

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**21 Nov 2022**



## Factory Information

FLA Affiliates	Delta Galil Industries Ltd.
Country	Egypt
Number of Workers	1244

## 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)	3
Employment Relationship (ER)	10
Freedom of Association & Collective Bargaining	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	10
Hours Of Work (HOW)	1
Nondiscrimination (ND)	1

## Assessment Information

Assessor	Shereen Samy
Assessment Date	21 Nov 2022
Assessment Purpose	

## ASSESSMENT RESULTS

### Compensation (C)

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
Finding Details	Facility has an application of applying overtime premiums on a minimum salary of 1600EGP, (1400 Minimum Basic salary accepted by social insurance + 200 fixed bonus), while legal minimum wage is defined as 2400 EGP in total. Law stipulates that "the minimum wage in private sector shall be EGP 2400 as of 1/1/2022 according to the basic wage stipulated in item c of article 1 of labor law". Item c of article one in Egyptian labor law 12/2003, defines wage as "all received compensation elements by employee against work, either fixed or variable, monetary or in-kind". Accordingly, facility is including all items within the workers' salary, including overtime payments, transportation, allowances, seasonal gifts to reach required minimum wage, EGP 2400. On the other hand, worker payslip includes monetary items only; Basic wage, fixed allowance, overtime payments, and other bonuses.
Recommendation for Immediate Action	Calculate overtime payments with defined legal minimum wage
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	C.19.1
Benchmark Details	Employers shall make every reasonable effort to ensure workers understand their compensation, including: the calculation of wages, incentives systems, benefits, and bonuses they are entitled to at the workplace and under applicable laws.

Finding Details	Though facility is providing training programs on the topic, all interviewed workers during assessment were not aware of wage calculation; how to calculate overtime payments and legal OT premiums.
Recommendation for Immediate Action	Ensure that workers are aware of wage calculation including calculating overtime payments and legal premiums.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	C.2
Benchmark Details	Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher, for regular working hours (not including overtime). Workers should also be informed about the legal minimum wage.

Finding Details	<p>1- Facility adopts the following wage structure as minimum: Basic Salary: EGP 1600 Fixed Allowance: EGP 200 In kind benefits: EGP 684 (Transportation cost + seasonal gifts) Total: EGP 2484 Deducting Social Insurance &amp; Tax premiums: EGP -154 Net: EGP 2330 Extra attendance bonus: EGP 400 (will be added if worker attended full month without any legal leaves) Basic salary may increase according to post and employee experience. Checking payroll for the month of August 2022, 20+ workers out of 1128, who didn't have deductions due to absence or late arrivals and have received attendance bonus, still received total salaries less than 2400 EGP, which is defined in law. 2- Egyptian Law is stipulating that "the minimum wage in private sector shall be EGP 2400 as of 1/1/2022 according to the basic wage stipulated in item c of article 1 of labor law". This article defines the wage as "all received compensation elements by employee against work, either fixed or variable, monetary or in-kind". This definition is below requirements of FLA benchmarks as the law allows providing minimum wage with the in kind benefits and other variable elements, including overtime payments. Facility includes all items within the workers' salary; overtime payments and in-kind benefits to reach required minimum wage, EGP 2400. (Additionally, in-kind benefits are provided to workers as a part of minimum wage however it is not included payslips. Payslips only include basic wage, fixed allowance, overtime payment and other bonuses within the wage calculation)</p>
Recommendation for Immediate Action	Facility shall exclude in-kind benefits and variable elements while calculating and implementing minimum wage. i.e. total fixed wage will be equal to 2400 EGP.
Compliance Classifications	Immediate Action Required
Local Law	
<b>Employment Relationship (ER)</b>	
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	Trainings and communication to workers are not covering all policies and procedures on wages and benefits. Workers were found unaware of attendance bonus rules and on emergency leave usage.
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	The factory does not have policies and procedures governing all aspects of retrenchment.
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	-There is no worker representatives in disciplinary committee. - Disciplinary actions and warnings lack details; facility is using a defined check-list of possible misconducts and a tick is marked against the issue reported without adding specifics on the incident within the disciplinary action record.
Recommendation for Immediate Action	-Ensure at least one worker representative is included in disciplinary committee to have fair process. -Records of disciplinary actions will include details and specifics on incident and actions takes accordingly.
Compliance Classifications	Immediate Action 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	Facility doesn't have written policies and procedures on personnel development that encourage ongoing training with the goal of raising or broadening workers' skills so they can advance in their careers.
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	Factory doesn't have written policies and procedures on performance reviews, and does not implement performance reviews yet. Factory is in the process of having a performance evaluation system and industrial engineers started to work on measuring the productivity and performance. Yet, there are no policy or procedures include steps and processes, linkages to job grading, nondiscrimination, written feedback, and compliance with legal requirement.
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	-No policies or procedures are in place covering promotion, demotion and job reassignment. -Factory promote workers based on seniority and vacant positions. Demotions/reassignments are carried out without proper documented way; one worker was moved to training department after several years in her spot without documentation in her personnel file setting reasons or steps taken for this decision.

Recommendation for Immediate Action	Develop a clear and transparent system for handling promotions, demotions and job reassignments; with keeping related records that showing the reasons for change with sufficient proof, linking to job grading and seeking for feedback from the workers.
Compliance Classifications	Immediate Action Required
Local Law	
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	New workers receive orientation training after they are hired and factory keeps records for this training. However, interviewed new workers reported not knowing their salary and other wage related internal rules and regulations.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.
Finding Details	-Two Health, safety and environmental policies and procedures are not reviewed annually. -Workers or worker representatives are not consulted nor integrated in the decision-making process concerning workplace and working conditions.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.4
Benchmark Details	The disciplinary system shall include a third party witness during imposition, and an appeal process.
Finding Details	Disciplinary procedures and existing records doesn't include workers' right to appeal the disciplinary action and workers' don't have a third party witness during the imposition of disciplinary actions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.3.2
Benchmark Details	Workers have the right to participate and be heard in any disciplinary procedure against them.
Finding Details	Assessors have not received a concern about fairness of disciplinary system However, according to record review, written disciplinary actions based on to the list of misconducts are all very generic and workers are not given a chance to appeal or to defend their stand.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
<b>Freedom of Association &amp; Collective Bargaining</b>	
Benchmark ID	FOA.19.3
Benchmark Details	Where a union exists in the workplace, employers shall make available a copy of the collective bargaining agreement to all workers and other interested parties.
Finding Details	Facility has Collective Bargaining Agreement concluded with elected workers representatives, however copies are not posted within facility premises yet.
Recommendation for Immediate Action	Facility will post CBA in different announcement boards and areas within the facility
Compliance Classifications	Immediate Action Required
Local Law	

### Harassment Or Abuse (H/A)

Benchmark ID	H/A.8.1
Benchmark Details	Employers shall ensure that the workplace and all workplace facilities (such as employer- provided transportation or dormitories) are free from any type of violence, harassment or abuse, be it physical, sexual, psychological, verbal, or otherwise.
Finding Details	According to records supervisors receives training on harassments and abuse However, worker interviews revealed that some supervisors shouting to workers and threatening applying monetary deductions.
Recommendation for Immediate Action	Ensure that supervisors do not use hostile language or shout to workers and do not threat workers to for maintaining discipline.

Compliance Classifications	Immediate Action Required
Local Law	
<b>Health, Safety And Environment (HSE)</b>	
Benchmark ID	HSE.5.3
Benchmark Details	Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually.
Finding Details	Fire drill reports doesn't record attendance time besides evacuation time.
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	One assembly point signage was covered buy trees accordingly the location of the point was not clear. The factory does not have fire resistant smoke doors in emergency exits
Recommendation for Immediate Action	-Assembly point will be clearly visible from distance. -Ensure fire fire resistant smoke doors have been installed in emergency exits

Compliance Classifications	Immediate Action 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	-One of the emergency exits was not opening easily in sewing section; fixed during the assessment, -One exit in warehouse was closed; sliding lock needed to open to push the door. -Another exit in mezzanine of the warehouse had a rotating doorknob and it was not easily opening. One exit in knitting department was stuck and not opening easily. -Two doors have thresholds one in knitting warehouse another one in sorting department. -The same door at the knitting department was less than 210cm, approx., 185cm -One exit stairs in the mezzanine floor of the warehouse was too narrow. -Goods were stored temporally within emergency routes waiting to be moved by forklifts.
Recommendation for Immediate Action	-Change all door locks to push bar locks and to maintain regularly all emergency exit doors locks. -Remove all kind of obstacles from exit routes and doors. -Exit doors and stairs measurements will follow legal and international standards; exit doors will be at least 210cm height and stairs will be 110cm width
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.22.1
Benchmark Details	All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws and international standards.

Finding Details	2 Canteen workers were not wearing face mask and 1 worker was not wearing gloves while preparing food and at the same time she was handling money. Additionally, anti bacterial mat is not provided at food preparation area
Recommendation for Immediate Action	Canteen workers will have all their PPEs worn while handling food and anti barterial mat will be provided.
Compliance Classifications	Immediate Action Required
Local Law	
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	-Electrical room near the maintenance area which is placed outside of production building, was being used as an office by a technic/ maintenance employee. Additionally, there were used cigarettes on the ground and as ashtray found. During the audit, this room was emptied and cleaned. -In the same room, there were open cables without proper secondary coverage.
Recommendation for Immediate Action	-Mark all electric rooms as restricted areas with limited access to concerned employees only. -Smoking will be prohibited in all production and non production areas. -All wirings will be checked on regular basis to insure proper isolation and secondary coverage.
Compliance Classifications	Immediate Action 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	-All outdoor used forklifts were found in poor conditions during facility tour, they had damages in the body and taped lighting bulbs. -The factory does not have a lightning protection system
Recommendation for Immediate Action	-Forklifts will be maintained regularly. -Install lightning protection system in the factory.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	-Segregation of waste is partially made; Chemical/hazardous waste are in stored in a designated area, yet, other kind of wastes (such a paper, garment, plastic and domestic) are stored next to each other without separation in the another main waste area. -There were areas that carries risk of hitting heads in sorting department due to seal structure beam location beside fire extinguish equipment. -At the accessories warehouse, there were some high storages which can cause fall hazard and some storage racks were found bending.
Recommendation for Immediate Action	-Segregate and store separately all waste properly and ensure possible recycling options. -As the structure cannot entirely be removed or changed, cover the low and sharp areas to eliminate risk of hitting or being hurt. -Ensure that goods are stored in a proper height and on a solid storage shelves.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.10.1



Benchmark Details	Material Safety Data Sheets (MSDS) for all chemicals and hazardous substances used in the workplace must be available at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.
Finding Details	Compressor room was missing posting the MSDS (Material Safety Data Sheet) of oil, and other MSDS form posted in this area was found posted in English.
Recommendation for Immediate Action	All related MSDSs for used chemicals and substances will be posted in local language (in Arabic) within the area it is stored and used.
Compliance Classifications	Immediate Action Required
Local Law	
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	-There were sewing machines without eye guards. Additionally, at least %20 of protection guards were moved up and not used effectively by the workers. -Cutting gloves were damaged, one has holes and one other has loose closure around hand wrist.
Recommendation for Immediate Action	-Provide eye guards to all sewing machines -Provide proper size cutting gloves and maintain or replace damaged ones if necessary.
Compliance Classifications	Immediate Action 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	Spot removers do not use mask effectively; workers were opening the door of the spot removing room instead.
Recommendation for Immediate Action	-Ensure that spot removing workers use proper masks while working. -Keep closed and isolated the spot removing room all the time and eliminate the risk of chemical fume traveling to production areas.
Compliance Classifications	Immediate Action Required
Local Law	

## Hours Of Work (HOW)

Benchmark ID	HOW.15
Benchmark Details	Employers shall not impose any sanction on workers for requesting or taking any type of leave, such as annual, sick, or maternity, in line with all applicable rules and procedures.
Finding Details	The factory provides attendance bonus to the workers. However, workers will lose all of their attendance bonus due to the usage of annual leaves or sick leaves which may impose a restriction on the worker to use entitled legal benefits for the fear of losing the bonus.
Recommendation for Immediate Action	Ensure that legal benefits usage does not affect the income of the employee, as workers should have the freedom to use their entitled employment rights and benefits.
Compliance Classifications	Sustainable Improvement Required
Local Law	

## Nondiscrimination (ND)

Benchmark ID	ND.2.1
Benchmark Details	All employment decisions shall be made solely on the basis of a person's qualifications, in terms of education, training, experience, demonstrated skills and/or abilities, as they relate to the inherent requirements of a particular job.
Finding Details	The factory retrenched 247 employees (workers and administrative employees) during Covid 19 March and April 2020. Although there is no violation in terms of payments, according to records these workers are "resigned" instead of specified as "terminated" or "retrenched" in accordance with law. Additionally, the factory does not have a system to ensure retrenchment process is maintained properly as there is no clear criteria to select workers who will be retrenched.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

