	Good
5	Discrimination	4	4	Good
6	Hours of Work	12	12	Good
7	Compensation & Benefits	12	12	Good
8	Health & Safety	12	12	Good
9	Freedom of Association & Collective Bargaining	8	8	Good
10	Supplier Control	4	2	Improvements Needed
<b>Total</b>		<b>100</b>	<b>98</b>	

#### Overall Audit Result

**Good**

Points	100-85	84-70	69-50	49-25	24-0
Result	Good	Satisfying	Improvements Needed	Risky	Insufficient

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### Main production photos

			
Entrance – factory outside	Production Sewing	Production Ironing	Production Cutting

### Management structure and audit participants

Position	Name, Company	Present during audit
Owner	Mr Richard KONARSKI	<input checked="" type="checkbox"/>
General Manager	Mr Richard KONARSKI	<input checked="" type="checkbox"/>
Factory Manager	Mr. Richard KONARSKI	<input checked="" type="checkbox"/>
Production Manager	Mr. Leslek STURGULEVSKI	<input checked="" type="checkbox"/>
Management Representative	Mr Lukasz SLOWIKOWSKI	<input checked="" type="checkbox"/>
Sustainability Manager	Mr Lukasz SLOWIKOWSKI	<input checked="" type="checkbox"/>
Safety Representative	Mr. Mariosz SZCZEPANSKI	<input checked="" type="checkbox"/>
HR- Manager	Mrs. Justina SIODY	<input checked="" type="checkbox"/>
Doctor / Nurse	Mr. Wlodzimierz NOVOCOWSKI	<input type="checkbox"/>

### Factory key facts

Employees in total	170	Female / Male in total	158/12
Migrant employees in total	13	Home employees in total	0
Method of payment	<input checked="" type="checkbox"/> piece rate <input checked="" type="checkbox"/> hourly <input type="checkbox"/> daily <input type="checkbox"/> monthly		

### Organizational structure and processes

Manufacturer of	In-house		Subcontractor		Finishing processes	In-house		Subcontractor	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Garments (incl. Neckwear, textile Accessories)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Printing / Embroidery	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Leather Garments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Dying	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leather Accessories	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Jeans Finishing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shoes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tanning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trimmings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washing	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Fabrics (Weaving/Knitting)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Labeling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yarns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Packaging	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trader of	<input type="checkbox"/> ready-made goods <input type="checkbox"/> trimmings <input type="checkbox"/> fabrics/yarns								
Procurement from (2 <sup>nd</sup> / 3 <sup>rd</sup> tier suppliers)	<input checked="" type="checkbox"/> nominated suppliers <input type="checkbox"/> nominated suppliers and/or self-sourced products								

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## General conclusion and additional remarks

Social Compliance is at a good status at the factory. The management pays high attention to relevant Social Compliance topics. After the last audit the factory has developed very well and corrected many points of the CAP. However, regarding safety matters, they have to pay more attention and complete the missing escape route signs and isolation of electrical power plants. Despite their reasonable effort regarding subcontractor control, the management still needs to improve this matter.

## Observed best practices

## Factory feedback

## Corrective Action Plan – CAP

Findings leading to a critical cluster are marked with \*.

<b>1. Social Compliance Management</b>	<b>Good</b>
<p><b>Assessment of Chapter 1:</b> During the audit, members of the management were very friendly and helpful. Responsibilities and duties are well defined and respected by the staff. Communication between departments is functioning, understandable and working well. The management needs to pay further attention to the remaining findings to underline their good performance.</p>	

8. Health & Safety			Good	
Cluster	Description of finding	Corrective action	Respon- sibility	To be completed by
8.1	One fire extinguisher blocked at production.	All fire extinguishers should be free from any obstruction.	Mr. Slowikowski	30.09.2012
If applicable: law				
8.2	<u>Reoccurring finding:</u> Escape route markings on the floors are missing at some places. Markings on the sides of desks are not a proper solution, as rolling hangers still block the escape routes.	The factory should mark in all departments the escape routes on the floor with lines and arrows pointing to the nearest emergency exit.	Mr. Slowikowski	31.12.2012
If applicable: law				
8.3	Electrical fuse box is obstructed.	All electrical outputs should be free from obstructions.	Mr. Slowikowski	30.11.2012
If applicable: law				
8.6	One overlock employee is not using the eye protection.	All employees should be constantly reminded to use the personal protective equipment.	Mr. Slowikowski	15.10.2012
If applicable: law				

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10. Supplier Control		Improvements Needed		
Cluster	Description of finding	Corrective action	Respon- sibility	To be completed by
10.1a	<u>Reoccurring finding:</u> Washing is outsourced to a company called Freshtex. Freshtex does not allow that somebody enters the premises for an audit. Therefore, no subcontractor control was conducted.	The management has to implement the social compliance monitoring system at Freshtex. It is recommended to keep convincing the management of FreshTex of the importance of the audit. This should be done on a high management level on both sides.	Mr Richard Konarski / Mr. Slowikowski	31.01.2012
If applicable: law				
10.1b	<u>Reoccurring finding:</u> Embroidery is outsourced to a single-man factory. No social compliance monitoring is implemented and documented.	All subcontractors, no matter of their size, have to be monitored for social compliance by the factory. Therefore, a documented monitoring system has to be implemented for the embroidery subcontractor.	Mr. Slowikowski	31.12.2012
If applicable: law				

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## Photos



Cluster N° 8.1 One fire extinguisher blocked at production



Cluster N° 8.2 Escape route markings on the floors are missing



Cluster N° 8.3 Electrical fuse box obstructed and has no isolation

## Observations and recommendations

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## Grading overview

<b>1. Social Compliance Management</b>		<b>Good</b>
<b>2. Child Labor &amp; Young Laborers</b>		<b>Good</b>
2.1	Child in the facility	Good
2.2	Special Treatment of Young Laborers	Good
<b>3. Forced Labor</b>		<b>Good</b>
3.1	Bonded Labor	Good
3.2	Overtime on a Non-Voluntary Basis	Good
<b>4. Worker Treatment</b>		<b>Good</b>
4.1	Harassment / Abuse	Good
4.2	Disciplinary Measures	Good
4.3	Contractual Conditions of Work	Good
4.4	Social Facility (if legally required)	Not applicable
<b>5. Discrimination</b>		<b>Good</b>
5.1	Hiring	Good
5.2	Remuneration	Good
5.3	Career	Good
5.4	Termination of Work	Good
<b>6. Hours of Work</b>		<b>Good</b>
6.1	Actual Hours of Work	Good
6.2	Rest Period	Good
6.3	Daily Break Regulation	Good
6.4	Special Groups	Good
<b>7. Compensation &amp; Benefits</b>		<b>Good</b>
7.1	Remuneration for regular work week	Good
7.2	Overtime Payment	Good
7.3	Insurance and Tax	Good
7.4	Holidays	Good
7.5	Special Payments	Good
<b>8. Health &amp; Safety</b>		<b>Good</b>
8.1	Fire Fighting	Minor
8.2	Evacuation Safety	Minor
8.3	Electrical & Machine Safety	Minor
8.4	Workplace Conditions	Good
8.5	Chemical Safety	Good
8.6	Personal Protection	Minor
8.7	Hygiene	Good
8.8	Medical Services and First Aid	Good
8.9	Dormitory	Not applicable
<b>9. Freedom of Association &amp; Collective Bargaining</b>		<b>Good</b>
9.1	Formal and Informal Worker Representation	Good
9.2	Union Activities	Good
9.3	Grievance Mechanism	Good
<b>10. Supplier Control</b>		<b>Improvements Needed</b>
10.1	Subcontractors	Major
10.2	2 <sup>nd</sup> / 3 <sup>rd</sup> tier Suppliers	Good
<b>Overall Audit Result</b>		<b>Good</b>