

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

26 Jul 2023



Factory Information

FLA Affiliates	Outerstuff LLC,Puma SE
Country	Pakistan
Number of Workers	670

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)	13
Freedom Of Association And Collective Bargaining (FOA)	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	12
Hours Of Work (HOW)	1

Assessment Information

Assessor	Innovatus
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Assessment Date	26 Jul 2023
Assessment Purpose	

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.
Finding Details	As per legal requirements, the facility does not provide group insurance for all eligible workers. Currently, only 80% of the eligible workers are covered.
Recommendation for Immediate Action	The facility should provide group insurance to all eligible workers.
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	The facility has not implemented the recently announced skill-wise minimum wage effective from 1st Jan 2023. The minimum wage for semi-skilled workers such as security guards, checkers, threaders, and sewing operators which is around 48% of the workforce, is not paid. As per law, security guards, checkers, and threaders should be paid at least PKR 26,000 instead of the current wage of PKR 25,000. For sewing operators, the minimum wage rate should be PKR 27,884 instead of PKR 25,000.

Recommendation for Immediate Action	The facility should implement the skill-wise minimum wage for all categories of workers including semi-skilled and skilled workers.
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 training provided by the facility is mostly focused on health and safety and some general training that includes all code elements. However, there is no specific training on any employment function such as recruitment, wages and benefits, hours of work, disciplinary practices, harassment and abuse, freedom of association, and grievance procedures.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.2

Benchmark Details	Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, probationary workers, home workers, and pregnant or disabled workers, are implemented. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	As per legal requirement, the facility does not have any disabled workers in the facility nor does it pay the contribution for not meeting the quota and hence does not ensure the local law requirement of the disabled quota of 5%.
Recommendation for Immediate Action	The facility should ensure meeting the disabled worker's quota or pay a contribution required as per law in the fund for the welfare of disabled persons.
Compliance Classifications	Immediate Action 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	The facility does not conduct any specific training for supervisors. They are included in workers' trainings.
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 procedure on nondiscrimination does not cover discrimination based on marital, partnership, or family association. It also does not cover the ways in which reasonable modifications and adjustments can be made to accommodate specific religious, ethnic, gender, and disability-based needs of all workers within the workplace as well as within any employer-provided facilities. 2. The policy on forced labor does not cover the topics of freedom of movement, forced overtime, the threat of penalty, employment fees, and free disposal of wages. 3. The written policy for termination and retrenchment does not cover the procedure for determining termination payouts, including methods for the correct assessment of payouts for all modes of termination/retrenchment. 4. The policy on compensation does not state the commitment to ensure workers are paid the minimum wage according to the skill-based pay scale.
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 disciplinary procedure does not cover the complete process of disciplinary action such as the process of initiation of disciplinary action, process of inquiry, process of appeal, and review.

Recommendation for Immediate Action	The facility should update its disciplinary procedure by consulting the relevant law and providing details on the process of initiation of disciplinary action, the process of inquiry, the process of appeal, and review.
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	There is a procedure for personal development. However, it is quite generic and lacks details on how skill development would be ensured. The procedure mentions supervisors are responsible for skill development and would carry out skill assessments while keeping in view the current and future skill needs. However, it has not been carried out. Supervisors lack the knowledge and skills to carry out this task which could be done by the industrial engineer.
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	There is a procedure for conducting performance reviews. However, it is quite generic and does not explain how it would be carried out and what documentary evidence needs to be maintained. It is observed that job grading is not done. For example, all the sewing operators are in the same grade irrespective of their skill levels.
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	Covered in ER 1.2
Recommendation for Immediate Action	
Compliance Classifications	
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	PUMA workplace standard is placed on the notice board. However, Outerstuff workplace standard is not made available to the workforce.
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	1. The review process for policies and procedures is not defined. The policies and procedures found refer to outdated legal references. 2. The workers' representatives are not consulted on issues such as disciplinary actions, grievances, workplace rules, and procedures.
Recommendation for Immediate Action	1. The facility should review all policies and procedures at regular intervals. 2. The facility should ensure the involvement of workers' representatives in securing good labor-management relations, especially in matters related to physical working conditions, disciplinary actions, grievance handling, and workplace rules and procedures.
Compliance Classifications	Immediate Action 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	The disciplinary procedure does not state the appeal process and provision of third-party witnesses during the imposition of disciplinary actions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.6
Benchmark Details	The workplace shall commit to non-retaliation for all steps of the disciplinary process, including for a worker requesting a witness and filing an appeal of disciplinary action.
Finding Details	The disciplinary procedure does not mention any commitment to non-retaliation in case of an appeal of disciplinary action.
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	The facility has a printed employee handbook but it is not given to workers. The stock of handbooks was found quite limited and workers have not received the employee handbook.
Recommendation for Immediate Action	Provide employee handbook to all the employees.

Compliance Classifications	Immediate Action 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	The procedure does not explain in detail the process of election of the workers' council, its tenure, its legal mandate, and ways in which worker representatives would be included in the decision-making.
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 procedure for the prohibition of harassment and abuse is not drafted in line with the requirements of the local law on the prohibition of harassment. The procedure is quite generic. It does not include: 1. The definition of harassment as specified in the local law to explain what constitutes harassment 2. The formation of an anti-harassment committee at the workplace 3. Ways to protect employees who report or are victims of harassment 4. Procedures for the investigation of allegations 5. Informal ways to handle complaints
Recommendation for Immediate Action	1. Revise the procedure in line with the relevant law and include details on the formation of the anti-harassment committee, protection of complainant/victim, procedure for investigation, and informal ways to handle complaints. 2. Form the anti-harassment committee 3. Communicate the procedure to all the employees
Compliance Classifications	Immediate Action Required
Local Law	

Health, Safety And Environment (HSE)

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. Emergency exits of the ground floor stitching and finishing section open into the finished goods warehouse rather than outside the building. 2. Aisle markings are not provided in the finished goods warehouse between pallet storages. It is only provided for the main aisles along the walls of the storage hall. 3. Aisle blockage found in finished goods warehouse.

Recommendation for Immediate Action	1. Provide emergency exit which opens directly outside the building. 2. Provide aisle markings in the finished goods warehouse. 3. Ensure aisles are free from obstruction
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.5.1.2
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 fire alarms;
Finding Details	The fire alarm panel is not equipped with its own batteries. It is only connected with one power supply which is through an uninterrupted power supply (UPS). In case of power failure, the fire alarm panel does not provide any indication of power failure.
Recommendation for Immediate Action	Provide backup batteries with the fire alarm panel.
Compliance Classifications	Immediate Action Required
Local Law	
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 washroom in the female workers' rest area is not clean and sanitized. 2. Soap and drying facility are not provided in the hand washing area of workers' washrooms.
Recommendation for Immediate Action	1. Ensure cleaning and sanitization of washrooms 2. Provide soap and drying facility in workers' washrooms

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	1. 30% of the inspected electrical panels and the fire alarm panel are not vermin-proof. 2. 10% of the inspected panels are not provided with phase separators.
Recommendation for Immediate Action	1. Ensure vermin proofing in all the electrical panels. 2. Provide phase separators in all the electrical panels.
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	1. The safety levers on the rivet/snap button machines were found not operational. 2. Workers were found not using eye shields in 30% of the stitching machines.
Recommendation for Immediate Action	Ensure safety levers are operational on rivet/button machines. Ensure workers' use of safety devices on stitching machines.
Compliance Classifications	Immediate Action Required
Local Law	

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	The backup diesel generator of the fire pump is not tested fortnightly for a 30-minute continuous run as per legal requirements. It is tested monthly for 10-15 minutes only.
Recommendation for Immediate Action	Test the backup diesel generator of the fire pump for at least 30 minutes on a fortnightly basis.
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	1. The risk assessment does not include fire risks, environmental risks, and ergonomic risks. 2. The public address system was found not audible in the finishing section on the ground floor. 3. On the first-floor stitching section, one fire alarm sounder and two sounders, one each, located in the finishing department and accessories store on the ground floor were found non-functional. 4. Automatic fire detection system was not installed in the boiler, compressor, and childcare/female workers' rest area. 5. No records of fire alarm is maintained. 6. The facility has an addressable fire alarm panel. However, it is not programmed to identify the exact location of the fire alarm.

Recommendation for Immediate Action	1. Conduct a comprehensive risk assessment that includes fire, environmental and economic risks and identify ways to mitigate those risks 2. Ensure the public address system remain audible around the facility 3. Ensure sounders are working all the time 4. Provide automatic detection in the boiler, compressor, and child care area 5. Maintain fire alarm log 6. Ensure the addressable fire alarm system can identify the exact location of the fire.
Compliance Classifications	Immediate Action Required
Local Law	
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 facility does not provide training regarding ergonomics and lifting techniques to its workers.
Recommendation for Immediate Action	The facility should provide training to workers on ergonomics and lifting techniques.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.30.3
Benchmark Details	Environmental policies shall include procedures to minimize environmental impacts with respect to energy, air emissions, water, waste, hazardous materials, and other significant environmental risks.
Finding Details	The policy and procedure on the environment do not include a statement on the factory management's general support of energy and water efficiency, and a commitment to minimize impacts with respect to air emissions, waste, hazardous materials, and other applicable environmental risks.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
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	No drinking water station is located on the ground floor. Workers from the ground floor departments have to go to the first floor for drinking water.
Recommendation for Immediate Action	Provide a drinking water station on the ground floor.
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	Workers are not provided with safety helmets/shoes and goggles in the finished goods warehouse and the rivet/button machine section respectively.
Recommendation for Immediate Action	1. Provide safety helmets to workers in the finished goods warehouse. 2. Provide goggles to workers in the rivet/button section

Compliance Classifications	Immediate Action 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	There is no ergonomic assessment carried out to assess the risks and take measures to avoid fatigue and injuries.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Hours Of Work (HOW)

Benchmark ID	HOW.11.1
Benchmark Details	Employers shall provide workers with paid annual leave as required under national laws, regulations and procedures.
Finding Details	The facility's worker orientation record, employee handbook, and procedure on working hours mention that the facility will provide maternity leave for 90 days instead of the legal requirement of 120 days.
Recommendation for Immediate Action	1. Update the employee handbook, orientation material, and working hours procedure to incorporate the change in maternity benefits. 2. Ensure to provide maternity leave of 120 days
Compliance Classifications	Immediate Action Required

Local Law

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