

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

07 Jul 2022



Factory Information

FLA Affiliates	Cutter and Buck
Country	Ethiopia
Number of Workers	3000

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

FLA Code Element	Number of Violations
Compensation (C)	4
Employment Relationship (ER)	3
Forced Labor (F)	1
Harassment Or Abuse (H/A)	2
Health, Safety And Environment (HSE)	9
Hours Of Work (HOW)	6

Assessment Information

Assessor	Ethical Trade Services - Africa
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Assessment Date	07 Jul 2022
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Assessment Purpose	
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ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.16.1
Benchmark Details	All compensation records, including wages and benefits whether in cash or in-kind, must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (e.g. signature, thumbprint).
Finding Details	As rest day overtime payments are not documented and paid separately from payrolls, workers do not receive and confirm these payments in writing.
Recommendation for Immediate Action	Ensure that all compensation for overtime worked is documented, including overtime worked on rest day, and confirmation for the payment be included in the pay slips for verification by the workers (either by signing or thumb print).
Compliance Classifications	Immediate Action Required
Local Law	Labour Proclamation No. 1156/2019 Article 60(1) states; The employer shall keep a register of payment specifying the gross pay and method of calculation of the wage, other remunerations, the amount and type of deduction, the net pay and other relevant particulars on which the signature of the worker is a fixed unless there is a special arrangement. Article 68(2) Payment for over-time work shall be effected on the day fixed for payment of wage and together with wage.
Benchmark ID	C.9.3
Benchmark Details	Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country

<p>Finding Details</p>	<p>-The factory does not ensure overtime payments are made for security guards employed by an outsourced agency. -Production workers do not receive correct payment for overtime according to their wage grade as legally required for work done on rest day. All workers receive 100 birr per day for rest day work instead of legal premiums and the factory does not keep records of these payments. -Only 1 hour overtime was paid every day as compensation for the 30minutes early arrival and 30minutes late departure of the workers. However, production workers may work more than 1 hour indicated in the attendance as overtime and these extra minutes/hours will not be documented and not paid as overtime. This was further confirmed from review of pay and attendance records for 47 out 86 workers the months of April 2022.</p>
<p>Recommendation for Immediate Action</p>	<p>-Ensure that all workers including contracted agency workers are paid a premium rate for the overtime worked as per the provision of the law -Provide correct amount of overtime payments for rest days to all workers and include this payment in actual payrolls. -Ensure that all overtime work is included in attendance records and reflected to payrolls with the correct payments.</p>
<p>Compliance Classifications</p>	<p>Immediate Action Required</p>
<p>Local Law</p>	<p>Labour Proclamation No. 1156/2019 Article 68 (1) States; In addition to his normal wage, a worker who works over-time shall be entitled at least on the following rate of payments: a) In the case of work done between 6:00 a.m. in the morning and 10:00 p.m. in the evening, at the rate of 1.5 multiplied by the ordinary hourly rate; b) In the case of night time work between 10 p.m. in the evening and 6 a.m. in the morning, at the rate of 1.75 (one and three fourth) multiplied by the ordinary hourly rate; c) In the case of work done on weekly rest day, at the rate of 2 multiplied by the ordinary hourly rate; d) In the case of work done on a public holiday, at the rate of 2.5 multiplied by the ordinary hourly rate.</p>
<p>Benchmark ID</p>	<p>C.17</p>
<p>Benchmark Details</p>	<p>Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to date.</p>
<p>Finding Details</p>	<p>Please review C.18.1.</p>

Recommendation for Immediate Action	
Compliance Classifications	
Local Law	
Benchmark ID	C.18.1
Benchmark Details	Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.
Finding Details	-The payroll records for the workers do not include rest day overtime. Overtime payment for work done on rest day is not documented and is paid off the official payroll. -The payrolls and pay-slips do not include hours and payment rates for work done from 10pm - 6am and public holidays. According to local labor laws, all overtime types should be included as payment component event there is no hour recorded or payment needed.
Recommendation for Immediate Action	Include all overtime work payments in the actual payrolls with the hours of worked accordingly. Develop a payroll system that captures all hours and related payments including all overtime rates as prescribed by the law, such as overtime work from 10pm - 6am and public holidays.
Compliance Classifications	Immediate Action Required
Local Law	Labour Proclamation No. 1156/2019 Article 60 (1) states; The employer shall keep a register of payment specifying the gross pay and method of calculation of the wage, other remunerations, the amount and type of deduction, the net pay and other relevant particulars on which the signature of the worker is a fixed unless there is a special arrangement.
Employment Relationship (ER)	
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	The factory does not provide ongoing trainings to workers on FLA code elements and Employment Functions. Additionally, although workers signed their contracts and receive orientation training, their knowledge on contract terms and factory procedures is low. According to worker interviews, workers are not aware of their leave days they are entitled to, and also confused about production bonus computation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.17.6
Benchmark Details	Employers shall have a system in place to prevent retaliation against or discrimination towards workers who are filing grievances, including grievances regarding harassment, abuse, violations of factory procedures, compensation, or unsafe working conditions
Finding Details	As much as the factory has clear grievances mechanism procedures including non-retaliation, 33 out of 86 workers raised that they feel that raising grievances may lead to reassignments, department change or even termination without adhering to the procedure.
Recommendation for Immediate Action	-Ensure non retaliation policy is implemented and workers can freely can raise grievances without any fear. -Train supervisors and managers on a regular basis on the grievance procedures and non-retaliation policies
Compliance Classifications	Immediate Action Required

Local Law	Labour Proclamation No. 1156/2019 Article 12 (12) States; An employer shall in addition to special stipulations in the contract of employment have the following obligations: (12) Whenever an enterprise has a work rules it should arrange awareness raising program for the concerned workers.
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	Please review ER.1.2
Recommendation for Immediate Action	
Compliance Classifications	
Local Law	
Forced Labor (F)	
Benchmark ID	F.8
Benchmark Details	The imposition of overtime where workers are unable to leave the work premises constitutes forced labor.
Finding Details	Please review HOW.8.2
Recommendation for Immediate Action	
Compliance Classifications	

Local Law	
Harassment Or Abuse (H/A)	
Benchmark ID	H/A.7
Benchmark Details	Employers shall not restrain the freedom of movement of workers, including movement in canteens, during breaks, using toilets, accessing water, or accessing necessary medical attention, as a means to maintain labor discipline.
Finding Details	The factory implements a card system for using toilets, which restricts access to toilets. For some lines ie: sewing line where 40 workers work near the administration offices there is only one card to access for the toilets.
Recommendation for Immediate Action	Remove card system for using toilets and ensure that all workers are free to move and access toilets without any restriction.
Compliance Classifications	Immediate Action Required
Local Law	Article 32 of the Constitution states Freedom of Movement; Any Ethiopian or foreign national lawfully in Ethiopia has, within the national territory, the right to liberty of movement and freedom to choose his residence, as well as the freedom to leave the country at any time he wishes to.
Benchmark ID	H/A.5
Benchmark Details	Employers shall not use any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline.
Finding Details	According to worker interviews and grievance records 23/2/2021, 6/7/2021 and 30/6/2022, there are supervisors shouting and using verbal violence against workers.

Recommendation for Immediate Action	Enforce the disciplinary policies including preventing verbal violence against workers to senior/management employees who violate the rights of workers. Provide trainings to all managers/ supervisors on employee relations and people management skills. Action should be taken to reprimand offenders when the matter is brought to management attentions.
Compliance Classifications	Immediate Action Required
Local Law	Labour Proclamation N.1156/2019 Article 12 (4) An employer shall in addition to special stipulations in the contract of employment have the following obligations: To respect the worker's human dignity;

Health, Safety And Environment (HSE)

Benchmark ID	HSE.6.2
Benchmark Details	A sufficient number of workers shall be trained in first aid and firefighting techniques. Training shall be upon hire and with periodic refresher training.
Finding Details	None of the canteen workers have been trained on firefighting by a certified/competent authority (they ought to have been trained by a body endorsed by the government) with the area being the highest risk area for fire accident/incident.
Recommendation for Immediate Action	Ensure that the canteen workers are trained on fire fighting by a competent authority.
Compliance Classifications	Immediate Action Required
Local Law	Occupational Safety and health Directive 2008 Article 35 (4) Designated workers shall be adequately instructed in fire fighting procedures applicable to their Place of employment.
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	The sewing sections had emergency aisles blocked by finished products awaiting to be moved to the packing area and the pre-finished product that the workers had put in queue for sewing.
Recommendation for Immediate Action	-Make an arrangement not to store or queue finished/ pre-finished products in emergency aisles. -Ensure that workers are trained not to block the emergency aisles and keep evacuation routes clear at all times.
Compliance Classifications	Immediate Action Required
Local Law	Occupational Safety and Health Directive 2008 Article 26(2) states; work areas shall be arranged to allow the safe movement of workers, equipment and materials.
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	Toilets provided in each shed visited were noted to be lacking water, soap and drying items (driers or towels). Additionally, the hand washing area at the canteen did not have soap and drying items such as driers or towels
Recommendation for Immediate Action	The factory should ensure that adequate water, soap and drying items are provided in each toilet and at the canteen.
Compliance Classifications	Immediate Action Required

Local Law	Occupational Health & Safety Directive 2008 Article 20(1b) . States; An employer shall provide and maintain, separately, for the use of men and women workers (b) a supply of clean hot and cold or warm water, soap and clean towels or other suitable means of cleaning or drying, and the facilities shall be located in close proximity to toilets and shall be kept in a clean and orderly condition.
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	One open electrical box was observed at the canteen and another one at the maintenance room near the moulding section.
Recommendation for Immediate Action	All electrical boxes should be locked at all time including after maintenance has been concluded.
Compliance Classifications	Immediate Action Required
Local Law	Labour Proclamation No. 1156/2019 Article 12 (4) states An employer shall in addition to special stipulations in the contract of employment have the following obligations: To take all the necessary occupational safety and health measures and to abide by the standards and directives to be given by the appropriate authorities in respect of these measures;
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	4 out of 10 sewing machines had no needle guards and 2 out of 10 sewing machine guards were moved up that prevents protection.
Recommendation for Immediate Action	Ensure that all sewing machines at the factory well maintained with eye guards. Provide training to worker not to move eye guards and use them effectively.

Compliance Classifications	Immediate Action Required
Local Law	Labour Proclamation No. 1156/2019 Article 12 (4) states An employer shall in addition to special stipulations in the contract of employment have the following obligations: To take all the necessary occupational safety and health measures and to abide by the standards and directives to be given by the appropriate authorities in respect of these measures;
Benchmark ID	HSE.21
Benchmark Details	Employers shall not place any undue restrictions on toilet use in terms of time and frequency.
Finding Details	Please review H/A.7
Recommendation for Immediate Action	
Compliance Classifications	
Local Law	
Benchmark ID	HSE.23.1
Benchmark Details	Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature. The means to drink water (e.g. cups) must be safe and sanitary and available in an appropriate number.
Finding Details	Workers interviewed reported that the drinking water was not safe for drinking as sometimes they would notice white particle in the water and the taste would be sour. The Water test analysis report provided did not show any remarks/comments confirming the water was safe for drinking/portable.
Recommendation for Immediate Action	Ensure that the test results clearly outline the final remarks concerning the portability of the water and the drinking water jars are regularly changed to reduce chances of contamination.

Compliance Classifications	Immediate Action Required
Local Law	Occupational Health & Safety Directive 2008 Article 22(2) . States; A supply of drinking water which is not piped in shall be contained in suitable vessels and shall be renewed at least daily and all practical steps shall be taken to preserve the water and vessels from contamination, and a drinking water supply, whether piped in or not shall' when necessary for identification, be clearly marked ...Drinking water...
Benchmark ID	HSE.7
Benchmark Details	Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.
Finding Details	Workers in the canteen kitchen were observed working with open shoes, and maintenance and packing workers did not have safety shoes and gloves.
Recommendation for Immediate Action	Provide required Personal Protective Equipment (PPE) for maintenance and packing workers and ensure canteen employees wear proper closed shoes considering hygiene rules.
Compliance Classifications	Immediate Action Required

Local Law	Labour Proclamation No. 1156/2019 Article 12 (1b). An employer shall in addition to special stipulations in the contract of employment have the following obligations: unless otherwise stipulated in the contract of employment, to provide the worker with implements and materials necessary for the performance of the work; Occupational safety and Health Directive Article 41(1) states; Every Employer (1) Shall at his own expense furnish his workers with protective equipment for the eyes, face' hands and feet, protective shields and barriers whenever necessary by reason of the hazardous nature of the process or environment, chemical or radiological or other mechanical irritants or hazards capable of causing injury or impairment in the function of any part of the body through absorption, inhalation or physical contact;
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	Anti-fatigue mats are not provided in packing section where workers stand for long hours.
Recommendation for Immediate Action	Provide anti-fatigue mats for workers who work while standing for long hours. Alternatively, the factory should consider providing sufficient number of seats for workers to take some slight breaks as per Occupational Health & Safety Directive 2008 Article 28(1) .11 Seating (I) where workers have in the course of their work reasonable opportunities for sitting without detriment to their work, the employer shall provide and maintain for their use suitable and adequate seating to enable them to take advantage of those opportunities.
Compliance Classifications	Immediate Action Required
Local Law	Labour Proclamation No. 1156/2019 Article 12 (4) states An employer shall in addition to special stipulations in the contract of employment have the following obligations: To take all the necessary occupational safety and health measures and to abide by the standards and directives to be given by the appropriate authorities in respect of these measures;

Hours Of Work (HOW)

Benchmark ID	HOW.22.2
Benchmark Details	Accurate time records shall be maintained by employers, including overtime, breaks, and leave.
Finding Details	Please review HOW.22.3
Recommendation for Immediate Action	
Compliance Classifications	
Local Law	
Benchmark ID	HOW.8.2
Benchmark Details	All overtime work shall be consensual, and employers shall enact a voluntary overtime system, including for overtime utilized in exceptional circumstances*.
Finding Details	There was evidence indicating the overtime worked by all workers was involuntary (the factory has an agreement signed by all workers to work overtime systematically to meet the orders required/target for the day). The factory systematically uses overtime to make up for production targets/orders. Additionally, the workers interviewed stated that if one leaves the facility his or her work tag/badge is taken thus cannot access the industrial zone the following day which leads indirect termination/dismissal from work.
Recommendation for Immediate Action	-Ensure that overtime work is voluntary and only conducted once workers agreed on working overtime. Ensure that overtime voluntariness is documented in procedures and communicated to workers, managers through trainings . -Cease the implementation of getting written document on accepting overtime working in advance and ensure there is no retaliation against workers when they refused to work overtime.

Compliance Classifications	Immediate Action Required
Local Law	Labour Proclamation No. 1156/2019 Article.67(1) A worker may not be compelled to work overtime, however, overtime may be worked whenever the employer cannot be expected to resort to other measures and only where there is: a) Accident, actual or eminent; b)Force-majeure; c) Urgent work; d)Substitution of absent workers assigned on work that runs continuously without interruption.
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 workers have a 30 minutes lunch break instead of 1 hour as legally required.
Recommendation for Immediate Action	Provide workers 1 hour lunch break to ensure the active working hours are 8 in a day as perceived by the law.
Compliance Classifications	Immediate Action Required
Local Law	Labour Proclamation No. 1156-2019 Article 61 sub-article 2 states; Normal hours of work shall not exceed 8 hours a day or 48 hours a week.
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	Contracted security guards were noted noted to be working 96hours a week with an average overtime of 48 hours a week.
Recommendation for Immediate Action	The factory should ensure contracted guards working hours are reviewed to be not more than 48hours as required by the law.
Compliance Classifications	Immediate Action Required

Local Law	Labour Proclamation No. 1156/2019 Article 61(2) Normal hours of work shall not exceed 8 hours a day or 48 hours a week. Article 67(2) Notwithstanding the provisions of Sub-Article (1) of this Article, overtime work shall not exceed four hours in a day and twelve hours in a week.
Benchmark ID	HOW.22.5
Benchmark Details	Time records maintained shall be authentic and accurate.
Finding Details	Please review HOW.22.3
Recommendation for Immediate Action	
Compliance Classifications	
Local Law	
Benchmark ID	HOW.22.3
Benchmark Details	Time worked by all workers, regardless of wage system, shall be fully documented by time cards or other mechanical or electronic recording systems.
Finding Details	The factory does not have a electronic or mechanical recording system for working hours. A manual record is used by the supervisors/team leaders to indicate 8hrs and 1 hr of overtime (when OT is done) and this is signed by the worker at the end of the work day. This record does not include in and out times of the workers i.e. the production workers have the hours recorded by their supervisors and they only sign, workers from the cleaning agency only tick when they report and when absent its written A while the Security guards do not document their working hours.
Recommendation for Immediate Action	The factory should ensure an electronic or mechanic system including in-out times provided by workers is used.
Compliance Classifications	Immediate Action Required

Local Law	N/A
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