

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

01 Sep 2023



Factory Information

FLA Affiliates	Lakeshirts, Inc.
Country	Pakistan
Number of Workers	45

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)	4
Employment Relationship (ER)	17
Freedom Of Association And Collective Bargaining (FOA)	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	12
Hours Of Work (HOW)	3

Assessment Information

Assessor	Innovatus
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Assessment Date	01 Sep 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	The payment of compensation to workers is made in the form of cash instead of bank transfer.
Recommendation for Immediate Action	Ensure wage payment to all workers are done through cross cheque or bank transfer.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	C.17
Benchmark Details	Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to date.
Finding Details	The facility has provided payroll records of 44 workers for only the last seven months i.e. from January-2023 to July-2023. However, the facility does not have workers' payroll records for the previous years.
Recommendation for Immediate Action	As per legal requirements, ensure wage records are kept for at least the last three years.
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. Therefore, the minimum wage for semi-skilled and skilled workers such as security guards, checkers, croppers, and sewing operators, which are around 50% of the workforce, is not ensured. As per law, checkers/croppers should be paid at least PKR 26,000, and stitching operators should be paid PKR 27884. Currently, their wages are between PKR 25000 to PKR 27500.
Recommendation for Immediate Action	Ensure payment of minimum wage for semi-skilled and skilled workers.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	C.15.1
Benchmark Details	Employers shall provide workers a pay statement in languages understood by workers each pay period and not less frequently than once a month,
Finding Details	The facility does not provide payslips to workers at the time of wage payment.
Recommendation for Immediate Action	Ensure payslips are provided showing details of wage payments.
Compliance Classifications	Immediate Action Required
Local Law	

Employment Relationship (ER)

Benchmark ID	ER.17.5
Benchmark Details	Employers shall have in place procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.
Finding Details	Covered in ER 17.1
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER 17.1
Benchmark Details	Employers shall ensure that all supervisors are trained in national laws, regulations, and the Delta Code, and the appropriate practices to ensure compliance.
Finding Details	The facility do not maintain records of the grievances received and actions taken.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.2

Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.
Finding Details	Ongoing worker training is mostly focused on health and safety and does not cover all employment functions sufficiently. There is no specific training provided on grievance, disciplinary, nondiscrimination, working hours, compensation and benefits, and freedom of association.
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	The facility does not have any disabled workers or pay the legally required equivalent amount in the Differently Able Persons Rehabilitation Fund. Hence, the local law requirement of the disabled quota of 5% is not complied.
Recommendation for Immediate Action	Ensure disabled workers' hiring quota or pay the legally required equivalent amount in the Differently Able Persons Rehabilitation Fund for not meeting the quota.
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	Training for supervisors mostly focuses on health and safety. There is one general social compliance training that covers all employment functions. However, there are no specific trainings on grievance, disciplinary, nondiscrimination, working hours, compensation and benefits, and freedom of association.
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 recruitment and hiring policy exists but there is no procedure that shows how the process is maintained. 2. The procedure for the prohibition of discrimination does not cover discrimination based on marital, partnership, or family association. Additionally, it 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. 3. The procedure on forced labor does not cover the topics of the threat of penalty, employment fees, and free disposal of wages. 4. The procedure for prohibition of child labor does not include the procedure for remediation in case child labor is found. 5. There is no written policy and procedure on termination and retrenchment. 6. The procedure on compensation and benefits has not been updated since 2016. The legal requirement for social security coverage is written as PKR 10000 wage instead of PKR 30000. The group insurance coverage for disability, injury, and death is mentioned as PKR 300000 instead of PKR 500000.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.17.3
Benchmark Details	Employers shall have in place written procedures that allow a direct settlement of the grievance by the worker and the immediate supervisor. Where this is inappropriate or has failed, there should be additional options for senior management review and consideration, depending on the nature of the grievance and the structure and size of the enterprise.
Finding Details	The disciplinary procedure does not include the provision for direct settlement of the grievance between the worker and the immediate supervisor, with the supervision of the senior management if needed.
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 include 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	Ensure the process of disciplinary action mentioned in the law is included in the procedure.
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 no policy and procedure on personnel development that encourage ongoing training with the goal of raising or broadening workers' skills so they can advance in their careers. Additionally, there are no skill-based trainings conducted.
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. There are no policies and procedures for managing performance reviews of employees. 2. There are no performance reviews conducted for workers.
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 any policies and procedures on promotion, demotion, and job reassignment.
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	Please review ER 1.2 and ER 3.1
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement 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	The facility does not provide any orientation training for new workers.
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	The factory's policies and procedures are not reviewed regularly. All policies and procedures are issued on 1-1-2016 without any revision.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.3.4
Benchmark Details	Records of disciplinary action must be maintained in the worker's personnel file.
Finding Details	There are no records of the disciplinary actions taken in the last 12 months though the management have confirmed that verbal warnings were given in the past.
Recommendation for Immediate Action	Ensure records of disciplinary actions are maintained in the personnel files of the employees.
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 include 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 a commitment to non-retaliation and a process of appeal against disciplinary actions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Freedom Of Association And Collective Bargaining (FOA)

Benchmark ID	FOA.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning freedom of association and collective bargaining. national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	The procedure of freedom of association is not written 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 are not clearly stated.

Recommendation for Immediate Action	Ensure the procedure is updated as per law.
Compliance Classifications	Immediate Action 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 accordance with the local law on the prohibition of harassment. The procedure is quite generic. It does not include the following: 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	Ensure the procedure is drafted as per legal requirements.
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. Cigarette buds were found on the stairs of the building. This means workers smoke on the stairs. Also, there are no markings to prohibit smoking within 50 feet of all closed areas. 2. All the windows in the building are barred with metal bars which could not provide access to the fire brigade for external firefighting and rescue operations. 3. None of the emergency exits is equipped with fire-rated doors including doors opening towards evacuation routes and stairs.
Recommendation for Immediate Action	1. Prohibit smoking within 50 ft of all closed areas. 2. Provide a window on each floor that is not barred and marked distinctively from the outside to be used for fire brigade access and rescue operation 3. Install smoke-sealed fire-rated doors in all the emergency exits and doors opening towards evacuation routes and stairs.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.5.1.6
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: evacuation procedures and fire drills

Finding Details	1. There is no assessment after the fire drill to identify improvements. 2. The facility is located in owned multiple-storey building (ground plus four floors) and rented the different floors to four other companies. The facility itself is housed on the second floor of the building. However, there is no joint fire drill conducted which includes employees of these companies. Also, there is no coordination for identifying and addressing the fire risks. The visit to the floors occupied by tenants was done and serious electrical and fire safety concerns were noted on those floors such as the absence of fire alarms, smoke detectors, fire extinguishers, loose wiring, and open electrical panels.
Recommendation for Immediate Action	1. Carry out an assessment after the fire drill to identify areas for improvement. 2. Carry out fire risk assessments for the whole building and coordinate with other occupants of the building. 3. Conduct joint fire drills.
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 facility does not have interconnected automatic fire detection system. The standalone battery-operated smoke detectors are installed on the production floor.
Recommendation for Immediate Action	Install an automatic interconnected fire detection system.
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	Water spillage due to leakage from the water supply line was observed along the evacuation route from the building which made the area slippery.
Recommendation for Immediate Action	Ensure the evacuation route remains free from any obstruction.
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. Loose electrical wires were found on the ground floor of the facility. 2. Electrical safety in tenants' production floors was found to be seriously compromised i.e., loose wiring, open electrical panels, and naked wires observed. 3. The electric panel placed outside the building along the evacuation route in the open area is not ingress protection (IP) rated.
Recommendation for Immediate Action	Ensure electrical safety in the facility, including on floors occupied by the tenants.
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 following issues were observed in the cargo lift: -The inner gate on the lift cage was found missing. -The cargo lift doors on the floor were not locked. These can be opened when the lift cage is not there. -Fire extinguisher and emergency light were found missing in the cargo lift -The intercom device was found out of order and the emergency number was found missing. -The bi-annual cargo lift inspection is not ensured. Only a recent inspection report of the cargo lift is available which was done in August 2023. 2. There is no lock-out tag-out kit available to ensure safety during maintenance of the machines and equipment. 3. There is no lightning protection installed in the facility.
Recommendation for Immediate Action	1. Ensure cargo lift safety. 2. Provide lock-out and tag-out kits for safety during maintenance. 3. Install lightning protection system
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	1. The facility does not provide PPEs for firefighters such as breathing apparatus, gum boots, gas masks, goggles, helmets, lock cutters, fire beaters, ropes, and stretchers. 2. There is no fire hydrant in the facility for firefighting. The piping is done only on the ground floor of the building but there is no fire pump or connection with the water supply.
Recommendation for Immediate Action	1. Provide PPEs to firefighters. 2. Install a fire hydrant system in the facility.
Compliance Classifications	Immediate Action Required

Local Law	
Benchmark ID	HSE.4.1
Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.
Finding Details	The facility has not obtained the initial environmental examination from the Environmental Protection Agency. The environmental management plan is not available for review.
Recommendation for Immediate Action	Develop an environmental management plan and obtain the initial environmental examination approval from the environmental protection agency.
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	The facility building construction is not done as per the approved building layout from the building control authority. The facility needs to revise the building layout and get approval from the building control authority. The building stability certificate is also not updated and does not reflect the actual area of the facility.
Recommendation for Immediate Action	Ensure approved building layout and building stability certificate are updated.
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 procedure on the environment does not include a statement of the factory management's general support of energy and water efficiency, and a commitment to minimize environmental impacts.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.30.2.6
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system including a HS&E risk assessment within which the following are clear and regularly tested and reviewed:protections to workers who allege health, safety, and environmental violations;
Finding Details	The facility has not conducted a health, safety and environment (HS&E) risk assessment to identify potential risks and measures to mitigate those risks.
Recommendation for Immediate Action	Carry out HS&E risk assessment to assess the various types of risk involved and ways to mitigate these.
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	The facility does not take any measures to reduce repetitive-motion stress or injuries.
Recommendation for Immediate Action	Carry out ergonomic assessment and take measures to reduce repetitive-motion stress or injuries.
Compliance Classifications	Immediate Action Required
Local Law	

Hours Of Work (HOW)

Benchmark ID	HOW.13.1
Benchmark Details	Any workplace procedures regulating the timing of annual leave (e.g., requiring a minimum period of service before being allowed to use annual leave, written requests to be submitted a certain time before the annual leave) must be in line with national laws, regulations and procedures.
Finding Details	The facility does not maintain workers' annual leave records. Only the last six months' annual leave record of workers were presented and no worker took any annual leave in the last six months. According to the factory policy, workers are entitled 14 days of annual leave per year after completing a full year of service.
Recommendation for Immediate Action	Maintain leave records for all the workers.
Compliance Classifications	Immediate Action Required
Local Law	

Benchmark ID	HOW.22.1
Benchmark Details	Employers shall have in place policies for managing all working hour, overtime, and leave records in normal and exceptional circumstances.
Finding Details	The procedure on hours of work does not mention sick leaves and maternity leaves correctly as per law. It mentions that workers are entitled to 8 days of sick leave and 90 days of maternity leave instead of 16 days and 120 days respectively.
Recommendation for Immediate Action	Update the hours of work procedure as per law.
Compliance Classifications	Immediate Action Required
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 facility have presented workers' time records for only the last eight months i.e. from January-2023 to August-2023. The factory do not have previous time records of workers.
Recommendation for Immediate Action	Ensure time records are maintained for at least the last three years.
Compliance Classifications	Immediate Action Required
Local Law	