

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

23 Jul 2022



Factory Information

FLA Affiliates	Esprit Europe Services GmbH,Puma SE
Country	Bangladesh
Number of Workers	2839

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)	7
Health, Safety And Environment (HSE)	10
Hours Of Work (HOW)	3

Assessment Information

Assessor	SCSA
Assessment Date	23 Jul 2022
Assessment Purpose	Factory Assessment (In-Person)

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.15.1.7
Benchmark Details	Employers shall provide workers a pay statement each pay period and not less frequently than once a month, which shall show final total wage.
Finding Details	Pay slips for workers at the facility only reflect the payment for workers' regular hours and for two hours of overtime. If workers perform more than two hours of overtime, these hours and the associated wages do not appear on pay slips.
Recommendation for Immediate Action	Include all hours worked and payments (general, normal overtime & additional overtime) on the pay slip.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Labor Rules 2015, chapter 10, section 111, sub-section 3: The Owner shall give Wage Slip to each worker at the time of paying wages as per Form-38, where payable amount of wages, overtime allowance, deduction (if any) and total payable amount of wages shall be mentioned.
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	10 out of 20 sampled workers completed a probationary period of three months, but then had the probationary period extended another three months. Only after six months did the facility confirm their service as a permanent or regular employee. In four cases, workers joined in December 2021 and should have completed the probationary period in March 2022. However, these workers received a confirmation letter in June 2022 instead. This practice may impact workers' rights to annual bonuses, as workers who have not completed the probationary period and received confirmation letters do not receive annual festival bonuses.
Recommendation for Immediate Action	Ensure workers' probationary periods shall not exceed 3 months.
Compliance Classifications	Immediate Action Required
Local Law	

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 facility has a total 3627 employees, but only 2501 employees received training on the FLA Code of Conduct and Employment Functions in the past 12 months. The last such training was on October 27, 2021 and total participants were 171.
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	Managers and supervisors are not fully familiar with the workplace disciplinary system. Interviews revealed that multiple supervisors' awareness of the workplace disciplinary system was weak. They were not well aware of the different types of misconduct, disciplinary action procedures, and options for disciplinary actions.
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	Document review and management interviews found that the facility does not provide specific training to all relevant supervisors and managers on the FLA Code of Conduct and Employment Functions. The facility has over 400 supervisors, but has provided training to only 37 supervisors.
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	(1) The facility does not have a written policy and procedure on performance reviews. The facility issues notices explaining how workers' annual wage adjustments will be made. Only behavioral and discipline-related issues are mentioned in this notice. The notice does not mention formal steps and processes, linkages to job grading, nondiscrimination, written feedback, and legal requirements. (2) In reviewing the performance evaluation form used for workers, the assessment found that workers do not have access to their evaluations nor the right to provide feedback on them. The form has no space for workers' opinion or feedback regarding their performance evaluation result.
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	The facility does not have a policy and procedure on promotion, demotion and job re-assignment. The facility's recruitment policy states that the facility will fill a vacant position through promotion, but there is nothing mentioned about demotion or job re-assignment.

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	Document review revealed that the facility's Export Promotion Bureau Certificate expired on July 1, 2022. The facility applied for renewal on June 23, 2022. Document review also revealed that the facility has an agreement with a supplier to supply food for workers and employees, but the facility's kitchen shed does not have a proper construction approval permit. Furthermore, the food supplier's BEPZA enrollment expired on July 1, 2022. The facility applied for renewal of the supplier's BEPZA enrollment on June 29, 2022.
Recommendation for Immediate Action	Renew the Export Promotion Bureau certificate in a timely manner and obtain construction approval plan for the kitchen shed from the relevant authorities.
Compliance Classifications	Immediate Action Required
Local Law	The Importers, Exporters & Indenter (Registration) order 1981, section 3(1): No indenter, importer or exporter who has not been granted registration by the Chief Controller shall issue indent, import or export any goods into, or out of Bangladesh; Bangladesh National Building Code 2020, part II chapter 3, section 3.1. No building or structure regulated by this Code shall be erected, constructed, enlarged, altered, repaired, moved, improved, removed, converted or demolished without obtaining permit for each such work from the Building official.
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	Document review found that the orientation training for new workers only covers health & safety and workplace discipline topics. Other FLA Code Elements and Employment Functions are not communicated.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.1.5
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: employee education and training
Finding Details	The facility has a total 3627 employees, but only 2580 employees received training on basic fire safety training, including their duties in the event of a fire, in the past 12 months. The last such training was provided on March 19, 2022 with 20 participants.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Benchmark ID	HSE.5.1
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	(1) Various designated exits throughout the facility lack exit signs, including: two designated exits in the industrial engineering office, two exits in the merchandising office, one exit in the sewing office, one exit in the HR office, two exits in the maintenance room, one exit in the APW section, one exit in the sub-station, one exit in the male toilet on the ground floor, one exit in the prayer room on the 1st floor and one exit in the prayer room on the ground floor. (2) Exit doors that open inwards are installed at various designated exits: at least two exits in the Industrial Engineering office, two exits in the cutting section office and one exit in the conference room on the mezzanine floor. A sliding door was installed at one exit in the HR office, where more than 20 people work. (3) Floor markings or arrows indicating the direction of evacuation are missing in at least three passageways in the accessories warehouse on the mezzanine floor, one passageway of the sewing section, and one passageway in the merchandising office. (4) Arrows marking the direction of evacuation were faded in two aisles in the washing section, two aisles in the training lines, and one aisle in the sewing section. Directional arrows were also faded in the accessories warehouse, finished goods warehouse, cutting section and sewing section.
Recommendation for Immediate Action	(1) Install exit signs at all designated exits (2) Install outward-opening exit doors at exits. (3) Provide exit directional signs or arrow markings to show the direction of main exit. (4) Re-paint all faded aisle & arrow floor markings for easy evacuation during an emergency.
Compliance Classifications	Immediate Action Required

Local Law	<p>Fire Service Rule-1961 AD and under this rule vide Act-99 S.R.O No.: 109 published on 25 May-1999, 11 Joistha-1406 B.S. for Warehouse Workshop of Garments Industries: In workshop or warehouse above of the stair at both side and above on emergency staircase exit at both side have to install battery & electricity oriented (dual sources) lighted exit sign at all floor. /// The Accord on Fire and Building Safety in Bangladesh and Alliance Fire Safety and Structural Integrity Standard, section 3.65.1: Existing battery-operated or uninterruptable power supply systems can be continued to be used to supply exit signs and means of egress illumination where monthly testing of such systems is conducted and properly documented. /// Bangladesh Labor Law 2006, chapter 6, section 62, sub-section 3 (2) amendment 2013: The door shall be constructed such way that immediately opened from inside while any person is in the room and it should be outward open. /// Bangladesh Labor Law 2006, Chapter- 6, Section – 62, Sub section-4: In every factory every window, door, or other exit affording means of escape in case of fire, other than the means of exit in ordinary use, shall be distinctively marked in a language understood by the majority of the workers and in red letters of adequate size or by some other effective and clearly understood sign.</p>
Benchmark ID	HSE.5.1.3
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of emergency lighting
Finding Details	The assessment observed at least 6 non-functioning exit lights at the sewing and APW section.
Recommendation for Immediate Action	Install electrical and battery powered exit lights at all designated exits. Carry out checks to ensure that they are functional.
Compliance Classifications	Immediate Action Required
Local Law	<p>Fire Resist & Fire extinguish act 2014, thirteenth schedule, rule 19(3) section title: Fire extinguishing system for multistory F Class building, section 29: lighted exit sign should be above the stair of emergency exit and artificial lighting should be ensured at exit access and exit.</p>

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) The assessment observed several aisles that were partially obstructed by obstacles such as goods, boxes, work stations, ladders, fabric rolls and idle machines. Blocked aisles included three aisles in the fabric warehouse, two aisles in the sewing section, one passageway in the cutting section, one aisle in the washing section and two aisles in the finishing section. (2) Workers' evacuation routes were partially obstructed by goods and by other workers at the sewing section, ironing section and finishing section.
Recommendation for Immediate Action	Ensure obstacle-free aisles and passageways for easy evacuation during emergencies.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Labor Law 2006, Chapter- 6, Section – 62, sub- section 6, a free passage-way giving access to each means of escape in case of fire shall be maintained for the use of all workers in every room of the factory. /// Bangladesh Labor Law 2006, chapter 6, section 62, sub-section 3 (2) amendment 2013: The door shall be constructed such way that immediately opened from inside while any person is in the room and it should be outward open.
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	(1)The facility does not clearly mark traffic lanes in front of the entrance and exit gate and inside the factory premises. (2) At least 10% of machines do not have eye shields installed. At least 20% of the needle guards on high-speed machines were installed too high, rendering them obsolete.

Recommendation for Immediate Action	(1) Clearly mark traffic lanes in front of entrance and exit gate and inside the factory premises to avoid accidents. (2) Inform workers on how to use machine safety guard properly to ensure their own safety.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Labor Rules, 2015, chapter 6, section 67: (1) Safety measures and health safety must be arranged in accordance with the directions of this Rule or the regulations of the concerned govt. department for the workers who are employed in the procedures of manufacturing processes that have high risks of physical injury or loss. (2) In addition to the arrangement of safety and health protection measures mentioned in Sub-section (1), the concerned manufacturing institute must provide necessary equipment's, including safety shoes, helmets, goggles, masks, hand gloves, ear muffs, ear plugs, waist belts, aprons etc. and arrange training programs for the workers in using these materials and ensure their usage. (3) No worker can be employed in the relevant works without ensuring safety and health protection measures and the training related therewith. In addition, personal safety equipment's must be preserved in accordance with Information Form-23.
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	(1) The Environmental Clearance Certificate for the sister factory at the same premises, which provides washing facilities to the factory being assessed, expired on April 24, 2022. The facility applied for renewal on February 20, 2022. (2) The generator usage permit expired on June 12, 2022. The facility applied for renewal on June 27, 2022. (3) The facility uses two compressors, but the facility does not engage with a competent personnel or organization to conduct hydraulic testing of compressor vessels. (4) The facility has engaged with a contractor to supply food for workers and employees, but the facility does not have a fire license from the Bangladesh Fire Service & Civil Defense department for its kitchen.
Recommendation for Immediate Action	(1) Renew the Environmental Clearance Certificate in a timely manner. (2) Renew the generator usage permit in a timely manner. (3) Engage with a competent personnel or organization to perform a test of the compressor vessels. (4) Obtain a fire license for the kitchen.
Compliance Classifications	Immediate Action Required
Local Law	Bangladesh Environmental Conservation Act 1995, amendment 2010, section 12 (1): No industrial unit or project shall be established or adopted without obtaining environmental clearance from the Director General of Department of Environment, in the manner prescribed by the rules. /// Bangladesh Energy Regulatory Commission Act, 2003, Sec 27: (1) of Bangladesh: No person shall engage himself in the following business unless he is empowered by a license or exempted from having it under this Act or any other Act, such as:- power generation; energy transmission; energy distribution and marketing; energy supply; and energy storage. /// Bangladesh Labor Rules 2015, chapter 6, section 62, sub-section 1(GHA) – Following test should be done by the competent personnel: (A) For ensure the general condition of the vessel and the effectiveness of its fittings, external part should be tested once in every six month; (B) Should be tested once in a year inner side, inside of vessel and outside wall, effectiveness of the seam's and spares parts of vessel and the fault of seroson. But, provided that, if it is not possible to check the inner part for the vessel due to construction problem, in that case Hydraulic test should be done once in every two years. /// Fire Protection Act, 2003 (Fire Service & Civil Defiance), Section -4: Every factory or, warehouse should have updated fire licenses. /// EPZ License policy 2017

Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	<p>(1) The facility commissioned a fire safety risk assessment by the Bangladesh Fire Service and Civil Defense on June 1, 2021 and issued a fire safety plan for six months, which expired on December 1, 2021. Facility management explained that they are in the process of updating the fire safety plan. (2) During the site tour, the assessment noted that the facility does not separate hazardous and non-hazardous waste properly. The facility stores hazardous and non-hazardous waste together in the old waste storage area and the old ETP plant area. (3) The Department of Environment conducted waste water tests at the facility on December 8, 2021 and May 9, 2022. According to the associated reports, the test results did not fall within acceptable standards. During the December 8 test, Total Dissolved Solids (TDS) were measured at 2570, exceeding the standards in local regulations (2100). During the May 9 test, Dissolved Oxygen (DO) was measured at 15, whereas local regulations require a result between 4.5 and 8.0. The test reports also indicate that the facility does not take appropriate steps to adjust and improve its treatment system.</p>
Recommendation for Immediate Action	<p>(1) Conduct a fire safety risk assessment with the Bangladesh Fire Service & Civil Defense. Obtain updated fire safety plan. (2) Store all waste in an organized way and avoid mixing hazardous and non-hazardous waste. (3) Operate the water treatment plant properly to ensure that waste water quality is at acceptable levels before the water is released to the environment.</p>
Compliance Classifications	Immediate Action Required

Local Law	<p>Bangladesh Labor Rules 2015, chapter six, section 55, sub-section 13: The Manager of the factory/institute shall prepare a 'Fire Fighting Plan', detailing the necessary steps to be taken if fire breaks out and the plan shall also include the procedures for making the same as effective. ///</p> <p>Bangladesh Labor Rules, 2015, chapter 5, section 40: (1) With a view to fulfilling the purposes of the section 51(a), wastes should be removed in the box with lid as the appropriate measure so that bad smell or germs can't be spread from these. (2) Metallic objects, wastes with terrible odor, chemical wastes and medical wastes should be removed in separate boxes every day. ///</p> <p>The Environment Conservation Rules, 1997, Rule-13: Determination of the standards for discharge and emission of waste. – For carrying out the purposes of clause (e) of sub-section (2) of section 20, the standard limits of the discharge of liquid waste and gaseous emission shall be determined in accordance with the standards specified in Schedules 9, 10 & 11, and the standards of the discharge or emission of wastes of various industrial units shall be determined in accordance with standards specified in Schedule-12.</p>
Benchmark ID	HSE.3.1
Benchmark Details	Employers shall notify the relevant national and/or local authorities of all illnesses and accidents and environmental emergencies as required by applicable laws.
Finding Details	Document review and management interviews revealed that the facility does not report injuries to the office of the Labor Inspector, the Dhaka EPZ hospital, or the office of Industrial Relations.
Recommendation for Immediate Action	Submit injury registers to either the office of the Labor Inspector, Dhaka EPZ hospital, or the office of Industrial Relations at least every six months, as legally required.
Compliance Classifications	Immediate Action Required

Local Law	Bangladesh Labor Rules 2015, chapter seven, section 73, Sub-Section 1 : Authority of every institute shall preserve the record of each accident or mishap in the Register in accordance with Form-28. The authority would also accurately record the steps taken by the institute in relevant Register. (2) The recorded data as per Sub-section (1) shall be submitted to the Inspector as Half-Yearly Accident Data Report within 10 working days after expiry of 6 months over the records.
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	(1) The assessment observed at least 15% of workers at the cutting, sewing and finishing sections working without wearing face masks and four washing machine operators working without respiratory masks. (2) The assessment observed an electrician working without safety gloves and maintenance workers performing grinding tasks without safety goggles. (3) The facility has a total of 3627 employees, but only 2484 employees received training on PPE in the past year. The last such training was provided on May 10, 2022 with nine participants.
Recommendation for Immediate Action	Ensure that workers wear PPE properly to ensure their own safety. Increase training on PPE usage and maintenance so that all employees receive training at least annually.
Compliance Classifications	Immediate Action Required

Local Law	Bangladesh Labor Rules, 2015, chapter 5, section 46, sub section 2: The workers engaged in such places with dust and fume should wear mask. /// Bangladesh Labor Law 2006, chapter 6, Section 75, The Government may require that effective screens of suitable goggles shall be provided for the protection of person employed in a process which involves- (a) Risk of injury to the eyes from the particles or fragments thrown off in the course of the process or (b) Risk to the eyes by reason of exposure to excessive light or heat. /// Bangladesh Labor Rules, 2015, chapter 6, section 67: 2) In addition to the arrangement of safety and health protection measures mentioned in Sub-section (1), the concerned manufacturing institute must provide necessary equipment's, including safety shoes, helmets, goggles, masks, hand gloves, ear muffs, ear plugs, waist belts, aprons etc. and arrange training programs for the workers in using these materials and ensure their usage.
Benchmark ID	HSE.5.2
Benchmark Details	Workers shall be trained in evacuation procedures.
Finding Details	Although the facility has a total of 3627 employees, only 2401 employees have received training on their duties in the event of an emergency in the past year. The last such training was provided on October 10, 2021 with 230 participants.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Hours Of Work (HOW)

Benchmark ID	HOW.20
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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	The facility has made production capacity plans based on an assumption of 9.75 hours of work, rather than 8 regular hours.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	The time records reviewed by the assessment (from July 2021 to June 2022) indicated that workers perform daily overtime hours ranging from 2 to 10 hours, total daily working hours ranging from 10 to 18 hours, and up to 79.5 weekly overtime hours. During each of July 2021 and February, March, April, May, and June 2022, the majority of workers' weekly working hours exceeded 60 hours, with a maximum of 79.5 weekly hours in February 2022.
Recommendation for Immediate Action	Adopt practices and measures to control excessive working hours gradually to ensure that workers are working not more than 60 total hours per week.
Compliance Classifications	Immediate Action Required

Local Law	Bangladesh EPZ Labor Act 2019, chapter 5, section 40, Sub- Section 1- No adult worker shall be required or allowed to work in a factory for more than forty-eight hours in any week. Provided that, subject to the provisions of section 45, any such worker can work more than 48 hours in a week but condition that cannot be 60 hours per week and in average not more than 56 hours annually.
Benchmark ID	HOW.2
Benchmark Details	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.
Finding Details	Working hour records reviewed by the assessment (records from July 2021 to June 2022) revealed that in the month of April 2022, one worker out the 23 sampled did not receive 24 consecutive hours of rest every seven days. During the month of July 2021, 20 out of the 21 sampled workers did not receive 24 consecutive hours of rest every seven days, with workers performing seven to 10 consecutive days' work. During July 2021, the factory made arrangements to allow workers to perform extra work and receive extra days off for the Eid festival. These extra work days were the source of the consecutive working days.
Recommendation for Immediate Action	Provide 24 hours' rest to workers after six consecutive working days.
Compliance Classifications	Immediate Action Required
Local Law	EPZ Labor Act 2019, chapter 5, section 41- Each and every workers and employees will get one day leave as weekly holiday with payment and no deduction shall be made for that.

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