

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

22 Jul 2024



Factory Information

FLA Affiliates	adidas,Hanesbrands,PUMA SE
Country	Pakistan
Number of Workers	4212

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

FLA Code Element	Number of Violations
Compensation (C)	2
Employment Relationship (ER)	4
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	9

Assessment Information

Assessor	Innovatus
Assessment Date	22 Jul 2024
Assessment Purpose	Factory Assessment (In-Person)

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.5
Benchmark Details	Contract/contingent/migrant/temporary workers shall: Receive at least the minimum wage for regular workers or the prevailing industry wage for regular workers, whichever is higher; Receive all legally mandated benefits; and Receive at least the same compensation as regular workers performing the same job functions or tasks with similar levels of experience or seniority.
Finding Details	The facility has engaged daily wage workers for construction work through a contractor, with the number of workers ranging from 7 to 70 per day over recent months. The facility does not maintain payment records for these workers, only tracking their in/out times. As a result, the assessment could not verify whether they were paid properly.
Recommendation for Immediate Action	Ensure that payment records of contract workers are maintained to ensure the contractor's compliance with the minimum wage.
Compliance Classifications	Immediate Action Required
Local Law	Section 11, THE PUNJAB MINIMUM WAGES ACT 2019
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	Illegal deductions for medical leave were identified for 3 out of 62 sampled workers. According to the law, medical leave is compensated at half of the normal wage, but this half wage should only apply to the hours taken for leave. It was found that workers who attended work and then left after four hours were erroneously paid half wages for the entire day. The correct calculation would have been full wages for the initial four hours and half wages for the remaining four hours. The facility has acknowledged this as a system error and has committed to identifying all affected workers for appropriate compensation.
Recommendation for Immediate Action	Update the system to ensure that hours worked are paid at full per day wage. Reimburse to workers any pay lost as a result of the previous incorrect calculation.
Compliance Classifications	Immediate Action Required
Local Law	Section 11, THE PUNJAB MINIMUM WAGES ACT 2019

Employment Relationship (ER)

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's recruitment policy and procedure does not cover the system for hiring and protection of disabled workers. 2. The factory's employment guidelines only briefly cover the issue of termination. There is no detailed written procedure covering all aspects of termination and retrenchment including termination payouts. 3. The facility's leave policy and procedure mention that the government social security institution will make maternity leave payments. However, payment records show that when workers take maternity leave, the payment made by the government institution is lower than the employees' current wage. The company makes an additional payment in cash through a discretionary special worker welfare fund. The written procedure does not cover this practice. As local law requires the employer to ensure that workers receive their full wages during the maternity leaves, this should be made part of the written procedure on maternity leaves and workers should be informed accordingly.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.9.2
Benchmark Details	Employers shall have in place written policies and procedures regulating the recruitment and hiring of contract/contingent/temporary workers.
Finding Details	The facility's employment guidelines for non-executive staff do not include procedures for contract or temporary workers, and the recruitment procedure also lacks this coverage.
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 foresee direct settlement of grievances between a worker and his/her supervisor.
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 disciplinary procedure does not have a provision to have a third party witness during the imposition of disciplinary actions.
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 on sexual harassment and discrimination does not cover procedures to address physical, verbal, and psychological abuse in the workplace.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

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	Not all normal exits from the various factory departments were equipped with fire alarm call points. Fire alarm call points were installed at all emergency exits and some regular entrances/exits in all departments. However, in case of an emergency, regular entrance/exit points can be converted into emergency exits. Therefore, all entrance/exit areas should be equipped with manual call points to ensure safety.
Recommendation for Immediate Action	Ensure all normal exits are also provided with fire alarm call points.
Compliance Classifications	Immediate Action Required

Local Law	Section 9.7.1.6.2 Building Code of Pakistan 2016
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	Aisle blockages were observed in two locations within the Knitting 2 department in Unit 2, creating potential safety hazards and impeding emergency egress.
Recommendation for Immediate Action	Ensure aisles are kept free from obstruction all the time.
Compliance Classifications	Immediate Action Required
Local Law	Section 25, THE FACTORIES ACT 1934
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	The ventilation systems in the pressing section, anti-skid section, and female rest/prayer area require improvement. Humidity levels were notably high (83% in finishing Unit 2), and excessive heat was observed in these areas.
Recommendation for Immediate Action	Ensure the ventilation system provides a reasonable level of comfort and provide adequate protection to workers.
Compliance Classifications	Immediate Action Required
Local Law	Section 15, THE FACTORIES ACT 1934

Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	1. The traffic lanes and walk paths are not marked in the facility. 2. Missing or damaged insulation was observed on steam pipes behind several dyeing machines in the fabric dyeing unit. Additionally, some steam pipes in the chemical dosing area in processing were also not insulated, posing safety and efficiency concerns.
Recommendation for Immediate Action	1. Ensure traffic lanes and walk paths are marked. 2. Ensure insulation of steam pipes in dye house and hosiery processing.
Compliance Classifications	Immediate Action Required
Local Law	Section 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT 2019
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's environmental approval and hazardous substance handling & storage approval have expired. The facility has applied for renewal in July and January 2024 and is awaiting approval from the relevant government department.
Recommendation for Immediate Action	Ensure that environmental approval and hazardous substance handling and storage approval is obtained as per law.
Compliance Classifications	Immediate Action Required

Local Law	Section 12 & 14; THE PUNJAB ENVIRONMENTAL PROTECTION ACT 1997
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. Solid waste was found stacked haphazardly behind the batch dyeing processing department in Unit 2. Additionally, solid waste bundles were improperly stored under the emergency staircase and beside the building wall of Unit 2. 2. Kitchen hoods in the canteen cooking area were not equipped with automatic fire extinguishing systems, increasing the risk of fire-related incidents. 3. Anti-fatigue mats were found missing at a few workstations in finishing. Back rests on chairs were found damaged in the finishing section.
Recommendation for Immediate Action	1. Ensure waste is stored in designated areas. Avoid storing the waste under emergency staircases and along the evacuation routes. 2. Install automatic fire extinguishing system in kitchen hoods. 3. Provide anti-fatigue mats to all the workers who have standing jobs in finishing. Ensure backrests are provided on the seats in finishing.
Compliance Classifications	Immediate Action Required
Local Law	Section 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT 2019
Benchmark ID	HSE.28
Benchmark Details	Employers shall create a system to ensure that all necessary Health and Safety protections are provided for external contractors; including protection when working within , confined spaces, maintenance issues, and general Health and Safety Issues.
Finding Details	There is no ongoing safety training for daily wage construction workers (see finding C.5). Since these workers are daily laborers and their turnover is high, it is important to provide safety training regularly.

Recommendation for Immediate Action	Ensure that ongoing safety training is provided to the contract workers.
Compliance Classifications	Immediate Action Required
Local Law	Section 3, THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT 2019
Benchmark ID	HSE.20
Benchmark Details	Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. In addition, the following should also be considered: number of toilets based on number of workers, privacy for each individual and gender, accessibility and hygiene.
Finding Details	The workers' washrooms behind the batch dyeing department in Unit 2 were non-operational due to a persistent sewage issue. As a result, workers have been compelled to use the facilities in a nearby building, leading to long wait times due to the limited number of available washrooms.
Recommendation for Immediate Action	Ensure that the number of toilets is sufficient for the workforce and that they are easily accessible to all employees.
Compliance Classifications	Immediate Action Required
Local Law	Section 21, THE FACTORIES ACT 1934
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	The following issues related to inadequate provision of PPE were observed: 1. Workers in storage areas were not wearing safety helmets. 2. Trolley operators were not provided with safety shoes. 3. Workers operating pressing machines were not provided with safety gloves. 4. Workers in the mechanical workshop using lathe machines were not provided with appropriate safety gloves.
Recommendation for Immediate Action	Ensure appropriate PPE is provided and used by the workers.
Compliance Classifications	Immediate Action Required
Local Law	Section 3; THE PUNJAB OCCUPATIONAL SAFETY AND HEALTH ACT 2019

