

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

14 Nov 2021



Factory Information

FLA Affiliates	Fast Retailing Co., Ltd.
Country	Bangladesh
Number of Workers	1350

Understanding this Report

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

FLA Code Element

Number of Violations

Compensation (C)	2
Employment Relationship (ER)	15
Freedom Of Association And Collective Bargaining (FOA)	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	18
Hours Of Work (HOW)	4

Assessment Information

Assessor	Insync
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Assessment Date	14 Nov 2021
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Assessment Purpose	Factory Assessment (In-Person)
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ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.7
Benchmark Details	All payments to workers, including hourly wages, piecework, fringe benefits and other incentives shall be calculated, recorded, and paid accurately.
Finding Details	A review of wage records for sampled workers revealed that ten sampled workers were hired as helpers (as per their employment contract) and paid wages of BDT 8000 (Grade 7) though the nature of this job requires them to be paid BDT 9347 per month. Management stated that some of these workers were promoted in November 2021 and wages will be revised effective November 2021. At times, supervisors ask these helpers to do other jobs to fill temporary vacancies.
Recommendation for Immediate Action	Do not change nature of work for workers unless a letter of communication is provided for promotion and job changes with information on wages that will be paid. Factory should ensure accurate wage payments when the nature of work is changed.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Labor Rules 2015- Rule 133 (1): No Owner or Contractor or Management Authority can give less amount of money than the minimum wage rate declared by law to any worker or employee.
Benchmark ID	C.3.1.3
Benchmark Details	Where probationary employment is legally allowed, no workers shall work more than three months in this employment category.

Finding Details	The probation period for skilled workers is six months and for unskilled workers is three months. This practice is legally allowed but goes against FLA benchmarks.
Recommendation for Immediate Action	The probation period should not exceed three months.
Compliance Classifications	Immediate Action Required
Local Law	

Employment Relationship (ER)

Benchmark ID	ER.17.5
Benchmark Details	Employers shall have in place procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.
Finding Details	Based on a review of the grievance log showed complaints reported by supervisors against workers but there were not any grievances raised by workers. Additionally, there is no "action taken" for a few of the complaints raised by supervisors.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.19.2
Benchmark Details	All notices that are legally required to be posted in the workplace work areas shall be posted by employers.
Finding Details	Some COVID-19 posters are posted at the entrance to the factory, but are not included throughout the factory.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.2
Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.
Finding Details	1. The factory does not provide ongoing training on all FLA/company affiliate code elements. 2. The factory does not provide training on health & safety/hygiene in the child care facility.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.2
Benchmark Details	Employers shall ensure managers and supervisors are fully familiar with the workplace disciplinary system and in applying appropriate disciplinary practices.
Finding Details	The factory does not provide training on the disciplinary system to managers and supervisors.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.5.1
Benchmark Details	Employers shall ensure that all supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance.
Finding Details	Personnel development, performance evaluation, freedom of association, termination and retrenchment, health & safety, and environment are not included in training for supervisors.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.17.1
Benchmark Details	Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, worker committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives.
Finding Details	The written procedures do not provide clarity on steps that will be followed to address grievances. For example, the procedures do not define timelines for addressing grievances or the requirement for employee training.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Benchmark ID	ER.1.1
Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.
Finding Details	1. The written procedures on recruitment and hiring does not include the need for employee training or a periodic review of documentation. 2. The factory does not have written procedures on nondiscrimination or policy and procedures on forced labor. The written procedures on child labor do not provide information on responsible person and employee training. The written procedure on termination does not include information on employee training and related documentation. 3. There is no information on the calculation and payment of terminal dues. The written procedure on compensation and benefits does not include information on employee training or maintenance of related documentation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.1
Benchmark Details	Employers shall have written disciplinary rules, procedures and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).

Finding Details	The written procedures on workplace conduct and discipline includes information on termination and retrenchment is separate from the disciplinary procedures. There is no information on the requirement for employee, manager, or supervisor training.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.6.1
Benchmark Details	Employers shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.
Finding Details	Written procedures on Personnel Development do not include the need for employee training.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.7.1
Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.

Finding Details	The factory does not have written policies or procedures on performance reviews. Performance is evaluated based on job vacancies.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.8
Benchmark Details	Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, are provided in writing and seek feedback from employees in writing, and follow all local legal requirements.
Finding Details	1. Factory does not have written policies and procedures on promotions, demotions, or job reassignments. 2. Recommendation for promotions is made by Supervisors based on observation of workers performance and interaction with workers. HR department conducts an evaluation for recommended workers. The results of the evaluation are not discussed with workers. The evaluation date is not recorded and workers do not sign the sheet.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.4

Benchmark Details	Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas.
Finding Details	1. Factory does not provide regular communication to workers on all FLA's Code elements and Employment Functions. 2. Neither the FLA nor the affiliate's (Fast Retailing) code is not made available/communicated to the workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.19.1
Benchmark Details	Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.
Finding Details	1. Relevant FLA-affiliated company's written workplace standards are not made available to workers, managers, or supervisors. 2. The working hour approval form obtained on March 3, 2019 allows workers to work during the night shift from 9:00PM to 6:00AM. However, workers currently work from 8:00PM to 5:00AM and workers in the warehouse work on a 5:00PM to 2:00AM shift. 3. Records pertaining to grievances do not reflect any worker reported grievances since 2018. 4. Promotion letters are provided in English instead of the local language (Bangla). 5. The signatures of five sampled workers their promotion letters do not match the signatures on their employment documents. 6. The factory does not obtain worker signatures for letters that communicate wage increments. 7. The soft and hard copies of worker service cards have not been updated between 2019 and 2021.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	1. Bangladesh Labour Act 2015, CHAPTER IX WORKING HOUR AND LEAVE - Section 111. 2. Bangladesh Labour Act 2015 - CHAPTER II CONDITIONS OF EMPLOYMENT AND SERVICE - Section 8.
Benchmark ID	ER.3.1
Benchmark Details	Employers shall provide an orientation to new employees at the time of hiring, which includes explanations of the employers' rules, compensation package and policies for human resources, grievance systems, industrial relations, including respect of the right to freedom of association, workers' rights and responsibilities, FLA Code of Conduct, health and safety, and environmental protection.
Finding Details	Information on personnel development, performance evaluations, freedom of association, termination and retrenchment, health & safety, and environment are not included in training for new workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.3.3
Benchmark Details	Workers should be provided with written documentation that substantiates all the issues covered in orientation briefings.
Finding Details	Workers do not receive any documentation that substantiates the topics covered in orientation.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	

Freedom Of Association And Collective Bargaining (FOA)

Benchmark ID	FOA.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning freedom of association and collective bargaining. national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	Written procedure on freedom of association does not include information on employee training and related documentation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Harassment Or Abuse (H/A)

Benchmark ID	H/A.8.3
Benchmark Details	Employers, shall develop, implement and monitor policy and procedures for eliminating the risk of violence, harassment, and abuse in the workplace. Policies and procedures shall include a clear statement that violence, harassment, and abuse will not be tolerated, procedures for the investigation of allegations, and measures to protect any complainants, victims, and witnesses.

Finding Details	The written procedures on harassment and abuse do not include the need for employee training or document maintenance.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

Benchmark ID	HSE.30.1
Benchmark Details	Employers shall develop, maintain, and regularly review health, safety, and environmental policies to ensure that they comply with all national laws, regulations and the FLA Workplace Code concerning health, safety, and environmental standards, regulations and procedures.
Finding Details	The written procedure on environment does not provide information on the requirement for employee training.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.5.1.6
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: evacuation procedures and fire drills
Finding Details	The factory does not conduct an assessment after the evacuation drill to learn how to improve the evacuation process.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.5.1.4
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following: ensuring aisles/exits are not blocked and that workers are not blocked within their workstations
Finding Details	1. Access to passages for sewing machine operators from most work stations in the sewing section is blocked with garment stands and adjacent work stations. Additionally, there were multiple instances where two to three workers were working in one work station in sewing section. These work stations were congested with no space for movement. Some workers were caged in their work stations completely in sewing and checking areas with no or restricted access to passages and evacuation paths. 2. The electric cord connecting cutting machines with the main power source was on the floor, close to the feet of workers in cutting section of Unit 2.
Recommendation for Immediate Action	1. Work areas should be de-congested and access to passages for all workers from work stations should be clear and un restricted. 2. Electric chord connecting cutting machines with main power source should be re aligned overhead.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Factories Rules 1979- Rule 43
Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.

Finding Details	Secondary containment is not provided for barrels containing diesels. Stains from oil spills were seen on the floor under and around the barrels.
Recommendation for Immediate Action	Provide secondary containment for barrels containing diesels.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Factories Rules 1979- Rule 43
Benchmark ID	HSE.19
Benchmark Details	All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.
Finding Details	1. The toilets are not clean. 2. Hand dryer installed in toilets was not functional and was coming off the wall in the male toilets. 3. The factory does not provide workers with materials to clean or disinfect their workplaces. 4. The factory has not increased the frequency of general cleaning.
Recommendation for Immediate Action	1. Toilets should be maintained clean at all times. 2. Hand dryer installed in toilets should be functional and firmly fixed on the wall. 3. Factory should provide workers with materials to clean or disinfect their workplaces. 4. Factory should increase the frequency of general cleaning.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Factory Rules 2015
Benchmark ID	HSE.13
Benchmark Details	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.

Finding Details	Management has not conducted any assessments for determining thermal comfort problem areas.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	1. The factory does not have a system to periodically inspect vehicles. 2. Traffic lanes and walk paths are not marked. 3. Needle guards on most sewing machines in unit 1 are pushed upwards rendering them ineffective in preventing injury to fingers of sewing machine operators. 4. Eye shields on over lock machines were pushed upwards and not used by over lock machine operators. 5. The door lock arrangement was not functional in dryer no 1 and there was no arrangement installed on dryer no. 2. 6. Factory does not implement lock out-tag out arrangement though a lock out arrangement is available.
Recommendation for Immediate Action	1. Have a system in place for periodic inspection of vehicles. 2. Mark traffic lanes and walk paths. 3. Maintain needle guards on sewing machines. 4. Maintain eye shields on over lock machines at all times. 5. Door lock arrangement should be functional in all dryers. 6. Factory should implement lock out-tag out arrangement.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Factories Rules 1979- Rule 42
Benchmark ID	HSE.6.1

Benchmark Details	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.
Finding Details	1. Access to fire extinguishers and fire hydrant at rear end of the cutting section in unit 1 and two fire extinguishers in the sewing section of unit 1 were blocked. 2. Factory has provided 40 helmets, 15 belts, 25 boots, 45 gas masks, 45 hand gloves, 4 torch lights and 12 eye glasses for use by 193 members of fire brigade team.
Recommendation for Immediate Action	1. Maintain clear access to fire equipment and fire hydrants at all times. 2. Provide adequate equipment to members of fire team.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.4.1
Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.
Finding Details	The competency certificate is not available for the 3rd party external engineer who inspected lifts on October 2021 and compressors in August 2021.
Recommendation for Immediate Action	Maintain the competency certificate for the 3rd party external engineer who inspected lifts in October 2021 and compressors in August 2021.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh The Factories Rules 1979-Section 46(1)

Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	1. The audiometric test is not conducted for thread sucking machine operators and workers from the washing section. 2. Information on room capacities for Covid-19 is not posted in the work areas. 3. Factory has not taken steps to improve ventilation. 4. Information on maximum capacities in work areas is not posted. 5. The factory has not reduced number of persons allowed in a room to minimize risk of transmission. The sewing floors are congested. 6. The factory does not ensure that workers do not share any personal items such as: cutlery, cups, straws, water bottles, or cosmetics.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.28
Benchmark Details	Employers shall create a system to ensure that all necessary Health and Safety protections are provided for external contractors; including protection when working within , confined spaces, maintenance issues, and general Health and Safety Issues.
Finding Details	Factory does not provide safety information to workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.14.3

Benchmark Details	Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.
Finding Details	The safety instructions posted on machinery is in English and not in local language (Bangla).
Recommendation for Immediate Action	Post safety instructions in the local language.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.29
Benchmark Details	Employers shall provide all necessary protection for workers when working at heights, confined spaces, and other high-risk areas.
Finding Details	1. Confined spaces are not marked. Entry points are covered, however, they do not have a safety fence or signs to warn workers. 2. There are no defined procedures for entering confined spaces. As stated by management safety belts and helmets are used. However there is no documented evidence of such usage.
Recommendation for Immediate Action	1. Confined spaces should be fenced and signs posted to warn workers. 2. Procedures should be defined for entering confined spaces.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Factories Rules 1979- Rule 43
Benchmark ID	HSE.17.2
Benchmark Details	Employers shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.

Finding Details	The factory does not provide training on lifting techniques. The factory does provide some awareness on ergonomics.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.30.2.6
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system including a HS&E risk assessment within which the following are clear and regularly tested and reviewed:protections to workers who allege health, safety, and environmental violations;
Finding Details	The factory has not conducted a risk assessment.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.8
Benchmark Details	Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.
Finding Details	In the past 12 months, 217 out of 3460 workers have received training on PPE.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.14.2
Benchmark Details	Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use.
Finding Details	In the past 12 months, 66 out of 1768 machine operators received training on machine operation. No training is provided for vehicle safety.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.17.1
Benchmark Details	Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.
Finding Details	1. Anti-Fatigue mats are not provided to workers with standing jobs. Some workers were seen resting their feet on lower support of tables. 2. Work stations are not adjustable in height. A few workers in the checking section were short and working on the same table with fixed height that is used by taller workers.
Recommendation for Immediate Action	1. Anti-Fatigue mats should be provided to workers with standing jobs. 2. Work stations should be adjustable in height.

Compliance Classifications	Immediate Action Required
Local Law	Factories Rules 1979- Rule 42
Hours Of Work (HOW)	
Benchmark ID	HOW.22.1
Benchmark Details	Employers shall have in place policies for managing all working hour, overtime, and leave records in normal and exceptional circumstances.
Finding Details	The written procedure on working hours does not include information on employee training and related documentation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HOW.20
Benchmark Details	Employers shall have in place practices that conduct regular analysis of hours of work in their workplaces and procedures that demonstrate a commitment to progressively reducing excessive hours of work.
Finding Details	Production is planned for 11 working hours per day which includes three hours of overtime every day.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Benchmark ID	HOW.3
Benchmark Details	Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with national laws.
Finding Details	The factory does not provide the defined 15-30 minute break to workers when they work beyond six hours after the lunch break. For example, lunch break for group 1 ends at 1.30 pm and workers work until 8.00pm (including overtime). Workers are free to take a break for 15 to 30 minutes if they wish to during overtime but the factory does not require it.
Recommendation for Immediate Action	Workers should be provided breaks as legally defined.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Labour Act 2015 - CHAPTER IX WORKING HOUR AND LEAVE- 101
Benchmark ID	HOW.21
Benchmark Details	Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.
Finding Details	A review of time cards for sampled workers revealed that workers worked 66 hours a week during all weeks in November 2020 and during the 3rd and 4th weeks of October 2021. In March 2021, workers worked within 60 hours a week.
Recommendation for Immediate Action	Weekly working hours should not exceed 60 hours.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Labour Rules 2006 (amended in 2015) - Chapter IX- section 102.

