



FAIR LABOR
ASSOCIATION_®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: adidas
PUMA SE

COUNTRY: India

ASSESSMENT DATE: 11/09/16

ASSESSOR: Insync Global

PRODUCTS: Apparel

NUMBER OF WORKERS: 1968

FLA Comments

"This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company, however the recommendations regarding the probation period have not been agreed on or incorporated by the company. The report is posted in its current state and is considered finalized. Updates on the progress of the corrective action will be posted when received by the company."

Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The factory has a policy on Recruitment & Hiring but not for Personnel Development. There are no written procedures on Recruitment, Hiring or Personnel Development but there are systems to manage the process. There is no written policy on performance reviews. The Recruitment procedures do not define the process which involves notification of vacancies, preparing job descriptions, advertisements, communication, the interview process, documentation, skill tests, or maintaining employment documents.

2. There are no written procedures on Compensation but there are policies and a system to manage wages and benefits. The policy provides legal references for the payment of wages and benefits that workers are entitled to, however, it does not define steps on how these benefits would be provided (e.g. the policy states that leaves will be provided but does not define steps on how workers can apply for leave).

3. The Hours of Work policy does not include conditions of extraordinary business circumstances. There are no written procedures for Hours of Work, though some documents or systems exist to manage practices.

4. The factory has a policy on Termination but not for Retrenchment. There are no written procedures on Termination or Retrenchment. Although there is an informal system to manage Termination, it does not include procedures to define methods for calculating final pay outs and timelines in accordance with legal requirements.

5. The factory has an incomplete policy on Industrial Relations that only covers Freedom of Association. There are no written procedures on Industrial Relations, however there are informal systems for its management.

6. The factory's policy and procedures on Workplace Conduct & Disciplinary are not dated or signed by management. The procedures on Workplace Conduct & Discipline do not define the requirement to record verbal warnings. Although the procedures allow for workers to appeal, it does not define the steps in the appeals process.

7. There are policies but no written procedures for Grievance System, however some documents or systems exist. The policy states that grievances will be addressed, however steps for addressing grievances are not defined. The policy also does not encourage workers to report grievances directly to supervisors; it promotes the use of suggestion boxes or directly reporting grievances to the management team, grievance committee, help desk, or hotline. The policy does not protect workers against retaliation for raising grievances.

8. The factory has a written policy on Environmental Protection and Health & Safety, but does not have any written procedures, although some documents or systems exist.

9. The policies for all Employment Functions are the same for all factories in the supplier group and are not factory specific.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.23, ER.25, ER.27, ER.28, ER.29, ER.30, ER.31, and ER.32; Nondiscrimination Benchmark ND.8; Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. Management will develop policy on personal development and procedure based on qualification, past experience, specializations etc., B. Factory will review and update hiring and recruitment policy to include following steps: notification of vacancy, internal and external postings, job descriptions, advertisements, interview process, skill tests and documentation requirements, C. Factory has also developed performance review procedure and guideline for performance review. D. All the above policies and procedure will be communicated to relevant parties and training records will be maintained. Factory will also review the policies and procedures on periodical basis and if any updates to policies based on law will also be done.

2. A. Factory has developed written procedure on compensation and benefit. B. Factory will develop detailed steps indicating how workers may make use of their legally entitled benefits such as leave. C. Above policy and procedure will be communicated to relevant parties and training records will be maintained. D. Factory will also review the policies and procedures on periodical basis and if any updates to policies based on law will also be done.

3. A. Factory will include conditions of extraordinary business circumstances in working hours policy. B. Detailed procedure will also be developed for working hours. Ex: voluntary overtime approval procedure. C. Above policy and procedure will be communicated to relevant parties and training records will be maintained. D. Factory will also review the policies and procedures on periodical basis and if any updates to policies based on law will also be done.

4. A. Factory will develop a detailed policy on retrenchment, including detailed procedures for both termination and retrenchment. The policy and procedures will include: i. Methods for calculating final pay outs and timelines in accordance with organizational standard and legal requirement. B. Once above policies and procedures are developed/revised, the same will be communicated to relevant parties and training records will be maintained. C. Factory will also review the policies and procedures on periodical basis and if any updates to policies based on law will also be done.

5. A. Factory will develop detailed policy and procedure on industrial Relations that meets legal requirement. The policies and procedures will include: i. All forms of worker management communication committees, ii. Constitution of worker management committees. iii. Procedure in reference to functioning of worker management committees. iv. How grievances arising out of committee meetings will be resolved/handled. v. Procedure to handle industrial disputes/strikes etc., vi. Management commitment towards continuous dialogue with workers through worker management communication committees. B. Once above policy and procedure is developed, the same will be communicated to relevant parties and training records will be maintained. C. Factory will also review the policies and procedures on periodical basis and if any updates to policies based on law will also be done.

6. A. Factory will get the approval/signature from authorized personal on work place conduct and disciplinary procedure. Factory will also include the effective date of work place conduct policy. B. Factory will update disciplinary policy in procedures to include: requirements to document all verbal warnings. ii. How all disciplinary actions will be investigated and documented. iii. Appeal procedures allowing workers to appeal any disciplinary action received. C. Further policy will be reviewed periodically i.e., once in every year with the factory management and if required and based on the needs, policy will be revised and updated. D. Policy will be communicated to relevant parties and work force and the training program conducted will be documented.

Action Plan no 2.

Description

7. A. Step by step procedure in handling grievance system will be developed. Including: i. All grievance mechanisms available to workers; ii. How grievances will be investigated and reported back to workers. iii. Factory will include system of non-retaliation policy embedded in grievance handling procedure. B. Further policy will be reviewed periodically i.e., once in every year with the factory management and if required and based on the needs, policy will be revised and updated. C. Revised policy will be communicated to relevant parties and work force and the training program conducted will be documented.

8. A. Factory will develop written procedure to handle and protect environment based on legal requirement. Factory also keeps the documented records for monitoring, testing and internal verification records. B. Further policy will be reviewed periodically i.e., once in every year with the factory management and if required and based on the needs, policy will be revised and updated. C. Revised policy will be communicated to relevant parties and work force and the training program conducted will be documented.

9. Pls note, as a responsible Group and to ensure consistency across its factories, the Factory's Parent Company established similar systems across all factories/ manufacturing units based on legal requirements.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. There is no review period defined for the policies for any of the Employment Functions. The policies for Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, and the Grievance System were created in 2014 and have not been reviewed since. The policies for Industrial Relations and Health & Safety were created in 2016. The Termination policy was reviewed and updated in 2016. The Environmental Policy is reviewed only periodically.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1, ER.29, ER.30, and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. Factory will review all the policy and practices for employment function such as recruitment, hiring and personal development, compensation, hours of work, and the grievances system once in every year with senior management. B. The factory will develop detailed procedure on policy/procedure review mechanism to document whenever policies/procedures are reviewed; even when their review does not result in an amendment or change to a policy. Review policy should to include responsible parties for reviewing, updating, documentation and signing off review. C. Once review mechanism is developed, the same will be communicated to relevant parties and the training program conducted will be documented.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Specific training is not provided to supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Environmental Protection. Some basic information, including information on the factory's code of conduct, is provided during a periodic general training program for supervisors, which was last conducted May 2016.

2. The factory does not provide workers with a copy of the workplace rules or documentation of topics covered during orientation.

3. Although there is no specific training, the factory provides workers some information on Recruitment, Hiring & Personal Development, Compensation, Hours of Work, Industrial Relations, Workplace Conduct & Discipline, and the Grievance System during a general training program for workers, the last of which was conducted September 2016.

4. The factory does not provide any training to workers on Termination & Retrenchment.

5. The factory has provided training on Environmental Protection to only 450 out of 1,554 workers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1, ER.15, ER.16, and ER.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. Factory has developed a comprehensive training plan for supervisor including code of conduct, working hours, hiring, personnel development, compensation, termination and retrenchment, industrial relationship, workplace conduct and discipline,

grievances system, workplace health and safety, fire safety and environmental protection. So that supervisors can understand the roles and responsibility, and enforce discipline professionally in the workplace. B. Based on above training plan, all supervisors who are new joiners will be provided with orientation program including above topics. C. Factory will also conduct annual refresher training program to all supervisors on employment functions including topics as mentioned in point A. above. D. Conducted training programs will be documented with participants names and signatures.

2. A. Factory is providing the induction for new employees and refresher course periodically to all the employees; the factory also provides a handbook on the workplaces rules and policies and same has been displayed in notice board. Further, factory has started keeping documented records for all the induction training session.

3. A. Factory has developed regular training module based on information of recruitment, hiring and personal development, compensation, hours of work, industrial relations, workplace conducts and discipline, and grievances system. Factory will also keep the documented records for all the training. B. Further refresher training program will be conducted in 2017 and beyond as this will be an ongoing process. C. Factory will also maintain all training materials with participants names and signatures along with photographs.

4. A. Factory will provide training to workers and supervisor on termination and retrenchment by June 2017. B. Conducted training program will be documented with participants names and signatures along with photographs.

5. A. Factory will cover rest of 1104 workers in 2017 under Environmental Protection training. B. Conducted training program will be documented with participants names and signatures along with photographs.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory's job description for the person(s) responsible for Industrial Relations does not include responsibility for Freedom of Association.

2. The factory does not prepare a job description for any positions when personnel need to be hired.

3. The factory only conducts performance reviews for workers in the sewing section but not for workers in the cutting, embroidery, finishing or packing sections or for workers during their probation period.

4. The factory does not provide written communication to workers after performance reviews regarding any changes to their job grades, wages, or the date of implementation.

5. The documentation of performance reviews is insufficient. Workers do not sign the results of the performance evaluation nor is the date of the evaluation recorded. The factory does not receive any feedback from workers regarding their performance reviews. Furthermore, entries are recorded in pencil, which poses a risk of tampering. A review of an evaluation result sheet from August 2016 showed an instance of overwriting on scores previously assigned without a signature to confirm the changes made.

6. The factory does not communicate its workplace rules to the workers in the canteen or with the canteen service provider.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, ER.29, and ER.30.1.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. Factory has job description for every employee. Further factory is developing job description for all the workers based on their nature of job. Job description for personal responsible for industrial relations will also be revised and same will be communicated to concerned person. B. Management has revised the agreement as per local standard with canteen service provider and defined their role and responsibility to their employees. Work place rules will also be communicated workers in canteen and canteen service provider.

2. A. Performance reviews for workers in the cutting, embroidery, finishing and packing sections shall be included in the existing performance review system. A detailed procedure on performance review for workers in these areas will also be developed. B. Relevant parties involved in performance reviews will be communicated on procedures once developed. C. Factory HR staff responsible for performance reviews along with Industrial Engineers will implement above said performance review policy and procedure. D. Related documents such as performance review sheets of individual employees along with workers and authorized

signatures will be maintained.E. Factory will monitor and sustain the compliance through early labor compliance audits. 3. A. Going forward factory will provide written communication to workers after performance reviews regarding any changes to their job grade, wages and the date of implementation. Information will be updated in employment records or service records in workers' personal file.B. Above changes to policy will be communicated to relevant parties handling performance review procedure for necessary implementation.

4. A. Factory will conduct performance review for all the workers and keep the accurate documented records including workers signatures, date of the evaluation, feedback regarding workers performance reviews. Factory will strictly instruct relevant parties to avoid any form of overwriting. B. Factory will get the performance evaluation sheets signed and acknowledged by workers. C. Factory HR and Industrial Engineering department will be informed about giving chance to workers to review their performance evaluation sheets and sign on the same based on their review.

D. Factory internal audit team will review the compliance on periodical basis and should there be any deviations, further action will be taken for correct implementation.

5. A. Factory will communicate workplace rules to workers in canteen and canteen service provider by June 2017.B. Conducted training program will be documented with participants names and signatures along with pictures.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The probation period for new workers is six months.

2. The factory issues the appointment letter (employment contract) two to three days after hiring a worker.

3. Some sewing operators were hired in 2010 as tailors at the lowest skill grade (in the unskilled category, Tailor Grade C). As of 2016, these workers were still designated as Tailor Grade C, and are therefore paid the unskilled-level wages. No past records of performance reviews were available for review.

Local Law or Code Requirement

Industrial Employment Standing Orders Act, 1946; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.30; Compensation Benchmarks C.1 and C.3)

Recommendations for Immediate Action

1. Change all existing workers' probation period to three months; sign contracts with new workers with a probation period no longer than three months.

2. Issue the employment letters to workers on the same day of hiring.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. Factory is under discussion with top management. As per our approved standing order factory can keep worker for the probation of six months. This policy is meeting the standards from brand. B. Factory further will review the existing practice and will start issuing appointment letters to workers on the day of joining. Further relevant parties engaged in recruitment process will be communicated to issue the appointment letters to all workers on the day of appointment. C. Factory is conducting performance review of all the workers including C grade tailors and based on the result of performance evaluation, grades & wages of C-grade tailors will be revised and paid.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory only provides production incentives to sewing machine operators.
2. In October 2016, the factory paid workers their wages and issued wage slips 14 days after the pay period, which is four more days than legally permissible. Wages for previous months were paid within legally defined timelines.
3. When workers ask for advances (particularly during festival period, which is not considered a loan or a wage advance), the factory pays workers their wages for unused leave prior to workers accumulating their maximum amount of leave allowed, as a way to justify the advance and to promote worker retention. Although this practice is verbally agreed to by the workers, should workers require leave at a later date, paid leave may not be available. By law, workers may accumulate up to 30 days of leave; thereafter, the factory is not required to pay wages for unused leave accumulated beyond 30 days.
4. One danner (of one), three out of 11 mechanics, and one out of three band knife machine operators are designated as staff and are therefore not compensated for any overtime hours they work.
5. Wages for days worked between the last pay period and the date of employment termination as well as wages for unused leave are paid on the 25th day of the month, irrespective of date of termination. Per legal requirement, wages due should be paid within two days of the last day of employment.
6. The annual bonus, due as part of any terminal payments, is paid in October which is seven months after the end of financial year (April to March). This payment is made in two instalments. Bonuses earned for work done in the previous financial year is paid the same October of the last year of employment. The bonus earned between March and the last day of employment is paid October of the following financial year. By law, all payments (except wages) should be made within 30 days from the last day of employment. For example, if a worker resigns in June 2016, the bonus earned for work done between April 2015 and March 2016 will be paid October 2016 and the bonus earned for work done from April 2016 to June 2016 will be paid October 2017. Furthermore, the factory pays workers gratuity (a bonus paid to workers who complete five years at the factory) two months after the last day of employment.
7. For work done on rest days, the factory either compensates workers at premium rates (double the wage rate) or provides a compensatory holiday. Per law, for work done on rest days, the factory is required to provide a compensatory holiday in addition to paying workers at double the wage rate for the day worked.

Local Law or Code Requirement

Factories Act 1948, Section 79; Minimum Wages Act, 1948; FLA Workplace Code (Employment Relationship Benchmark ER.18; Hours of Work Benchmark HOW.1; Compensation Benchmarks C.1, C.4, and C.7)

Recommendations for Immediate Action

1. Pay wages within 10 days of the pay period ending. Issue wage slips a day prior to paying wages, as required by law.
2. Document and maintain on file workers' requests for encashment of unused leave. Ensure that workers maintain a minimum number of leave days, which should be defined in factory policy.
3. Compensate the one danner, three mechanics, and one band knife machine operator, who are designated as staff, for any overtime hours worked.
4. Pay any and all wages and unused leave that are part of a worker's terminal payment within two days of their last day of employment, as required by law. Pay all remaining terminal dues, including earned bonuses, within 30 days of termination of employment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. As production incentives are not within purview of legal law, factory will further discuss with management and explore the opportunities of providing incentives to other workers based on their performance evaluation.
2. A. Factory will review the factory's current practice, legal requirements and brand's standards and take immediate measures to revise and update wages and benefits policy and procedures with below details:
 - i. Date of payment as per local law i.e., all wages will be paid within 10 days of end of pay period and distribution of wage slips one day prior to paying wages as required by law.
 - ii. Leave benefits: As per law, workers are allowed to carry over their paid leave up to 30 days. If number of days exceed beyond 30 days then, workers will be paid for the leave that exceeds 30 days. With this arrangement, workers will have sufficient number of leave which they can enjoy as required by law. Factory will document through written agreements with workers cases where workers agree to receive their vacation pay ahead of time.
 - iii. Overtime wages: Overtime wages will be paid as required by law to all applicable workers including danners, mechanics and band knife machine operator. Back payment if any will also be paid.
 - iv. Termination dues and bonus payment: All termination dues and bonus payment will be made as required by law.
 - v. Rest day work: Payment of overtime wages and provision of compensatory holidays for rest day work as required by law will also be included.
- B.

Once above policy and procedure is revised and updated, the same will be authorized by factory senior management.C. All related parties such as HR and Compliance team, production team and workers will be communicated about policy revision. Conducted training program will be documented with participants' names and signatures.D. Also HR and payroll team will immediately implement above policy and procedures once revised.E. For next three months Group HR and Compliance team will monitor the implementation through monthly visits.F. Implementation will further be monitored and sustained through periodical internal labour audit i.e., one/two audits in a year.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Workers worked from 12 to 15 hours a day, more than the legal maximum of 10 hours per day, in the following cases: two out of five sampled workers from the cutting section (September 2016), all four sampled workers from the dispatch section (October 2016), two out of four sampled workers from the dispatch section (November 2016) and all five sampled workers from the finishing section (November 2016).
2. On three occasions within the records reviewed, the outsourced Security Guards worked two, eight-hour shifts within a 24-hour period.
3. As a practice, the factory records work done on rest days unofficially and separately from work done on week days.
4. Seven out of the ten sampled overtime consent sheets were incomplete. For example, on October 27, 2016, 57 workers from the finishing section worked overtime. The consent sheet is not signed by individual workers but was signed by the HR Manager, Finishing Manager, and Factory Manager. On the same day, two workers from dispatch worked overtime and signed the overtime consent sheet, however the start and finish of their overtime is not recorded on the sheet. On October 25, 2016, 66 workers from the finishing section worked overtime, however only 33 workers' signatures are on the document. On October 18, 2016, 11 out of 22 workers from the finishing section had not signed the consent sheet. On October 20, 2016, the finishing time is not recorded for any of the eight workers from the cutting section.
5. On Monday, October 10, 2016, the factory granted workers a holiday since Sunday, October 9 was a rest day and Tuesday, October 11 was a festival holiday and the factory was closed. To compensate for the October 10 holiday, workers worked on a later rest day, October 23, 2016. As a result, workers worked continuously for 13 days. Per FLA code, workers must receive at least 24 hours of rest for every seven-day period. Otherwise, the factory regularly provides workers one rest day per week.

Local Law or Code Requirement

Factories Act 1948, Minimum Wages (Central) Rules, 1950, Rule 23 (4); FLA Workplace Code (Employment Relationship Benchmark ER.2; Hours of Work Benchmarks HOW.1 and HOW.2)

Recommendations for Immediate Action

1. Monitor and ensure that workers do not work more than 10 hours a day.
2. Ensure that the outsourced security guards do not work more than 10 hours in a 24-hour period, as defined by law on daily working hours.
3. Record work done on rest days and on week days in the same set of records.
4. Ensure overtime sheets are completed accurately, with entry and exit times recorded and signed by workers.
5. Compensate work done on rest days at overtime premiums in addition to providing a compensatory holiday, as legally required.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. Factory will review the factory's current practice, legal requirements and brand's standards and take immediate measures to revise and update hours of work policy and procedures with below details:i. Working hours limit: Factory will maintain / restrict working hours to 10 hours per day and 60 hours per week as per brand's standard. Further steps on how to reduce overtime i.e., review of planning, capacity, material delay, extraordinary circumstances will also be included in policy. ii. Out sourced security

guards: The working hours limits will also be extended to outsourced workers including security guards i.e., restricting working hours to 10 hours per day and 60 hours per week as per brand's standard.iii. Working hours recording: All working hours including all overtime and rest day work will be recorded in single books through electronic system of time recording and based on the actual working hours, workers' wages will be calculated and paid. iv. Overtime approval procedures: Detailed steps for overtime approval procedure with signatures from workers and approval authority. Also steps to work same overtime as approved which will accurately reflect in electronic system of time recording.v. Provision of one day rest followed by six consecutive working days.

2. Once above policy and procedure is revised and updated, the same will be authorized by factory senior management.

3. Related parties such as HR and Compliance team, production team and workers will be communicated about policy revision. Conducted training program will be documented with participants' names and signatures.

4. Also HR, payroll and production team will immediately implement above policy and procedures once developed.# For next three months Group HR and Compliance team will monitor the implementation through monthly visits.# Implementation will further be monitored and sustained through periodical internal labour audit i.e., one/two audits in a year.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. The factory systematically does not follow legal procedures prior to terminating workers who have been absent for long durations. For example, one worker was absent from work beginning July 28, 2016 and resigned on Aug 20, 2016. The factory paid the worker their termination dues on September 25, 2016 and removed the worker's name from factory payroll reflecting the worker's last day as July 28, 2016. Legally, however, a worker continues to be employed until he/she resigns or their services are terminated following a disciplinary action. The factory should have initiated disciplinary action, followed the legal procedure, and then terminated employment.

2. A review of files and termination payment records for five sampled workers revealed documentation discrepancies in two files. In one case, a resignation letter signed by a worker states that she was employed at the factory from December 16, 2013 to July 16, 2016. The date on the letter for her final day of employment was changed from July 16, 2016 to August 6, 2016 (this change was not confirmed by the worker) and according to the factory's pay records, she was paid through August 6, 2016. According to the pay records, her date of resignation was June 14, 2016, although the date of resignation is not recorded on the worker's resignation letter, although it was approved and accepted by a management representative.

3. The factory does not communicate its termination and retrenchment policy and procedures to the general workforce. Furthermore, it does not arrange consultation meetings with workers or worker representatives before management reaches any final decisions on layoffs.

Local Law or Code Requirement

Industrial Employment (Standing) orders Act 1946; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.16, and ER.32)

Recommendations for Immediate Action

1. Follow legal procedures prior to terminating workers' employment.
2. Maintain accurate and complete documentation of workers' terminations.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- A. Factory will review the factory's current practice, legal requirements and brand's standards and take immediate measures to revise and update disciplinary, Termination & retrenchment policy and procedures with below details:
 - B. Detailed steps that will be followed by factory to discipline workers if they are absent from the duty for continuous 8 days without permission as required by law.
 - C. Steps that will be followed to examine human / typo errors in reference to resignation letters submitted by workers and acceptance date by factory management. Further factory will include step to review accuracy of resignation letters and pay correct termination dues to all workers from the date of resignation.
 - D. Detailed procedure to consult workers representatives in regard to taking final decision on layoffs if any.
- 2 Once above policy and procedure is revised and updated, the same will be authorized by factory senior management.
3. Related parties such as HR and Compliance team, production team and workers will be communicated about policy revision.

- Conducted training program will be documented with participants' names and signatures.
4. Also HR and payroll team will immediately implement above policy and procedures once developed.
 5. For next three months Group HR and Compliance team will monitor the implementation through monthly visits.
 6. Implementation will further be monitored and sustained through periodical internal labour audit i.e., one/two audits in a year.

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. Worker representatives who have left the factory have not been replaced in the works committee, although there are procedures in place to do so. Not all production processes are represented by the current representatives. The six-member committee has one representative each from the maintenance section, finishing, and cutting sections and three representatives from the sewing section to represent all 1,554 workers in these sections. There are no representatives on the committee from the embroidery or packing sections (which are comprised of 72 workers).

Local Law or Code Requirement

Industrial Disputes Act 1946; FLA Workplace Code (Freedom of Association Benchmark FOA.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. Factory has policy and procedure for workers committee and their function role and responsibility. Further factory will revise the policy and procedure to include details of replacing worker representatives in case any of them have left the organization. Some of committee members have left the organization; current committee members are not included from all the departments. The New committee constitution take place in April 2017, which will have the representation covering all the sections including embroidery and packing section.

B. Further factory will document election/selection procedure and will submit to auditor for review.

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. As a systematic practice, the factory does not initiate any disciplinary action for long periods of absenteeism prior to terminating employment which does not comply with legal requirements or the factory's own written policy. Clause No.3 in terms and conditions of the employment contract states that employment will be terminated if the worker remains absent without permission for eight days. Based on this clause, employment is being terminated as a systematic practice. Written warnings are issued for clocking in late and for production related errors. In one instance, a worker was on leave from June 27 to July 7, 2016. After her leave, she did not report back to work, however the factory did not initiate any disciplinary action. On July 18, 2016, the worker apologized for her absence from work in the form of a letter to the factory and was allowed to return to work. The apology letter has not been signed by the management and no remarks were recorded prior to allowing the worker to return to work.

2. The factory does not maintain appropriate documentation regarding Workplace Conduct & Discipline. A review of the record of grievances reported at the help desk in April 2016, found a case when a supervisor used abusive language against workers. Management stated that after the incident, two written warnings were issued to the supervisor for his behavior and continuous absenteeism from work. The supervisor resigned on May 11, 2016. Neither the written warnings or the supervisor's resignation letter was available for review.

3. The factory does not document verbal warnings. The written warnings are maintained in a separate file, but not in workers' personnel

files.

4. The external member (a non-worker who may be a member from a civil society organization or a nongovernmental organization) in the “Internal Complaints Committee” is not present for all meetings, as legally required. Therefore the committee, which addresses the harassment of women in the workplace and is a legal requirement, is not compliant with the local law.

Local Law or Code Requirement

Industrial Employment (Standing Orders) Act, 1946; The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; FLA Workplace Code (Employment Relationship Benchmark ER.1, ER.2 and ER.27; Harassment & Abuse Benchmark H/A.1)

Recommendations for Immediate Action

1. Initiate disciplinary action prior to terminating employment.
2. Ensure external member in the “Internal Complaints Committee” is present for all meetings as legally required.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. Factory will follow disciplinary measures in regards to termination of workers who are absent from duty continuously for 8 days as required by law i.e., issuing notices etc., before taking any disciplinary action. B. Factory HR and compliance team will be made aware on appropriately maintaining all documents / signing all papers by authorized personal when required. Ex: Signing of apology letter by management. C. Factory will communicate above to HR and Compliance team for implementation. D. Factory will monitor and sustain the compliance through thorough labor internal audits and taking control measures when required.
2. A. Factory will maintain copy of relevant documents related to disciplinary action such as warning letters, termination letters and will be kept in personnel files and available during the audits for review. Written warnings and the supervisor's resignation letter that was misplaced at the time of audit has now been found and entire file is available for review. B. Going forward all HR and relevant team who are involved in the process of termination and retrenchment will be made aware of importance of maintaining all relevant documents in employees personal files. C. Further factory will ensure compliance through thorough internal audits.
3. A. Factory is now maintaining the all disciplinary action records such as verbal, written warnings in respective workers' personnel files. # Factory will revise policy and procedure on disciplinary practices to include documentation of verbal warnings. B. Further policy will be reviewed periodically i.e., once in every year with the factory management and if required and based on the needs, policy will be revised and updated. C. Policy will be communicated to relevant parties and work force and the training program conducted will be documented.
4. A. Factory has Anti Harassment and Abuse Policy and also follows Internal Complaints Committee guidelines as required by law. Further involvement of external member in committee meetings will be emphasized to the HR and Compliance team that should be implemented on immediate basis. B. Factory will persuade external member/NGO to attend and be part of all the “Internal Complaints Committee” meetings. C. Top management has now suggested and made an arrangement for the NGO's presence in the every Internal Complaints Committee meetings. D. Factory will continue to document internal compliance committee meetings along with participants names, signatures and pictures.

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The factory had maintained documentation on grievances reported to the help desk, however it discontinued the practice in April 2016 when the responsible manager left the factory and responsibility for the documentation of grievances was not reassigned. Neither the action taken on grievances or the date of action is recorded on the grievance record.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. Step by step procedure in handling grievance system through help desk will be developed. Including: i. Reassigning the responsibility for the documentation of grievances if responsible manager leaves the organization; ii. Action that will be taken to handle the grievances and date of action.
- B. Once the above said procedure is developed the same will be communicated to relevant parties for implementation.
- C. All workers will be trained on above and conducted training program will be documented.
- D. Implementation will be monitored through thorough internal audit.

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The spill response kit near the machine oil barrels that are stored near the power generator was empty. It was missing hand gloves, cleaning equipment, collection trays, and a container to store spills. The factory has not provided a spill response kit near the machine oil which is stored in a separate room.
2. There are no hazard labels posted on the machine oil and diesel containers.
3. None of the secondary containers are of adequate capacity to contain leaks.
4. The diesel barrels (four barrels, each 200 liters) are stored between the factory wall and the power generator, the walkway to which is narrow and partially restricted with electric cables from the power generator. The chemicals used for the boiler are stored near the boiler with no restricted access. The power generator and the boiler are also a source of heat which poses a fire risk when near chemicals.
5. All MSDSs are posted in English and not in the local language.
6. The factory has not provided an eye wash station near the oil storage areas.

Local Law or Code Requirement

Factories Act 1948; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6, HSE.9, and HSE.10)

Recommendations for Immediate Action

1. Provide spill response kits near diesel and machine oil storage areas. Regularly monitor to ensure that they are fully stocked at all times.
2. Post hazard labels on machine oil and diesel containers.
3. Provide adequately sized secondary containers for all chemicals.
4. Relocate the storage area for the diesel barrels and the boiler chemicals to ensure that they are stored away from the boiler and power generator and are easily accessible.
5. Post MSDSs for all chemicals in the local language.
6. Install an eye wash station near oil storage areas.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. Factory will provide spill response kit near machine oil barrels that are stored near power generator and near the machine oil which is stored in separate room. The spill response kit will be equipped with hand gloves, cleaning equipment, collection trays, and a container to store spills.
- B. Employees handling machine oil will be provided with training on handling and usage of chemical spill response kits.
- C. Sustainability will be monitored through Health and Safety internal audits.
2. Factory will review and post hazard classification labels on the machine oil and diesel containers.
3. Further factory will review and provide such secondary containments that can contain leaks and has draining arrangement to

collect the spills.

4. A. Factory has identified separate space and has constructed storage area to store diesel barrels and boiler chemicals. All diesel barrels (four barrels, each 200 liters) will be stored in newly constructed storage area.

B. Adequate secondary containment will also be provided to contain any leaks.

C. Diesel barrels will be labelled and MSDS will be posted.

D. Factory will also provide spill response kits to this diesel storage area.

5. A. Factory will translate required information (such as chemical name, how to handle, how to store, PPE to be used, risk, first aid measures etc.,) from MSDS in English language to local language.

B. Once the translation completes then factory will post the MSDS in local language.

C. All employees handling chemicals will be trained on MSDS in local language and conducted training program will be documented.

6. Factory will provide eye wash station in oil storage area. All employees handling chemicals will be made aware on how to use eye wash station.

Once all the above points are implemented, factory will monitor and sustain the same through thorough Health and Safety internal audits as well as daily checks by safety officer.

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The chemical risk assessment does not include information on the number of workers who are at risk and the probability of an accident.

2. The factory conducted fitness examinations for the three attendants in the child care room (two hired in September 2014 and the third hired December 2015) in October 2016. To protect children, fitness examinations of the child care attendants must be conducted prior to hiring.

3. The factory provides operating instructions to the operators of the auto layer machines, auto cutting machines, band knife machines, boiler, air compressor and power generator during their installation; the factory does not, however, provide any further training on machine operation.

4. All maintenance workers receive periodic training on carrying out safe maintenance work. The last training was conducted on September 18, 2016 which was a rest day. Management said that this training was actually conducted on a weekday, although they could not confirm the day of the week training was conducted. Training was conducted by the safety officer and Human Resources Assistant.

5. There are no canteen workers in the Canteen Committee, a legally required committee comprised of workers and management that monitors the functions of the canteen.

6. The factory does not track illnesses.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety & Environmental Benchmarks HSE.1, HSE.3.2, and HSE.14)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will conduct thorough Hazard Identification and Risk Assessment including chemicals that will cover details such as number of workers who are at risk, probability of accident, severity rate, priority and control measures.

2. A. Factory will review and amend recruitment procedure in particular to hiring of child care attendants so that fitness exams of child care attendants are conducted prior to hiring in order to protect children from any contagious disease.

B. Recruitment team will be update on above change.

C. Implementation will be monitored through periodical internal audits.

3. A. Factory will review and provide training on machine operations to the operators operating machines such as auto laying machines, auto cutting machines, band knife machines, boiler, air compressor and power generator etc.,

B. Conducted training program will be documented with participants names, signatures and photographs.

4. A. Factory will review the training calendar and further will not plan or conduct any training program on rest days.

- B. All the trainers such as safety officer, HR Manager, Welfare officer etc., will be communicated on above.
- C. Compliance will be monitored through thorough internal audits.
- 5. A. Factory will be constituting canteen committee in April 2017 and factory will also seek nominations from canteen department for the upcoming committee election.
- B. Based on the result of the election, canteen department will also be involved in canteen committees.
- C. Compliance will be further monitored through internal audits.
- 6. A. Factory is maintaining accident records as required by law for major and minor accidents including illness.
- B. Factory is also maintaining safety statistic report in brand format.
- C. Based on the above data, factory will track the illness and it's reasons.
- D. Also based on the illness tracking sheet, workers will be made aware of precautionary measures in order to prevent such illness.
- E. Training conducted will be documented with participants names, signatures and photographs.

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no system to sterilize medical equipment in the medical room.
2. Although the factory's working hours are from 9:00 AM to 5:30 PM, the factory's doctor is only available between 10:00 AM to 3:30 PM, which does not comply with the law, which requires a doctor to be available during all working hours. Furthermore, the nurse and in-house medical facility, which is open from 9:00 AM to 5:30 PM, are not available to embroidery workers at all hours of their shifts (6:00 AM to 2:00 PM and 2:00 PM to 10:00 PM) or to workers working overtime. In the event a doctor or medical attention is needed, workers are referred to a hospital located close to the factory, paid for at the factory's expense.
3. The factory has not installed an interlock device for the doors on the cargo elevator although it was recommended in elevator inspection report from June 2016. A manual locking arrangement has been provided which was unlocked during the factory tour; the cage door could be opened by the assessor while the elevator was on another floor.
4. The factory has not posted appropriate signs near the elevator doors on any of the floors to indicate whether the elevators are used for the transportation of cargo and/or passengers. Furthermore, the passenger elevator does not have any signs posted indicating the maximum working load.
5. The factory has not provided a play area near the child care, as required by law.
6. The factory has provided only two glasses near each drinking water station on each floor for all workers to share.
7. During the assessment, female workers from the housekeeping department were seen loading waste cartons onto a truck. Furthermore, they were doing so without the proper PPE (lifting belts) or training.
8. Only four out of nine electricians employed at the factory have certificates of qualification. The other five do not have the qualifications to work as electricians.
9. The factory has not marked traffic lanes in the part of the factory where there is vehicular movement.
10. The factory has not installed speed bumps, convex mirrors, and reflectors to assist in safe driving practices.
11. The factory has not installed convex mirrors in the corners of staircases which have blind turns to assist workers in avoiding collisions while using the staircases.
12. The factory has not installed a lightning protection system.
13. The factory has not posted signs indicating confined spaces.
14. The factory has not implemented a lockout-tagout (LOTO) procedure.

Local Law or Code Requirement

Factories Act 1948 Sections 22, 33, 35, 38; FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1, HSE.2, HSE.13, HSE.14, HSE.18, and HSE.23)

Recommendations for Immediate Action

1. Develop and implement a system to sterilize the medical equipment in the medical room.
2. Ensure a doctor is available during all working hours, as legally required.
3. Install an interlock device for doors on the cargo elevator.
4. Post signs near elevator doors on all floors indicating cargo and/or passenger movement for the elevators as well as maximum working load.
5. Provide a play area near the child care.
6. Develop a hygienic arrangement for drinking water at drinking water stations.
7. Ensure female workers from the housekeeping department do not load waste cartons.
8. Employ only qualified and certified electricians.
9. Mark traffic lanes in the factory where there is vehicular movement.
10. Install speed breakers, convex mirrors and reflectors to assist in safe driving practices.
11. Install convex mirrors in the corners of staircases which have blind turns.
12. Install a lightning protection system in the building.
13. Post signage near confined spaces.
14. Implement a lockout-tagout procedure. Train workers on the procedure and the machines that require it.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. Factory will develop procedure to sterilize medical equipment with the advise from medical expert.
B. Once the procedure is developed, medical staff and attendant in the medical room will be trained on how to sterilize the medical equipment.
C. Medical staff and attendant will be suggested to implement the procedure after the training program.
D. Compliance will be monitored through internal audits.
2. A. Factory will have detailed discussion with doctor and extend the stay of the doctor from 9-00am up to 5-30pm so that doctor will be available during entire working hours in the factory from 9-00am to 5-30pm.
B. Factory will review this internally and arrange for the medical staff to be available during overtime work as well as during second shift i.e., from 6am to 2pm and from 2pm to 10pm.
C. Compliance will be monitored and sustained through thorough internal audits.
3. A. Factory will remove manual locking system and install interlocking device so that cage door does not opens when elevator is on another floor.
B. Compliance will be monitored and sustainable internal audits.
4. A. Factory has assigned separate elevators for the use of passengers as well as for the cargo. Accordingly factory will post appropriate signs near the elevator doors in each floors to indicate whether the elevators are used for the transportation of cargo and/or passengers.
B. Factory will also post sign indicating maximum working load capacity near doors of passenger elevator in each floor.
5. As reviewed by the auditor, factory really has space constraint in order to provide separate play area. Further factory will have discussion with senior management and review the feasibility of providing play arear to children in crèche.

Action Plan no 2.

Description

6. A. Additional glasses provided to the defined stations to prevent/avoid sharing of cups between workers defining the use and unused glass. Factory will monitor the system so that the number of the glasses provided are sufficient Or workers will be provided with their own cups.

B. Workers will also be trained about the new system and bad effects on health if they share cups. Conducted training programs

will be documented with participants names and signatures.

C. Housekeeping employee will be trained to wash used glasses and keep the same in designated unused place.

7. A. Factory will develop detailed procedure on material handling including the requirement of PPE in particular to loading of materials by house keeping female employees.

B. House keeping employees will be provided with PPE such as lifting belts that needs to be used while lifting materials.

C. All house keeping employees will be provided with training on material handling and usage of PPE and conducted training will be documented.

D. Compliance will be monitored and sustained through thorough internal audits.

8. A. Factory will review and suggest remaining 5 electricians to apply and obtain electric wiremen B license from local electricity board.

B. Factory will further follow up with electricians and assist them in applying for wiremen B license so that they obtain qualification certificate on priority basis.

9. With the guidance of traffic department, factory will identify the area where there are vehicular movements in the factory premises and accordingly mark the traffic lanes in the part of the factory .

10. Factory will approach traffic department and according to their guidance, factory will install speed bumps, convex mirrors, and reflectors to assist in safe driving practices.

11. The factory will review and identify staircases which has blind turns and accordingly will install convex mirrors in the corners of staircases in order to assist workers in avoiding collisions while using the staircases.

12. The factory will review and install a lightning protection system in order to prevent damaging effects from lightning.

13. A. The factory will identify confined spaces through out the factory and posted signs indicating confined spaces.

B. Further all workers will be made aware of confined spaces so that they do not enter confined spaces as entry is restricted to authorized personnel only.

C. Conducted training program will be documented with participants names and signatures.

14. A. Factory will follow lockout-tag out procedure.

B. Factory will also train the maintenance/electricians(who are mainly involved in lockout-tagout procedure) workers on lockout-tag out procedure and document the training program conducted with participants names and signatures.

FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Out of 1,554 workers, the factory has so far provided only 108 workers (91 workers from production and 17 from maintenance) training on the use of PPE. There is no defined schedule to train the remaining workers.

2. The factory does not provide hard toe shoes to the mechanics to prevent injuries.

3. The needle guards are pushed upwards on 40% of sewing machines, rendering them ineffective in preventing finger injuries.

4. The factory does not provide gloves to sewing machine operators handling denim fabric. As a result, blue color from the fabric comes off on the hands and nails of these workers. Since workers use their hands to eat food, if their hands are not washed properly, it could be a health hazard.

5. The band knife machine operator uses safety mesh gloves only on one hand instead of using them on both hands.

6. The factory does not provide eye protection to the operator of the rivet attaching machine.

7. Three out of 12 workers in the embroidery section were not using their provided ear plugs, despite having been previously trained on the use of ear plugs.

8. During the initial factory tour, canteen workers were not using any hair nets, gloves, or aprons. The next day, however, they were using these.

9. The factory has not provided helmets to workers loading and unloading fabric in the storage room ("fabric stores").

10. The factory has not provided lifting belts provided to loading workers.

11. The factory has not provided standing workers with anti-fatigue mats or seated workers with adjustable chairs and work stations to fit individual workers.

12. The factory has not posted Safe Operating Procedures (SOPs) near the machines.

Local Law or Code Requirement

Factories Act 1948 Sections 22, 33, 35, and 38; FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1, HSE.7, HSE.8, HSE.14, HSE.17, and HSE.22)

Recommendations for Immediate Action

1. Provide hard toe shoes to mechanics.
2. Train workers on the importance and proper use of needle guards. Regularly monitor for compliance.
3. Provide gloves to sewing machine operators who are handling denim fabric, eye protection to rivet attaching machine operator, helmets and lifting belts to loading workers in the storage room. Train workers on the proper use of their respective PPE and regularly monitor for compliance.
4. Train workers on the proper use and importance of PPE (such as the band knife machine operator, workers in the embroidery section, and canteen workers). Regularly monitor for compliance.
5. Post SOPs near all machinery in the local language.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Training Calendar has been revised and according to the training calendar the Factory cover all workforces by 30th November '17.
B. Factory will also provide specific trainings on proper use of their respective PPE to employees between May and Oct 2017.
C. Conducted training program will be documented with participants' names and signatures along with photographs.
2. A. Factory will provide hard toe shoes to the mechanics in order to prevent any physical injury.
B. Factory will also organize training program on usage of appropriate PPE to all mechanics. Conducted training program will be documented with participants names and signatures.
C. Compliance will be monitored through thorough internal audits.
3. A. All the needle guards have been reinstalled in correct way. The factory will conduct training program to respective workers in machines safety and usage of PPEs.
B. The Training program will be continued and will be made part of ongoing training process.
C. Factory will also monitor the compliance through daily checks by factory safety officer and through internal audit.
4. A. Factory will provide gloves to sewing machine operator handling denim fabric, and ensures PPE are being used.
B. Factory will organize training program on usage of PPE and conducted training program will be documented with participant's names and signatures.
C. Factory HR and Compliance team will monitor the compliance on periodic basis
5. A. Band knife machine operators will be provided with safety mesh gloves to both the hands.
B. Factory will enhance awareness of safe work practices and develop the process to make sure appropriate PPEs are available for band knife machine operators.
C. Factory will also post safety signs on band knife machine to remind band knife machine operators to use the safety mesh gloves when they operate machines.

Action Plan no 2.

Description

6. A. Factory will provide goggles to the operators of rivet attaching machines and will also conduct training on usage of assigned PPE.
B. Factory will also make supervisor responsible to monitor the situation on daily basis.
C. Safety team will monitor the compliance through thorough internal audits.
7. A. Ear plug already been provided to all the embroidery workers. Further, factory will conduct refresher training program to all embroidery workers including 3 workers to ensure proper use of earplug.
B. Conducted training program will be documented with participants names and signatures.
C. Compliance will be monitored through internal audits.
8. A. Factory has already provided hair nets, glove and aprons to the canteen employees.
B. Factory will organize training program to canteen workers on positive effects of using PPE. Training program conducted will be documented for evidence
- 9-10 A. Factories will provide helmet and lifting belt to workers working in loading and unloading in the fabric store room.

- B. Factory will conduct awareness program to workers working in fabric stores and loading/unloading area on proper use of PPE.
- C. Conducted training program will be documented with participants names and signatures.
- 11. A. Factory will provided anti-fatigue mats to standing workers.
- B. Factory will further review the situation with industrial engineers to know the average height of the workers and accordingly chairs with suitable heights will be provided to sitting workers.
- B. Factory will ensure that this will be monitored on regular basis by our HR and compliance team
- 12. A. Factory will develop safe operating procedure to each machine and will post the same on each machines.
- B. Further factory will train operators on safe operating procedure.
- C. Factory will document the conducted training program with participants names and signatures.

FINDING NO.16

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not enlisted a third-party to conduct a fire risk assessment.
2. The factory conducted fire drills for night shift workers in January 2016 and in July 2016. However, this is less frequent than required by law (once every two months).
3. The factory has not designated assembly areas by department. Hence, all 1,554 workers assemble in a common area which is in the driveway at the rear of the factory. This impedes taking a head count and quick identification of any missing persons.
4. The logs of evacuation drills do not include information on the accounting and safe evacuation of children in the child care, visitors, or special categories of workers.
5. The factory stores waste fabric and damaged cartons together in a room at the rear end of the factory building. There is one extinguisher (5kg capacity) in the storage area which may not be adequate to control fires considering the quantity of material stored.
6. During the assessment, a trolley was parked on one of the three evacuation routes in the cutting section.
7. The main exit doors from the facility are roll-down shutter doors which, once rolled up, were not locked in order to prevent accidental closure. The door leading to the basement was seen rolled halfway down. The doors from work areas swing inwards and outwards; they are held open inwards. By law exit doors need to open in the direction of evacuation.
8. There are only 99 fire extinguishers for an area of 188,967 square feet. As a best practice, there should be at least 189 fire extinguishers for this area (one per 1000 square feet).
9. The fire brigade does not have the appropriate equipment to fight fires (including the correct PPE, e.g. gas masks, helmets, fire-resistant gloves, breathing apparatus, etc).
10. The factory does not currently have a sufficient amount of water available for fighting fires, although the factory is in the process of installing fire hydrants.
11. Neither the child care attendants or the canteen workers are trained on first aid or firefighting procedures.

Local Law or Code Requirement

Factories Act 1948 Sections 22, 33, 35, and 38; FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1, HSE.5, HSE.6, and HSE.7)

Recommendations for Immediate Action

1. Conduct fire drills for night shift workers at least once every two months, as legally required.
2. Designate assembly areas for each department to facilitate effective evacuation procedures. Communicate with workers their assigned assembly area.
3. Include in the evacuation logs information on the evacuation of children from crèche, visitors, and special categories of workers.
4. Provide an adequate number of fire extinguishers in the storage area

5. Ensure evacuation routes are maintained clear at all times.
6. Realign exit doors to open outwards.
7. Install an adequate number of fire extinguishers throughout the factory.
8. Provide the fire brigade with appropriate equipment and PPE to fight fires.
9. Continue installation of fire hydrants to ensure there is sufficient water to fight fires.
10. Train child care attendants and canteen workers on first aid and firefighting procedures.

COMPANY ACTION PLANS

Action Plan no 1.

Description

7. Providing locking system to roll-down shutters in order to prevent accidental closure. Complete opening of the door leading to basement. Awareness to all workers and relevant staff to always open the exit doors outwards.
 8. Review and accordingly provide adequate number of fire extinguishers i.e., 189 fire extinguishers throughout the factory are required.
 9. Provision of appropriate equipment and PPE such as gas masks, helmets, fire-resistant gloves, breathing apparatus, etc.) to fire brigade in order to fight fires.
 10. Provision of sufficient amount of water for the purpose of fire fighting i.e., underground water tank with 80,000 liters capacity storage has been provided and connected to fire hydrant pump. Other than this, factory also have overhead water tanks which can also be used for fire fighting purpose.
 11. All child care attendants and canteen workers will be trained in first aid and fire fighting respectively by end Dec 2017.
- B. Factory safety and compliance team will be made responsible to implement above by end Dec 2017.
C. Compliance will be monitored and sustained through thorough safety internal audits.

Action Plan no 2.

Description

- A. Factory will review and revise the existing emergency preparedness program with senior management and fire safety expert to ensure the following:
1. Factory will contact relevant third party and assign them to conduct comprehensive fire risk assessment.
 2. Fire evacuation drills will be conducted as required by law for the workers working in night shift i.e., one evacuation drills in 2 months.
 3. Earmark separate assembly areas for each department to facilitate effective evacuation and head count. Also informing workers about their allocated assembly area.
 4. Appropriate documentation of fire evacuation drills with details such as head counts, evacuation of children from crèche, visitors, and special categories of worker
 5. Provision of adequate number of fire extinguishers in all storage areas including fabric storage, waste storage areas, etc.,
 6. The maintenance of clear and unobstructed exit routes at all times, including earmarking designated place for keeping trolley.