

Joshua Farinella met with Sre****, a quality assurance manager, and Kir****, a human resources executive, in January 2024 to discuss presenting modified documents to auditors.

[00:00:03] Joshua Farinella: What's up? Have a seat. Have a seat. Relax. I just want to make sure — we got — well, you won't be here. Yeah. So I want to make sure everything we need to adjust, it's properly adjusted. I know it's probably going to be just like the amfori one except they're going to add their own stuff because nobody wants to say they're using somebody else's audit.

[00:00:31] Joshua Farinella: So how did we do amfori? Did you like, change payroll based on who they picked for interviews or did you have a whole stash of them set aside for everybody just in case?

[00:00:48] Sre****: You know, we are going to have all these sustainability assessments ASA, which is a social assessment, by the first week of March for this facility. So, they're giving us this one walking out the system that wages, that will fact of other ways of their involvement during the coming weeks. Their safety, occupational safety, fire safety and environmental policies, all of these to develop will be the Aldi sustainability program.

[00:01:26] Sre****: So rest of the AS. We can be very transparent. We have no challenges, no fire safety or environmental things, all of those. Only area that you will need some make-ups is the walking out and the wages [inaudible], especially their involvement in the social schemes like global fund and insurance fund.

[00:01:55] Sre****: So the challenges are, when they talk about the different days of the month to Aldi fishery project would show a proportion of workers. We cannot say management 250 [inaudible] or 220 which they won't believe. They won't believe for sure. And so we need to show a sizable number to them, saying we have, say, 415. Workers. Environmental workers.

[00:02:27] Sre****: All are covered in ESI/PF. This is the last six months wages, post, their in-out timings or [inaudible] post. We should have all documents ready to show them.

[00:02:41] Kir****: [inaudible]

[00:02:43] Sre****: They may take one year, but they may take six months. They may take three months. We don't know. But you should have records ready.

[00:02:53] Kir****: [inaudible]

[00:02:54] Sre****: So [inaudible] for how many people?

[00:02:59] Kir****: [inaudible]

[00:03:04] Sre****: Actual 300.

[00:03:05] Kir****: [inaudible]

[00:03:07] Sre****: Okay. [Inaudible] And they meet the minimal wages?

[00:03:14] Kir****: The records we have to [inaudible]

[00:03:20] Sre****: So that's a major challenge. It should start from the personnel file and in the personnel file, their profile info, it should specify their working hours, their remuneration, other benefits including ESI/PF. We should have their personnel file written and start from there.

[00:03:39] Sre****: Second, their in-out timings. Since we do not have a biometric system, it should be [inaudible] The in-out timing should be perfectly matched with your payments.

[00:03:52] Sre****: Third, what are their wage records? You should have clear pay slips. And [inaudible] salaries. The wage records must be up to date. [inaudible]

[00:04:07] Sre****: Their ESA payments proof and provident fund payment. These are the records. Making committee reports is very easy [inaudible] Spend two hours, write something.

[00:04:23] Sre****: But these are financial transactions which, whatever way, they must match. A single incident of mismatch will be an observation of nonconformity. And we might be disqualified even by one mismatch. They are not okay with clerical errors, they must match. So that is one way you have to be very careful.

[00:04:49] Sre****: Otherwise, it's management. Fire safety.

[00:04:55] Joshua Farinella: Yeah, that's that part's easy. But I was like, I was going through little things, like when I walk around. I know we've had issues in the past with people in the dorms there, where we had people, we didn't have bunks or we didn't have mattresses, we didn't have blankets.

[00:05:12] Joshua Farinella: Like I know we've had people on bare steel. I know we've had them on the floor. Do we have everything we need? Like are there...

[00:05:20] Kir****: They are going to the dormitory and there are so many beds.

[00:05:27] Sre****: That's what I'm saying. You cannot show 300 [inaudible] make some efforts [inaudible] That's what I'm saying [inaudible]

[00:05:47] Joshua Farinella: So we need to show that we have the people in house who could make that kind of output and not make any mention of these external sheds that we're using? They don't exist, They do not exist.

[00:06:05] Kir****: But, if they're going to accommodations, they will find many beds...

[00:06:11] Sre****: How many workers do you have, boys and girls total?

[00:06:13] Kir****: We have 600 people. 600 [inaudible]

[00:06:15] Sre****: 600 [inaudible], we have. We should keep at least 500 or 600 enrollments. [Inaudible] First week of March.

[00:06:32] Joshua Farinella: They're scheduled for five weeks from now. Pretty much.

[00:06:35] Sre****: Five weeks [inaudible]. You will have to manage your papers.

[00:06:46] Joshua Farinella: You have to give the appearance.

[00:06:48] Sre****: Yeah, yeah. It's just one paper which half of the day will go up in... and discussions. [inaudible] On that particular day, manning the show in such a way that whoever available, they will fall into compliances. Manage your workforce that day.

[00:07:12] Kir****: [Inaudible]

[00:07:16] Sre****: They definitely will be [inaudible] well... They are not surprised. They come from the U.S., so they will have a very clear charge. On this day, this time, do this thing. [inaudible] to choose. Everything will be well-defined. You will get all your information at least three to four weeks in advance.

[00:07:36] Sre****: On audit, it's managing that show, and managing the records. It won't be a three day audit or one day, maybe two hours for that person. That too, if you manage the [inaudible] areas in a convincing way, they won't think much into it. But at one sight of a mismatch, they will [inaudible].

[00:08:10] Joshua Farinella: Like one thing I don't know about for all of our residents, they'll probably... whoever they pick that they want to see payroll records for, they're probably also going to want to see whatever kind of identification they have. I don't what it is, [inaudible] card?

[00:08:31] Kir****: Duty card, sir. [Inaudible]

[00:08:36] Joshua Farinella: Do we have it? Do they have it? Do we have to get it from the contractor because they have it, so we'll need to?

[00:08:44] Kir****: [inaudible] I will have a copy of that.

[00:08:50] Joshua Farinella: Okay. But I'm just like, in general, do they have their own or does their contractor hold on to it?

[00:08:57] Kir****: They have their own.

[00:08:58] Joshua Farinella: They've got it? Okay, good.

[00:08:59] Kir****: [Inaudible]

[00:09:01] Sre****: You should have all of their questions about the contractor at least 15 days in advance. Don't wait for the last minute. Fifteen days in advance, you should have it in your file. And you should know on that particular day who are the people appearing.

[00:09:18] Sre****: Only [inaudible] must be available. Not one person extra. That way you can program it. That is how social audit is done. You cannot have surprises of people coming and going back from the gate. [Inaudible] You want to only see people coming in. [Inaudible]

[00:09:37] Joshua Farinella: It's just like an airport terminal.

[00:09:40] Sre****: Yeah, exactly. Exactly. Only those who are [inaudible] We tried to manage a visit at the power plant in Kochi. They wondered, first of all they wondered [inaudible]. In Andhra, they have two more criteria. It has to be a fully operational factory. Bapatla. It should be packing the product for Aldi.

[00:10:20] Joshua Farinella: So we tried to not do it here. One, we have to make sure, like aside from, you know, the revolving front gate, if our dorms have 500 beds, we can't have 520 people because that's going to be a red flag like, where do these people sleep? Are we in that position now?

[00:11:00] Sre****: On that day, maybe you can have only local laborers. Use your in-house laborers for PPC and production. So whenever they find those people, you have more control [inaudible] You have your staff workers. They are not bothering whether they are PPC or production. They don't bother. They care when they come, when they go, how much money you pay them. Are they taken care of? That's what they care about.

[00:11:37] Sre****: You show in-house migrant workers in PPC. They absolutely are not. Maybe some 200 people on that day. A few in the production center, a few in the dormitory [inaudible] You manage with that 400, 500 people [inaudible] Except few [inaudible] but they must be little.

[00:12:10] Joshua Farinella: That's why I wanted to have this little sit down now so it doesn't surprise.

[00:12:16] Sre****: Maybe we can work closely once again and see how we can translate this. But this is the whole deal. Have a plan. We'll talk with Mai**** soon. We'll get a date soon. It will

be first week of March. So once we get the date, we will start preparations one month in advance.

[00:12:36] Sre****: On that day, none of the workers, only in-house workers. They will be in PPC, they will be in production, in the dormitory. They must be controlled. Even if you have [inaudible]. Start now. Why don't we [inaudible] We are paying decently to all of them now. Why should we save some pennies of using a [inaudible]?

[00:13:02] Sre****: No one pays more than what we pay ours. We are the best payers in our business [inaudible] The local workers [inaudible] Including the 300? Now, so you have two months [inaudible] March [inaudible] Everyone knows this industry doesn't have 25 years of experience.

[00:13:39] Sre****: People will come out. We can say that we had more people then they left, so we will demand more of them. See, we can tell stories. Until we have proof, they want [inaudible]. When they have proof in front of them, their souls can be sold [inaudible]

[00:14:09] Joshua Farinella: Do you have like, a favorite magician that you watched when you were little? That's what audits are.

[00:14:20] Sre****: Even quality or safety audits. It's not 100 percent realistic. You need to make stories, make proof, convince them. Such circumstances, particularly in Indian circumstances, you cannot be 100 percent accurate. You cannot be more than 70 percent accurate, in my view. At least 70 percent [inaudible].

[00:14:48] Sre****: 80% was the rule, was magic... Still they get certifications. Still, there are big buyers. [inaudible]

[00:15:02] Joshua Farinella: And we'll talk more in the coming weeks. We'll figure out a plan of where to start and where to go.

[00:15:12] Sre****: In 2022, they did a safety assessment for [inaudible] packing 50 kilometers away from here. Costco corporation. I was a team member of that project. Thomas was also there. I have those documents and reports. So I will share with the team what exactly they focused on.

[00:15:35] Joshua Farinella: So you've already got their road map.

[00:15:36] Sre****: Yeah.

[00:15:37] Joshua Farinella: Good.

[00:15:38] Sre****: [inaudible] So you can understand the perspective [inaudible] We have time, next 10, 15 days [inaudible] Don't worry. Problem will be about financial transactions. Everything else we can make. Only financial documents we cannot easily fabricate. We'll make a plan.

[00:16:18] Joshua Farinella: We'll probably start with what's going to take the most time and whittle it down. Thank you.