

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

02 Oct 2023



Factory Information

FLA Affiliates	Delta Galil Industries Ltd.
Country	Myanmar
Number of Workers	1163

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)	6
Forced Labor (F)	1
Freedom Of Association And Collective Bargaining (FOA)	1
Health, Safety And Environment (HSE)	10
Nondiscrimination (ND)	1

Assessment Information

Assessor	Openview - Vietnam
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Assessment Date	02 Oct 2023
Assessment Purpose	

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.16.1
Benchmark Details	All compensation records, including wages and benefits whether in cash or in-kind, must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (e.g. signature, thumbprint).
Finding Details	Workers do not sign the payroll records by themselves. The signatures of fifteen (15) out of thirty (30) sample selected workers in the payroll records are not consistent with the signatures found in the worker's personal files. Factory management and workers confirm that the payrolls are signed by the line clerks, leaders or supervisors.
Recommendation for Immediate Action	Require workers to sign the payroll records by themselves.
Compliance Classifications	Immediate Action Required
Local Law	
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	The normal working hours at the factory for production workers is from 7:30 AM to 4:15 PM. The CCTV records reviewed from September 1 to September 15, 2023 show that workers in packing section started to work from 7:15 AM normally but they are not monitored and paid for overtime.

Recommendation for Immediate Action	Monitor and pay the overtime compensation sufficiently to workers.
Compliance Classifications	Immediate Action Required
Local Law	
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 factory provides the loyalty bonus for those workers who have worked for 12 months. However, the resigned workers who have worked for 12 months but left before payment date (5th of each month), are not provided with the loyalty bonus.
Recommendation for Immediate Action	Monitor and pay the loyalty bonus sufficiently to all resigned workers who have completed 12 months of service.
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	1. A grievance policy developed and updated on December 27, 2022 indicates that there are four channels for grievance including a hotline, suggestion boxes, reporting directly to leaders and manager, and reporting to the HR department or worker representatives. The factory claims that they track those channels on weekly basis. However, there is no written procedure for tracking the number, types, date received, and resolution of worker grievances. The assessor did not see any grievance reports kept in the record. 2. The factory does not post the grievance policy/procedure publicly for worker's reference.
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 factory has developed policy and procedure to implement performance reviews for workers on December 21, 2022. However, that policy and procedure do not include the linkages to job grading for non-sewing workers. 2. The factory has not developed a written procedure to handle the violations related to anti-child labor policy and the remediation process for identified child labors at the factory. 3. The factory has developed the written policy of retrenchment. However, there is no written procedure to guide details for retrenchment such as steps and criteria to select workers for retrenchment and timeline for each step.
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 labor disciplinary policy and procedure, issued on December 21, 2022, does not include the steps and timelines for each disciplinary measure.
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 factory has not developed the written policies and procedures for promotion, demotion, and job reassignment. The factory only has a form of competency evaluation for promotion and demotion but there is no guidance on the criteria used. As confirmed by the factory management, the promotion, demotion and job reassignment are decided by line leaders. For instance, factory conducted the evaluation to promote one (1) out of thirty (30) sample selected worker in July 2023 due to the manufacturing and human resource demand. There are no any procedure, guidance or criteria to follow for the selection process.
Recommendation for Immediate Action	Ensure that workers are permitted to leave the facility after their normal working hours without the requirement of a gate pass.
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	The records of disciplinary actions are not maintained in the worker's personnel file. Those records are maintained in the separated area at the HR Department's room.
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	The labor disciplinary policy and procedure, issued on December 21, 2022, does not include the worker's right to appeal the disciplinary actions and the right to have a third-party witness during the imposition of disciplinary actions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Forced Labor (F)

Benchmark ID	F.8
Benchmark Details	The imposition of overtime where workers are unable to leave the work premises constitutes forced labor.
Finding Details	Workers who do not want to work overtime and want to leave the premises after regular working hours are required to have the signatures of all three levels of production including their supervisor, representative from the HR department, and security staff. With these signatures, they can receive a gate pass form that enables them to leave the factory site. Interviewed workers confirm that a worker is required to have a completed gate pass form to be able to leave after their normal working hours.
Recommendation for Immediate Action	Ensure that workers are permitted to leave the facility after their normal working hours without the requirement of a gate pass.
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 factory has not developed a written procedure to handle the violations related to Freedom of Association and Collective Bargaining policy.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

Benchmark ID	HSE.6.2
Benchmark Details	A sufficient number of workers shall be trained in first aid and firefighting techniques. Training shall be upon hire and with periodic refresher training.
Finding Details	Fifteen members of the first aid team were trained on first aid from December 18, 2019 to December 20, 2019. However, the factory does not provide training on procedure concerning the provision of first aid for all workers as per FLA benchmark.
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. All emergency exit doors of factory are glass doors. There is no evidence to prove that the emergency exit doors are fire-resistant and smoke-sealed. 2. Two out of four evacuation maps show the wrong direction of evacuation routes at the packing and finish goods section.
Recommendation for Immediate Action	1. Install fire-resistant and smoke-sealed doors at all emergency exits. 2. Ensure the signage for evacuation routes is accurate.
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 factory has installed a fire alarm system that includes smoke detectors, and fire alarm buttons in the production buildings, chemical room, finish goods and accessories storage area, and a fire alarm control panel in the security room. However, the fire alarm control panel does not detect the signal from the fire alarm buttons when testing, and the smoke detectors do not work due to smoke detectors are not linked to the fire alarm control panel. The fire alarm system only works independently at each tested location when pushing the fire alarm button. The factory management explain that the fire alarm system is being maintained and the maintenance affects the functionality of smoke detectors and sprinklers.

Recommendation for Immediate Action	Ensure that the fire alarm control panel, fire alarms, and smoke detectors in factory are functional.
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. The factory conducted the working environment inspection for heat, noise, light, and ventilation in Jan 2023. However, there is a generator area in which the noise level exceeds the 85dB, 91dB was noted as the highest level in the testing report in January 2023. The factory did not establish a hearing conservation program to protect workers from being exposed to high noise. 2. The factory has not yet conducted any assessments to determine any thermal comfort problem areas such as boiler areas, air compressor areas as per FLA benchmark requirement.
Recommendation for Immediate Action	1. Establish a hearing conservation program to protect workers who are exposed to high noise. 2. Conduct assessments to identify thermal comfort problem areas ,if any.
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	<p>1. The factory puts all fire extinguishers in the office, canteen and first floor of recruitment and clinic building. There are no fire extinguishers placed in the production buildings, generator area, worker canteen, air compressor room, chemical storage area, finished goods warehouse and packing sections. 2. Only one set of PPE (such as a cap, boots and protection masks) for fire-fighting team is in place instead of the required 16 sets of PPE for all 16 members of the fire-fighting team. The factory explained that they are in process to equip more and it should be done within October 2023. 3. There is no eyewash station in the spot cleaning section of the production building and no emergency showers in the chemical storage area.</p>
Recommendation for Immediate Action	<p>1. Provide fire extinguishers in all parts of the facility, including the production buildings, generator area, worker canteen, air compressor room, chemical storage area, finished goods warehouse and packing sections. 2. Ensure that all members of the firefighting team receive PPE. 3. Provide the eyewash station and showers in areas where chemicals are used.</p>
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.4.1
Benchmark Details	<p>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.</p>
Finding Details	<p>1. The factory has established the environmental policy and procedure. However, the factory does not conduct the Environment Impact Assessment and does not obtain Assessment and Environment Management Plan (EMP), as per local law requirements. 2. The factory has not obtained the Fire Safety Certificate (FSC) as per law.</p>

Recommendation for Immediate Action	1. Conduct the inspection of the Environment Management Plan (EMP) and obtain approval of the EMP from Environmental Conservation and cleaning department as per law. 2. Obtain Fire Safety Certificate (FSC) for all buildings 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	1. The assessor observed that approximately 20% of the drains around the factory were not installed with gutter covers. 2. There is no safety fence installed around the water motor (near the toilet) at factory to prevent unauthorized access. 3. The factory does not conduct the risk assessment to identify if asbestos exist in the factory to ensure workers are not exposed to asbestos.
Recommendation for Immediate Action	1. Install gutter covers for the drains around the factory. 2. Install a safety fence at the water motor to prevent unauthorized access. 3. Conduct the risk assessment to identify if asbestos exist in the factory to ensure workers are not exposed to asbestos.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.18.1
Benchmark Details	Medical facilities shall be established and maintained in factories as required by applicable laws.

Finding Details	No medical staff are available to provide medical service for workers working overtime until 6:45pm from Monday to Friday and until 5:15 pm on Saturday. According to attendance records, approximately 848 workers worked until 6:45pm in August 2023, 861 workers worked until 6:15pm in July 2023, 1004 workers worked until 6:15pm in June 2023.
Recommendation for Immediate Action	Ensure that medical staff are available when workers are working in the factory.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.5.4
Benchmark Details	The emergency evacuation plan (EEP) includes procedures for notifying local community authorities in case of accidental discharge or release of chemical/waste products or any other environmental emergency.
Finding Details	Absorbent socks, scoops, scrapers and aprons are missing in the spill kit placed in front of the chemical room.
Recommendation for Immediate Action	Ensure that all required equipment of spill kits are maintained.
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	The assessor observed that approximately 50% of workers in the sewing workshop were not wearing their face-masks during working hours.
Recommendation for Immediate Action	Ensure that workers have access to PPE and utilize the PPE during working hours.
Compliance Classifications	Immediate Action Required
Local Law	

Nondiscrimination (ND)

Benchmark ID	ND.8.1
Benchmark Details	Employers shall abide by all protective provisions in national laws and regulations benefitting pregnant workers and new mothers, including provisions concerning maternity leave and other benefits; prohibitions regarding night work, temporary reassignments away from work stations and work environments that may pose a risk to the health of pregnant women and their unborn children or new mothers and their new born children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities.
Finding Details	There are 1,079 female workers working onsite. However, there is no childcare facility provided for female workers, as per legal requirement, a childcare facility need to be equipped in the facility if there are more than 50 female workers working onsite.
Recommendation for Immediate Action	Provide the childcare facility to female workers as per legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	

