



COMPANY: **prAna**
COUNTRY: **India**
ASSESSMENT DATE: **12/10/17**
MONITOR: **Insync**
PRODUCTS: **Apparel**
PROCESSES: **Full [= full package]**
NUMBER OF WORKERS: **325**
NUMBER OF WORKERS INTERVIEWED:
ASSESSMENT NUMBER: **AA000000534V**

FLA Comments

In 2014 the FLA conducted an SCI and in 2017 an SCIV at this factory. prAna has been working with the factory on continuous remediation and compliance since we started working with them in 2014. However, the factory owner has decided to close its doors officially, as of November 7th 2019. prAna is actively working with the factory to ensure proper retrenchment to all 153 workers affected by the factory closure by communication with factory management, reviewing of documentation, in-person visits, and multi-stakeholder interviews. prAna is continuing to monitor the closure and retrenchment to ensure all workers are paid proper severance, for all hours worked, as well as any bonuses due to them.

What's Included in this Report

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Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the Progress Update section for each finding.

Glossary

De minimis: A de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of such facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

Facility performance: how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

Fair labor standards: the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

Employment life cycle: all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

Code violation: failure to meet standards outlined in the FLA Workplace Code of Conduct in the workplace implementation of employment or management functions.

Employment Functions: The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

Management functions: violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

Finding: indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

Finding type

- **Immediate action required:** discoveries or findings at the workplace that need immediate action because they not only constitute

an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

Root causes: a systemic failure within an employment function, resulting in a finding. Findings are symptoms of underlying problems or root causes. Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection, but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

Findings and Action Plans

FINDING NO.1

RECRUITMENT, HIRING & PERSONNEL

DEVELOPMENT FINDING TYPE: Immediate Action

Required

Finding Explanation

1. There are no policies and procedures regarding workers' career path and personnel development. The factory does not clearly define criteria and procedures regarding promotion; salary increases are solely at the discretion of the supervisors.
2. The factory does not have any orientation training for newly hired employees.
3. There is no on-going training program for the general workforce and supervisors on policies and procedures for any of the Employment Functions.
4. The factory does not have written job descriptions for all positions.
5. The factory does not have proof of age documents for all personnel files. Furthermore, the factory accepts Election ID cards as a valid age document, which, according to local law, is not a valid proof of age document.

Local Law or Code Requirement

Section 7A (3) of The Factories Act, 1948; Industrial Employment (Standing Order) Act, 1946- Acceptable Age Proof Records Under 'Service Records (Schedule I-B); FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER. 4, ER.15, ER.17, ER.29, ER.30, and ER.31)

Recommendations for Immediate Action

1. Ensure that only valid proof of age documents are accepted as age verification documents for workers. Maintain all proof of age documents for workers in their respective personnel files.
2. Ensure that all policies and procedures are updated according to local regulations and FLA code requirements.

Verification Result:

1. Finding Status **(Not Remediated)**

Explanation: There are no policies and procedures regarding workers' career path and personnel development. The factory does not clearly define criteria and procedures regarding promotion; salary increases are solely at the discretion of the supervisors

Root Causes: Management stated that they employ few workers and hence they did not form any formal policy and procedures for personnel development. Management interacts with workers closely and performance of workers is monitored by supervisors and production manager and workers are promoted periodically for which documentation is maintained.

Verification Result:

2. Finding Status **(Remediated)**

Explanation: Based on worker interviews and documentation review, it was found that induction training is conducted for all new employees. Related documentation maintained and workers have signed to acknowledge presence. New workers were aware of factory policies and procedures.

Verification Result:

3. Finding Status **(Remediated)**

Explanation: Based on interviews with management, workers and supervisors and documentation review, it was found that refresher training is conducted every month for supervisors and workers on employment functions. Basic information on

employment functions is provided. One employment function is discussed each month with all workers and supervisors and related documentation is maintained. Workers are aware of the employment functions

Verification Result:

4. Finding Status (Remediated)

Explanation: Based on documentation review, it was found that job descriptions are prepared for all positions.

Verification Result:

5. Finding Status (Remediated)

Explanation: Based on documentation review, it was found that age certificate from a doctor and a copy of school leaving certificate or birth certificate is maintained as proof of age.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29 and ER.30)

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

FINDING NO.2

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory has unskilled workers who undergo job training and are then placed in the production process as machine operators and production workers. However, these workers only receive the minimum wage for unskilled workers, instead of the legally required pay grade for machine operators.
2. The factory does not maintain any overtime records; however, the factory has a double bookkeeping practice for payments. One set of record is official and indicates the workers' earnings without overtime payment, the other set is unofficial and includes the remaining overtime payment. Based on interviews with workers, the factory destroys all actual records of overtime payment so that overtime cannot be verified. Workers could not confirm that overtime compensation was paid at 200% of regular wages.
3. Workers are not informed orally or in writing about overtime wage rates.
4. There is no accurate time recording system in place; as a result, there are no verifiable time records available. Hence, there is no mechanism for accurately linking payrolls with the work hours. The factory maintains manual time cards, which are pre-filled with working timings (9 am to 5:45 pm) but do not reflect/record actual working hours. Worker interviews confirmed that time slots are filled out for the whole month on the first day of the month by the HR personnel, and do not always match the actual punch-in/punch-out times.
5. The factory does not accurately maintain and track documents regarding compensation, such as pay slips and bank transfers.

Local Law or Code Requirement

Minimum Wages Act, 1948, section 12 and 62; Payment of Wages Act, 1936, section 13(A); FLA Workplace Code (Employment Relationship Benchmark ER.2; Compensation Benchmarks C.2, C.5, C.6, C.7, C.8, C.14, C.15, and C.16)

Recommendations for Immediate Action

1. Ensure that all unskilled workers who undergo job training and are placed in the production process as machine operators are paid correctly, according to their actual task, skill grade, and position.
2. Cease the practice of double bookkeeping, and ensure only one set of records is maintained that reflects the actual working time and compensation.
3. Ensure that the workers are compensated for overtime work at the premium rate.

Verification Result:

1. Finding Status (Remediated)

Explanation: Based on worker interviews and documentation review, it was found that new workers are paid wages based on skill levels defined by local government. Upon hiring, workers are placed in appropriate categories and paid wages applicable to the category

Verification Result:

2. Finding Status **(Remediated)**

Explanation: Based on worker interviews and documentation review, it was found that workers have not worked overtime in the past 12 months due to low orders.

Verification Result:

3. Finding Status **(Remediated)**

Explanation: Based on worker interviews and documentation review, it was found that information on overtime wage rate is communicated to workers through periodic awareness programs. This is also displayed on the notice board.

Verification Result:

4. Finding Status **(Remediated)**

Explanation: Based on management and worker interviews and documentation review, it was found that accurate time records are maintained. Effective September 2016, electronic time recording (finger scan) system was introduced and system was upgraded in April 2017. Information gathered from interviews was matching with information reflected on records.

Verification Result:

5. Finding Status **(Remediated)**

Explanation: Based on worker interviews and documentation review, it was found that wage slips are issued to all workers in local language (Tamil). Until August 2017, information in wage slips was filled in manually and effective September 2017, wage slip is generated from the computerized system which is linked with the payroll software. Evidence of bank transfer of wages was available for review.

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

FINDING NO.3

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not pay out the legally required earned annual leave. According to law, workers can accumulate a maximum of 30 leave days, and are entitled to compensation for any leave beyond the 30 days of annual leave. However, most of the workers who accumulated more than 30 days of leave, were not compensated accordingly.
2. There is no formal leave application system in place. Workers verbally inform their supervisors before taking a leave, and this leave is not recorded. There are no leave application forms provided to workers.

Local Law or Code Requirement

The Factories Act, 1948, Sections 79 and 80; FLA Workplace Code (Employment Relationship Benchmark ER.22, Hours of Work Benchmarks HOW.11 and HOW.14)

Recommendations for Immediate Action

1. Ensure that any leave above 30 days is paid out on annual basis.

Verification Result:

1. Finding Status **(Remediated)**

Explanation: As stated by management, the finding was incorrect and it was communicated to assessors post the initial assessment. From the verification assessment process it was confirmed that finding was not as per practice. Workers do not use annual leave during the year at all and as a systematic practice, wages for 100% of annual leave days is paid during the festival season.

Verification Result:

2. Finding Status **(Remediated)**

Explanation: Based on management and worker interviews and documentation review, it was found that leave application forms are available and are being used. Workers complete the form to request for leave which is approved by Supervisor and Administration staff. Leaves are allowed with no pay.

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

FINDING NO.4

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not have clear procedures on disciplinary measures. The disciplinary actions are taken verbally and there are no written records to assess the effectiveness.
2. The disciplinary procedures do not include workers' right to appeal disciplinary actions.
3. The factory's Certified Standing Orders (which are the rules followed for disciplinary actions) state that workers' refusal to work overtime is misconduct liable for disciplinary action.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2 and ER.27; Forced Labor Benchmark F.7)

Recommendations for Immediate Action

1. Immediately revise the Certified Standing Orders to ensure that overtime work is voluntary. Communicate the change to the supervisors and the workers.

Verification Result:

1. Finding Status **(Partially Remediated)**

Explanation: Based on documentation review, it was found that there are written procedures however the procedures do not provide information on types of misconduct and action that would be taken against type of misconduct. Some information on procedures is included in the certified standing orders which is a legally approved manual on employer – employee relationship.

Root Causes: As procedures are included in standing orders, management did not maintained a separate document.

Verification Result:

2. Finding Status (Partially Remediated)

Explanation: Based on documentation review, it was found that disciplinary procedures do not include workers' right to appeal disciplinary actions however provision for appeal is included in the certified standing orders which is a legally approved manual on employer – employee relationship

Root Causes: As procedures are included in standing orders, management did not maintained a separate document. Copy of standing orders is posted on the notice board in local language and workers were aware of the disciplinary procedures for various types of misconduct.

Verification Result:

3. Finding Status (Remediated)

Explanation: Based on documentation review, it was found that the clause on misconduct pertaining to overtime work in Standing orders is revised to state that overtime work is voluntary.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27)

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

FINDING NO.5

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not have written policies and procedures on Freedom of Association.
2. There is no specific training and on-going training for workers and supervisors regarding Freedom of Association and Industrial Relations.
3. As per local law, the worker representatives on the Works Committee shall be chosen/elected by the workers themselves and the functioning of the Work Committee shall be independent of the management. However, in this factory, the management selects the worker representatives, and management, rather than the worker representatives, leads the meetings.

Local Law or Code Requirement

Industrial Disputes Act, 1947, section 3- Formation of Works Committee; FLA Workplace Code (Employment Relationship Benchmark ER.1 and ER.17; Freedom of Association Benchmarks FOA.10, FOA.11, and FOA.12)

Verification Result:

1. Finding Status (Partially Remediated)

Explanation: Based on documentation review, it was found that factory has a written policy on Freedom of Association and not for Industrial Relation. There are no written procedures for Freedom of Association and Industrial Relations. Factory has formed a work committee however there are no written procedures of formation of the committee.

Root Causes: Management was not aware of requirements under Industrial Relations and hence there are no written policies and procedures. The work committee has been formed as per legal guidelines and hence there are no separate written procedures.

Verification Result:

2. Finding Status (Remediated)

Explanation: Based on worker interviews and documentation review, it was found that ongoing training is provided to supervisors and workers on Freedom of Association.

Verification Result:

3. Finding Status (Remediated)

Explanation: Based on worker interviews and documentation review, it was found that representatives of work committee were elected in January 2015.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

FINDING NO.6

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory only hires male security guards. These guards do not frisk female workers, but do search the bags and purses of female workers.

Local Law or Code Requirement

Industrial Employment (Standing Order) Act, 1946; FLA Workplace Code (Harassment or Abuse Benchmark H/A.10)

Recommendations for Immediate Action

1. Ensure that female security guards are hired, or allocate female staff to be present during entry and exit hours to conduct bag searches.

Verification Result:

1. Finding Status (Remediated)

Explanation: Based on worker interviews and documentation review, it was found that female guard was hired on September 1, 2017. Bags of female workers are not checked at all.

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

FINDING NO.7

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable improvement required

Finding Explanation

1. The factory does not have an effective grievance mechanism in place. Grievances are only reported verbally by workers to their supervisors. There are no records maintained by the factory management for grievances, and how these grievances were redressed. Moreover, worker discussions revealed that they do not have any formal channel to report grievances against their supervisors.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.25)

Verification Result:

1. Finding Status **(Partially Remediated)**

Explanation: Based on worker interviews and documentation review, it was found that grievance reporting channels that have been defined are (1) use of suggestion/ grievance / complaint box and (2) through the production manager. Workers are aware of these channels. However, grievances are reported verbally and addressed immediately, so documentation is not maintained.

Root Causes: As number of workers is less, management interacts with workers on a daily basis. Grievances reported are addressed immediately and hence not recorded. Workers had no complaints.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

FINDING NO.8

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory has insufficient Health and Safety procedures, e.g. there are no measures for the protection of reproductive health of workers.
2. Not all chemicals are stored in a proper manner.
3. The managerial staff does not keep records for minor injuries or illnesses of workers.
4. The factory does not have procedures that enable workers to raise Health & Safety concerns and protect those workers from retaliation.
5. The factory does not provide employees with training and on-going training on Health and Safety, regarding Personnel Protective Equipment and its maintenance.
6. The factory has not conducted any risk assessment, and does not have any processes on risk assessments to identify risk factors and control and manage risk factors in a systematic way.
7. Only 15% of the general workforce is trained on fire fighting although the factory is required to train at least 40% of the workforce.
8. One fire extinguisher on the production floor (1st floor), and one in the main electrical panel room on the ground floor are overcharged.
9. The factory has a fire alarm system in place; however, the fabric storage area and the packing area are not equipped with fire alarms.
10. The Non-Objection-Certificate (NOC) by the Fire Department clearly states that the NOC only remains valid under the condition that the factory hires a qualified fire officer available on a 24-hour basis. However, there is no fire officer at the factory.
11. There are no needle and eye guards on most of the sewing and overlock machines.

Local Law or Code Requirement

Recommendations for Immediate Action

1. Ensure that at least 40% of the workforce is trained on fire fighting.
2. Ensure that fire extinguishers are adequately charged, and regularly monitor the fire extinguishers.
3. Install and monitor fire alarms in the fabric store and packing areas.
4. Ensure that all fire alarms are connected to the UPS power backup station so that alarms ring in case of a power outage.
5. Recruit a qualified fire officer on a full-time basis, as required by the Fire Department's NOC.
6. Ensure that all the sewing and overlock machines have needle and eye guards.

Verification Result:

1. Finding Status (Not Remediated)

Explanation: Based on management interviews and documentation review, it was found that written procedures on Health & Safety do not include measures to protect reproductive health of workers.

Root Causes: Management did not understand the requirement from initial assessment and is not aware of the benchmark. Hence this was not included in the procedures. Chemicals are not used in any production process and hence the risk is low. Management did not consider seating arrangements and work process which could affect reproductive health of workers.

Verification Result:

2. Finding Status (Remediated)

Explanation: Based on visual inspection, it was found that Machine oil is stored safely. No other chemical is used in the factory

Verification Result:

3. Finding Status (Partially Remediated)

Explanation: Based on management interviews and documentation review, it was found that record of minor injuries is maintained in the factory. However, the factory does not track illnesses.

Verification Result:

4. Finding Status (Not Remediated)

Explanation: Based on management interviews and documentation review, it was found that procedures are not defined that enable workers to raise Health & Safety concerns and protect those workers from retaliation.

Root Causes: Management was not aware of the benchmark and requirement to document steps that enable workers to raise Health & Safety concerns and protect these workers from retaliation. Management interacts with workers on a daily basis and any concern is reported by workers directly and is addressed immediately.

Verification Result:

5. Finding Status (Remediated)

Explanation: Based on worker interviews and documentation review, it was found that training on use of PPE is conducted periodically. Last training was conducted in October 2017 and all workers are included.

Verification Result:

6. Finding Status **(Remediated)**

Explanation: Based on management interviews and documentation review, it was found that risk assessment was conducted on June 1, 2017 which identifies risks and related control measures.

Verification Result:

7. Finding Status **(Remediated)**

Explanation: Based on management interviews and documentation review, it was found that 37% of workers are trained in handling firefighting equipment. (Not sure of requirement to train 40% as recorded in the initial finding. Law does not specify a number and states that adequate number should be trained)

Verification Result:

8. Finding Status **(Remediated)**

Explanation: Based on visual inspection, it was found that all fire extinguishers are inspected once in two months and are operational. Last inspection was carried out in October 2017 and inspection records are maintained.

Verification Result:

9. Finding Status **(Remediated)**

Explanation: Based on visual inspection it was found that fire alarm is installed in fabric and packing areas.

Verification Result:

10. Finding Status **(Remediated)**

Explanation: Fire license issued on July 18, 2017, does not define the need of fire officer for this factory.

Verification Result:

11. Finding Status **(Partially Remediated)**

Explanation: Based on visual inspection, it was found that needle guards are installed on sewing machines and eye guards on over lock machines. However, the Needle guards on sewing machines are pushed upwards by workers, rendering them ineffective.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, Health, Safety & Environment Benchmarks HSE.1, HSE.12, and HSE.14)

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

FINDING NO.9

TERMINATION & RETRENCHMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There are only policies and procedures regarding termination communicated to the workforce.
2. The factory only reviews the policies and procedures regarding termination, but not on retrenchment.
3. In addition, the factory does not arrange any consultation meetings with workers or worker representatives before management reaches any decisions on layoffs. (Note: There have not been any instances of termination.)

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, and ER.32)

Verification Result:

1. Finding Status (Not Remediated)

Explanation: Factory does not communicate policy and procedure on Retrenchment

Root Causes: Factory does not have a written policy and procedure for Retrenchment as workers are never retrenched.

Verification Result:

2. Finding Status (Not Remediated)

Explanation: Based on management interviews and documentation review, it was found that factory does not have written policy and procedure on retrenchment

Root Causes: As stated by management, workers are never retrenched as there is shortage of workers and hence there are no policies and procedures

Verification Result:

3. Finding Status (Remediated)

Explanation: Based on management interviews and documentation review, it was found that there have been no layoffs. Hence work committee is not consulted. There are no Unions

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.32)

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

(NEW) FINDING NO. [10]

RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Factory does not have a written policy on Recruitment, Hiring & Personnel Development, except for promotion. There are written procedures only for recruitment and not for Hiring and Personnel Development. Procedures are not defined for promotions though workers are promoted based on verbal recommendation from supervisors. Performance reviews are not conducted. **ER.1.1**
2. Training is provided on Recruitment procedures but not on Hiring & Personnel Development. **ER.15 and ER.17**
3. Freedom of Association and Grievance procedures are not included orientation programs. **ER.15**
4. The agreement with the security service does not including one rest day, minimum wage, overtime payments, minimum age, and health & safety requirements **ER.6.1**

Local Law or Code Requirement

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

(NEW) FINDING NO. [11]

RECRUITMENT, HIRING and PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Promotion is communicated to workers in writing on a plain A4 size paper and not on the factory letter head. Information on wage revision post promotion and date from which promotion is effected is not recorded on the letter. Name and designation of management representative who has signed the letter is not recorded. **ER.2.1**

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2)

Recommendations for Immediate Action

1. Provide letter communicating promotion on factory letter head. The letter should include information on revised wages and date of promotion. Name and title of management representative signing the letter must be recorded.

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

(NEW) FINDING NO. [12]

POLICIES AND PROCEDURES – REVIEW (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. No review period is defined in the available written policies and procedures. Management stated that these are not revised unless there is a need to do so and hence date of review is not defined. **ER.1.3**

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

(NEW) FINDING NO. [13]

POLICIES AND PROCEDURES – (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There are no written policies on Workplace conduct and Discipline and Grievance system
2. There are no written procedures for Hiring, Personnel Development, Freedom of Association and Industrial Relations, Health & Safety (except for evacuation), Termination & Retrenchment, Compensation, Hours of Work, and Environmental Protection. **ER.1, ER.27, ER.28, ER.29, ER.30, ER.31, HSE.1**

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER 1, ER 27, ER 28, ER 29, ER 30 and ER 31; Health, Safety & Employment Benchmark HSE.1)

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

(NEW) FINDING NO. [14]

WORKPLACE CONDUCT AND DISCIPLINE

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The committee for prevention of sexual harassment at workplace has not been renamed the “Internal Complaints Committee” and the penal consequences for Harassment have not posted, as legally required. **ER.27.3**

Local Law or Code Requirement

The Sexual Harassment of Women at Workplace Act 2013 - Section 19; FLA Workplace Code (Employment Relationship Benchmark ER.27)

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

(NEW) FINDING NO. [15]

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Written procedures provide only one channel for reporting grievance which is using the grievance /complaint boxes and there are no steps involving supervisors and work committees. The requirement to document grievances, assign responsibility, and fix timelines to address grievances is not defined. **ER.1 and ER.25.3.1**

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.25)

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

(NEW) FINDING NO. [16]

HEALTH AND SAFETY (GENERAL)

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Safe operating instructions are not displayed or posted near machinery. **HSE.14.3**
2. Rest areas not provided for workers with standing jobs. Workers with sitting jobs use hard stools with no backrests. **HSE.17.1**
3. Traffic lanes are not marked. Speed breakers, reflectors and convex mirrors are not installed to ensure safe driving practices. **HSE.1**
4. The factory has not implemented a Lock Out – Tag Out arrangement for safe maintenance practices. **HSE.14.1**
5. There is no rubber mat in front of one electric panel board at the production floor to prevent injury from electric shocks. **HSE.13**
6. Asbestos rope used for insulation is not covered to prevent worker exposure. **HSE.9.2**
7. A communal glass is used for drinking water. **HSE.23.1.2**
8. Area in front of hand wash point in dining area had stagnant water which may cause injuries. **HSE.19**
9. There is no training on lifting techniques, and lifting belts are not provided to the relevant workers. **HSE.17**

Local Law or Code Requirement

Factories Act 1948 section 7, Section 8; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.13, HSE.14, HSE.17, HSE.19 and HSE.23)

Recommendations for Immediate Action

1. Post safe operating instructions near machinery.
2. Install appropriate type of needle guards and monitor to ensure these are maintained in place to protect injury to fingers.
3. Provide rest areas for workers with standing jobs as legally required. Provide seating arrangements with back rest for workers with sitting jobs
4. Mark traffic lanes in vehicle and human traffic movement areas. Install speed breakers, reflectors and convex mirrors at blind turns to ensure safe driving practices.
5. Implement a Lock Out – Tag Out arrangement for safe maintenance practices.
6. Provide a rubber mat in front of one electric panel board in production floor to prevent injury from electric shocks.
7. Cover the asbestos rope used for insulation to prevent worker exposure.
8. Make appropriate hygienic arrangements for drinking water.
9. Ensure that the area in front of hand wash point in the dining area is dry at all times.
10. Provide training on lifting techniques and lifting belts to loaders.

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

(NEW) FINDING NO. [17]

HEALTH AND SAFETY (FIRE SAFETY)

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Fire team does not have the appropriate equipment to fight fires (including the correct PPE, e.g., breathing apparatus, long sticks, torch, helmet, axe etc). **HSE.6.1**
2. Shirt samples are hung near electric switchboards. **HSE.5**
3. The light in the staircase at the terrace dining area is not functional. No emergency light is installed in this area. **HSE.5.1**
4. An emergency light has not been installed above the main exit on the ground floor at the rear end of the building. **HSE.5.1**

Local Law or Code Requirement

Recommendations for Immediate Action

1. Provide fire team with appropriate equipment to fight fires (including the correct PPE, e.g., breathing apparatus, long sticks, torch, helmet, axe etc).
2. Ensure Shirt samples are not placed near electric switch boards
3. Repair the light in the staircase at the terrace dining area, and install an emergency light in this area.
4. Install an emergency light above main exit on ground floor at the rear end of the building.

Company Action Plan:	
Action Plan Status:	
Planned Completion:	

(NEW) FINDING NO. [18]

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Time record for days worked prior to resignation and last day of working is not maintained along with documents for calculating termination dues. **C.15**
2. Management signature is missing on resignation letters to acknowledge receipt and acceptance. (Per policy on termination, resignation will not be considered unless it is accepted and communicated by management). Date of resignation is not recorded on resignation letters. Based on information from time card, the last date of work is recorded by HR staff and is considered as the date of resignation which does not comply with the factory procedure, where which one month advance notice is required. According to the factory procedures if a worker does not provide at least one month notice before resigning, their last month of wages are withheld. This policy has not been implemented by the factory, but this practice of recording last day of working on resignation letters poses a risk for incorrect calculation of termination dues. **H/A.2, C.15**
3. As a systematic practice, termination dues are not paid within the legally defined timelines. Payment of wages for days worked until the day of resignation, and wages for earned leave is paid 6 to 30 days after the date of resignation. Legally these are required to be paid within 48 hours of the date of termination of employment. **C.4**
4. A revenue stamp is not affixed to the pay record for 2016 earned leave wages that was paid to 173 on 10/1/2017. Out of 173 workers, there were 13 signatures to acknowledge receipt missing on the pay records. Management stated that the wages were paid but they neglected to obtain worker signatures. **C.1**
5. The factory has a systematic practice where annual leave is never availed during the year and wage for all annual leave (14 to 15 days each year) is paid every year during festival season. If workers need to take leave during the year, they are allowed to do so with a loss of pay. The above practice discourages workers from taking leave during the year so they can get more wages for the leave days during the festival season. The practice is not in compliance with law which stipulates provision of annual leave and allows accumulation of leave up to 30 days. **C.1, HOW.11, ER.22.1**

Local Law or Code Requirement

Factories Act 1948 ; Industrial Employment (Standing Orders) Act, 1946 – section 13 – Termination of employment (3) and FLA Workplace Code (Employment Relation Benchmark ER.22; Compensation benchmarks C.1, C.5, C.6 and C.15Hours of Work Benchmark HOW.11; Harassment or Abuse Benchmark H/A.2)

Recommendations for Immediate Action

1. Maintain all documents supporting the calculation of termination dues along with the pay records.
2. Record date of resignation on resignation letters and management representative acknowledges receipt of resignation letter.
3. Pay wages for days worked prior to resignation and wages of earned leave within legally defined timelines

4. Affix the revenue stamp on all payments as legally applicable and signature of workers to acknowledge receipt is obtained for payments made.
5. End the practice of only compensating annual leaves at the festival season, and encourage workers to use earned leave throughout the year.

Company Action Plan:	
Action Plan Status:	
Planned Completion:	