



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: India

ASSESSMENT DATE: 11/05/16

ASSESSOR: Insync Global

PRODUCTS: Apparel

NUMBER OF WORKERS: 1700

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 does not have a written policy on Personnel Development, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, or Grievance System.

2. The factory does not have written procedures on Personnel Development.

3. The factory's Recruitment & Hiring procedures do not include a list of employment documents to be maintained for every worker and does not include employment contracts. The Hiring procedures also do not include a requirement to provide workers with an employment contract that details the terms and conditions of employment.

4. There are no written procedures on Termination & Retrenchment. The Workplace Conduct & Discipline documents include some procedures on Termination as a result of disciplinary action, but no detailed information on the steps is provided. These procedures have not been signed by senior management or dated. However, there are no written procedures to define other kinds of Termination such as resignation, retirement, physical inability, medical reasons, or Retrenchment. There are also no written procedures for calculating termination payouts. The procedures also state that termination dues will be paid on a fixed day of the month, which does not comply with local law, which states that termination dues must be paid within 48 hours of Termination.

5. There are no written procedures for Industrial Relations. The procedures on Freedom of Association define the existence of the Works Committee, which is a legal requirement, but it does not define the steps to be followed for the formation, role, responsibilities, or function of the Committee. The existing procedures on the formation of the Works Committee states that representatives are nominated by management. Representatives should be elected, not nominated by management.

6. The factory does not have procedures on Workplace Conduct & Discipline, however some documents or systems exist to manage practices. These documents and systems do not define the need to record verbal warnings.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.7, ER.19, ER.23, ER.25, ER.27, ER.28, ER.29, ER.30, ER.31, and ER.32; Health, Safety & Environment Benchmark HSE.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We will be developing the required policy in due course.

Company Action Plan Update

08/16/17 : We have developed and covered all employment functions, policies and procedures. Proof enclosed. Further to this we follow company standing order policy procedures wherever it is required.

Action Plan no 2.

Description

2. We will be developing the required policy in due course.

Company Action Plan Update

08/16/17 : As we have personal development procedure with employment training and development. Proof enclosed.

Action Plan no 3.

Description

4. Comprehensive written procedures on termination and retrenchment will be developed.

Company Action Plan Update

08/16/17 : Factory has developed detailed procedure on Termination and retrenchment.

Action Plan no 4.

Description

5. It has been developed and completed.

Company Action Plan Update

08/16/17 : As we re-formed works committee by electing the members through voice of vote and by raising hand elect member.

Action Plan no 5.

Description

6. A grievance register is maintained to record oral warnings.

Company Action Plan Update

08/16/17 : We have issued employee hand book to all the employees mentioning clearly that workplace conduct and discipline procedure.

Action Plan no 6.

Description

1. Factory management updated on April 1st,2017
2. Factory established written procedures on personnel development from April 1st,2017.
4. There is no steps on the procedure of termination and retrenchment.
5. The factory updated the procedure of the works committee on June 2018.
6. Factory Initiated the procedure on discipline and the verbal warning record has been documented accordingly.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Workers do not receive written documentation that substantiates all of the information covered during orientation training, including a copy of the workplace rules.
2. The factory does not provide specific training for the relevant supervisors or ongoing training for the general workforce on any of the Employment functions except Health & Safety.

3. The factory does not provide training on Workplace Conduct & Discipline for the relevant Human Resources (HR) personnel and administrative staff.

4. The specific training on Health & Safety provided to workers is not complete. The factory does not provide specific training for the auto-cutting machine operators, embroidery machine operators, or maintenance workers (electricians and mechanics). There is no specific training on the safe use of chemicals. No specific training on ergonomics (including proper lifting techniques) is provided either. Housekeeping workers are not trained on sanitation. Specific training on the use and maintenance of Personal Protective Equipment (PPE) is provided to workers in groups of 25; so far, only 250 out of 1,629 (15%) workers have been trained. Loaders have not yet received training on the use and maintenance of PPE (lifting belts).

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.3, ER.17, and ER.27.2; Compensation Benchmark C.17; Health, Safety & Environment Benchmarks HSE.8, HSE.9.2, HSE.14.2, and HSE.17.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A comprehensive employee hand book will be developed.

Company Action Plan Update

08/16/17 : Factory update their Handbook and will provide all the workers.

Action Plan no 2.

Description

2. Comprehensive JD will be developed for supervisors and will be oriented on.
Factory will arrange training program for the Supervisor and general workers on Employment function.

Action Plan no 3.

Description

3. Started imparting training to HR/Admin staff.
Factory will provide training on Workplace Conduct & Discipline for the relevant Human Resources (HR) personnel and administrative staff.

Action Plan no 4.

Description

4. Specific training on work functions, ergonomics and PPE will be imparted.

Company Action Plan Update

08/16/17 : Factory has started conducting training to concerned housekeepers to how to safe use of chemicals and sanitation.
Proof is enclosed

Action Plan no 5.

Description

1. From June 2017 factory maintaining to provide the handbook where the workplace rules has been mentioned.
2. It was noted that factory is providing the training to supervisor on different topics like soft skill, Behavioural Attitude, Workplace conduct, Disciplines etc.
3. Factory provided training to personnel and admin staff by central team.
4. Factory is providing training to below section as per CAP:
a. Auto Cutter including Cutting Section got training
b. Factory has been transfer Embroidery department on sep 2018
c. Factory provided training on Ergonomics on Feb 2018.
d. Factory provided training on sanitation, PPE but there were no discussion point.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory does not regularly review and update its policies and procedures on any of the Employment Functions.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29, ER.30, and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have reviewing policies periodically and we have maintained document for review date and period.

Company Action Plan Update

08/16/17 : Factory has developed policies and procedures on Employment functions.

Action Plan no 2.

Description

Factory started to update the policy and procedure on March 13,2018.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate with workers regarding the policies, procedures, and updates to the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Termination & Retrenchment, Industrial Relations, and Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.29, ER.30, and ER.32; Compensation Benchmark C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have imparted awareness/ training on these aspects.

Company Action Plan Update

08/16/17 : Factory has specific training program for the workers on Policy, Procedures and the updates on Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Termination & Retrenchment, Industrial Relations, and Environmental Protection.

Action Plan no 2.

Description

Factory started to implemented the Handbook from February 2018.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The probation period for all workers is six months.
2. Only the sewing machine operators receive performance reviews; these performance reviews are only conducted when there is a need to fill vacancies. Other workers are generally promoted based on their supervisors' informal assessment of their performance and at the recommendation of their department head; the criteria for these promotions are not clear, outcomes are not provided in writing, and there is no opportunity for workers to provide feedback. For all other workers (workers who do not receive promotions), an annual revision of wages is implemented as advised by local government authorities.
3. The sewing machine operators' performance review results are displayed on a notice board at the end of each sewing line.

Local Law or Code Requirement

Industrial Employment (Standing Orders) Act, 1946; FLA Workplace Code (Employment Relationship Benchmarks ER.30; Compensation Benchmark C.3; Non-Discrimination Benchmark ND.2; Harassment or Abuse Benchmark H/A.8)

Recommendations for Immediate Action

1. Change all existing workers' probation periods to three months; sign contracts with new workers with a three month probation period at most.
2. Cease the practice of posting the results of performance reviews in public places.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. This will be discussed with the management to develop a comprehensive performance management system for the workers. We will discuss with our Top Management and update accordingly. As per statutory labour acts, Certified company standing order and its got approved/certified by govt authority states that employment probationary period will be six months. As SHAHI company policy is follow the same norms and regulations. Proof Enclosed.

Action Plan no 2.

Description

2. This will be discussed with the management to develop a comprehensive performance management system for the workers. Factory will develop a comprehensive performance management system for the workers.

Action Plan no 3.

Description

3. This will be discussed with the management to develop a comprehensive performance management system for the workers. This will be discussed with the IE Dept and implementing the same system.

Action Plan no 4.

Description

1. Factory already has the policy for probation period for six months which is as per local law.
2. Factory has been started to update the performance review system to all department.
3. Factory already removed the notice board from the sewing line.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The wage information included in workers' and outsourced security guards' personnel files is not updated to reflect their current wages.
2. The written agreement with the caterer who provides food for the canteen does not include workplace compliance benchmarks at all.
3. The performance review criteria are not made clear to workers or all members of factory management, and there is no opportunity for the sewing machine operators to provide feedback.
4. Skills test results obtained from the industrial engineering department are recorded on the performance review sheets in pencil. According to management, pencil is used instead of pen so that the same sheet can be used multiple times. Therefore, the results of each performance review cannot be maintained in workers' personnel files.
5. Performance reviews are based on workers' skill level, attendance, behavior, and ability to multi-task. Except for the skills test results, no other elements of the review are documented. Furthermore, the date when the skills test was conducted is not recorded on the skills test result sheet. 13 out of a sample of 20 result sheets did not include the worker's signature. On the seven result sheets that did include the worker's signature, the handwriting for the name and signature appeared to be similar. Two out of these seven workers were asked to sign again and their signature did not match those on the evaluation sheets. This indicates that one factory staff member signs multiple performance review sheets as a formality, rather than having each worker sign their performance review sheet.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.29, and ER.30; Compensation Benchmark C.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Personal files has been updated for both employees and outsourced security guards.
Factory will update the personal file for all workers including outsourced security guards.

Action Plan no 2.

Description

2. Orientation given to caterer who provides food for the canteen.

Company Action Plan Update

08/16/17 : Factory has checklist for the Caterer to ensure workplace compliance.

Action Plan no 3.

Description

3. This will be complied with the comprehensive PMS to be developed.

Action Plan no 4.

Description

4. Employees performance sheets has been maintained for all employees. The result sheet has been attached for their personal files.

Company Action Plan Update

08/16/17 : Factory has revised the system of performance review process and kept the record in workers personal file.

Action Plan no 5.

Description

5. Employees performance sheets has been maintained for all employees. The result sheet has been attached for their personal files.

Company Action Plan Update

08/16/17 : Factory has revised the system of performance review process and kept the record with workers signature.

Action Plan no 6.

Description

1. Factory made contract with security guard where current wages has been mention with other regulation.
2. It was noted that factory made a contract with canteen supplier with checklist on workplace compliance benchmark.
3. This issue is in progress.
4. It was noted that skill test paper is maintain by pen instead on pencil.
5. At this moment factory is in progress to have the discussion and planning to settlement with bonus from 2018.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The Compensation procedures state that an appointment letter (employment contract), which states the worker's wage, will be issued two days after Hiring. In practice, the appointment letters (employment contracts) are issued two or three days after Hiring. This is done so that the worker's wage can be decided based on feedback from the production team regarding the worker's performance. However, the appointment letter (employment contract) should be issued on the same day that the worker is hired.

2. A night shift allowance of INR 25 (USD .37) per night is paid to the workers from the auto-cutting and embroidery sections who work the night shift (25 to 28 workers, depending on the workload). This payment is not reflected in the payroll records or pay slips. Production incentives paid to 992 workers from the sewing section and 29 workers from the quality department are not reflected in the payroll records and pay slips either. These payments are transferred directly to the workers' bank accounts between the 15th and 25th day of the month. By law, all payments are required to be made within ten days of the end of the pay period.

3. All workers' wages are transferred directly to their bank accounts and workers do not sign payment records to acknowledge receipt.

4. The payroll records for September 2016 do not reflect wages deducted for absences.

5. Workers sometimes stay approximately 15 minutes past the end of their shift to participate in fire drills. However, they are not compensated for this time.

Local Law or Code Requirement

Payment of Wages Act, 1936 (Returns, Registers and Records); Factories Act 1948, Section 79 (3); FLA Workplace Code (Employment Relationship Benchmark ER.2; Compensation Benchmarks C.1, C.14, and C.15)

Recommendations for Immediate Action

1. Issue workers' appointment letters, including the terms of employment, on the day they are hired.
2. Record all payments made to workers on payroll and pay slips.
3. Have workers sign all payment records.
4. Keep accurate payroll records.
5. Ensure workers are compensated for time used for fire drills, especially if conducted after work hours. This constitutes overtime.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will develop the system to issue the employment contract at the day of Hiring.

On the day hiring skill test will be conducted and grade will be fixed. Based on the grades wages will be fixed and same will be mentioned in appointment letter.

Action Plan no 2.

Description

2. Factory will develop the system to pay the wages in a single sheet along with all the wages and allowances.
Factory will start paying the wages in single sheet which is getting reflected in the pay slip.

Action Plan no 3.

Description

3. We are providing salary slips for all employees and we have maintained acknowledgment copy that taken from employees.
Factory will start keeping the signature of the employees.

Action Plan no 4.

Description

4. We ensure all the records are available in the unit.
Factory has started maintaining separate record for absent deduction and displayed to communicate with the workers.

Action Plan no 5.

Description

5. In future We ensure fire drills will be conducted within working hours.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The price list for food sold in the canteen is not displayed as required by law. The list provided for review has not been signed or approved by the Canteen Management Committee.

2. The canteen is only open during general working hours (8:30am to 5pm), not during all other hours of work (e.g. the 2pm to 10pm shift, the 10pm to 6am shift, or the 6am to 2pm shift). By law, the canteen should be available during all hours of work.

Local Law or Code Requirement

Factories Act 1948; FLA Workplace Code (Compensation Benchmark C.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. It is been displayed as per the SOP

Company Action Plan Update

08/16/17 : Factory has displayed the price list in the Canteen along with approval.

Action Plan no 2.

Description

2. We will cover canteen facility for all the shift employees.

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The auto-cutting and embroidery section work shifts (6am-2pm/2pm-10pm/8:30am-5pm) and break times are not posted. All shift and break times should be posted, as required by law.
2. The factory does not have a system to identify pregnant and lactating women in the working hours records.

Local Law or Code Requirement

Factories Act 1948, Section 9 (h) - Display of notices; FLA Workplace Code (Employment Relationship Benchmark ER.1; Hour of Work Benchmarks HOW.1 and HOW.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have displayed shift timings at all prominent places.

Company Action Plan Update

08/16/17 : All shift break time is posted.

Action Plan no 2.

Description

2. We have issued separate ID cards for mothers and lactating mothers for Easy identification. Factory will introduce separate ID card for pregnant and lactating mothers.

Action Plan no 3.

Description

1. Factory posted the break time
2. Factory started the policy but it is not implemented yet with 100% of pregnant worker.

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. The factory does not maintain proper documentation of termination payouts. In four out of 12 reviewed personnel files belonging to workers who were terminated for unauthorized absences, the resignation letters provided by workers were missing the date of resignation and a manager's signature. In addition, the termination payout payment date listed on the resignation acceptance letter provided to resigned workers was recorded incorrectly; the last day of work was recorded instead. Furthermore, the termination payout payment date is not recorded on the pay record, which is signed by management and the worker to acknowledge receipt. The pay record reflects the date of resignation as the last day of attendance, but no time and attendance records are maintained along with these documents to verify the last day worked. Without accurate and verifiable dates, assessors could not verify if termination payouts were paid within the legally defined timelines.

2. The factory does not pay bonuses along with termination dues, as required by law. Per current practice, bonuses are paid in the month of October every year after the financial year ends in March. The bonuses for workers who resigned between April 2016 and March 2017, will be paid in October 2017. Workers who left between April 2015 and March 2016 have not yet been paid. Per law, all payments should be made within 30 days of termination.

3. The factory pays termination dues on a fixed date, irrespective of the date of termination; this date communicated in advance (although the date is not always correct- see above). According to management, workers whose last day of work is more than 15 days after the end of the previous pay period (pay periods ends on the last day of the month) will be issued termination payouts on the next pay date (10 days after the end of the last pay period); workers who work fewer than 15 days after the end of the last pay period will be issued termination payouts 13 days after the last pay date. In practice, assessors observed that one worker whose last day of work was August 2, 2016 and another worker whose last day of work was August 20, 2016 both received their termination payouts on September 28, 2016. Neither the practice explained by management nor the actual practice observed complies with local law, which states that wages for days worked after the last pay period before termination and unused leave payments need to be paid by the second working day after the date of termination.

Local Law or Code Requirement

Payment of Wages Act, 1936 (Returns, Registers and Records); FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Employee those who left / resign the service, will be paid their all legal dues during full and final settlement within purview of legal time.

Company Action Plan Update

08/16/17 : Factory has started paying the legal dues of the terminated workers within the legal time frame.

Action Plan no 2.

Description

2, Factory will discuss with Top management to pay bonuses along with termination dues and decide accordingly.

Action Plan no 3.

Description

3. This will be discussed with the management to pay the termination dues along with unused leave payment to comply with the law.

Action Plan no 4.

Description

1. Factory management started to maintain proper documentation on termination. In the termination letter the sign of worker and manager is mention. Time record and salary sheet also available.
2. Factory management is sending sms to receive the bonus for resigned worker
3. It was noted that factory does not have any evidence for termination case for last one year however management settled the salary for resigned worker on timely manner.

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. There are clauses in both the regular workers' and outsourced security guards' employment contracts which state that if the employee is absent for seven days continuously without authorization, the employer will consider him or her to have voluntarily resigned, and

their employment will be terminated with the date of last attendance considered the last day worked. No disciplinary action is initiated and the worker is not informed. If the worker returns and resigns formally, the letter of resignation is reviewed by management and accepted. A resignation acceptance letter is then issued to the worker, with a date provided for the worker to collect their termination payouts. This practice does not comply with legal requirements. According to local law, unauthorized absence is considered a misconduct and the required disciplinary action should be initiated. This involves sending the worker three written warnings and, if there is no response, issuing a misconduct charge sheet. If there is no response to the charge sheet, or the response is unsatisfactory, the worker should be suspended and formal inquiry should be initiated by an independent inquiry officer from the Labor Department. The worker must be paid a suspension allowance from the date of suspension until a decision is issued. If the inquiry results in a dismissal, then the worker should be sent a final letter of termination stating that the legal procedures were followed and that the worker's employment has been terminated. Legally, a worker is considered to be employed until these procedures have been followed and either the worker resigns or employment is terminated by the employer. The entire process must be documented.

2. The factory's Internal Compliant Committee (ICC), required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act of 2013, does not comply with legal guidelines. The Committee is headed by a junior HR staff member rather than a senior staff member, as required by law. An external person from an NGO who is part of the Committee needs to visit once every three months. Her first visit was on October 27, 2016, although the agreement with the NGO was signed on April 28, 2016. The ICC procedures state that the Committee will only meet once every three months, rather than meeting whenever grievances are filed. Thus, not all grievances will be promptly redressed.

3. The penal consequences as defined by the Sexual Harassment (Prevention, Prohibition and Redressal) Act of 2015 are not posted.

4. Verbal warnings are not recorded.

Local Law or Code Requirement

The Sexual Harassment (Prevention, Prohibition and Redressal) Act 2015; Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013; Industrial Employment Standing Orders Act 1946; FLA Workplace Code (Employment Relationship Benchmark ER.27; Harassment or Abuse Benchmarks H/A.1 and H/A.9.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. It will be discussed with the management to comply the law that those who are long absent to be sent notice of warning letter for absense from work by register post 3 times as first, second and final warning. As a disciplinary practice we use to follow this practice as legally.

Action Plan no 2.

Description

2. We have nominated senior person for the committee.

ICC is fully nominated with NGO person and they attend the committee meetings and address the greivances. Proof is enclosed.

Action Plan no 3.

Description

3. Awareness poster for Sexual Harassment (Prevention, Prohibition and Redressed) has been posted.

Company Action Plan Update

08/16/17 : Factory has posted awareness poster at the notice board.

Action Plan no 4.

Description

4. We started recording the verbal grievances.

Company Action Plan Update

08/16/17 : Factory has started recording the verbal grievance in register.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. Members of the Works Committee are nominated by management.

Local Law or Code Requirement

Industrial Disputes Act 1946; FLA Workplace Code (Freedom of Association Benchmark FOA.1, FOA.10, and FOA.11)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Works Committee will be formed through election process

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The secondary containment for oil containers do not have the adequate capacity to contain potential leakages.
2. One container filled with oil did not have a lid.
3. A spill response kit was not provided in the oil storage area.
4. Hazard labels are not posted on oil containers.
5. Fused (waste) tube lights filled with mercury are stored with both usable and waste machine oil in a common storage area.
6. The factory does not have a system in place to respond to any unexpected environmental emergency, such as a chemical spills or gas leak.

Local Law or Code Requirement

Factories Act 1948; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

Recommendations for Immediate Action

1. Provide secondary containment with adequate capacity to contain leakage from oil containers.
2. Provide lids for all oil containers and ensure they are used correctly.
3. Provide a spill response kit in the oil storage area.
4. Post hazard labels on all oil containers in the local language.
5. Store fused (waste) tube lights and oil in separate, appropriately labeled areas to avoid accidents.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have indented adequate secondary containers. Once we received we will inform you.

Company Action Plan Update

08/16/17 : Factory has provide adequate secondary containment for the chemicals

Action Plan no 2.

Description

2. Factory will fix the lid of the Oil container.

Company Action Plan Update

08/16/17 : Factory has fixed the lid of the Oil drum.

Action Plan no 3.

Description

3. Chemical spill kit has been provided for oil storage area

Company Action Plan Update

08/16/17 : Factory has kept spill response kit for emergency.

Action Plan no 4.

Description

4. Hazard Symbols has been displayed for oil containers

Company Action Plan Update

08/16/17 : Hazard Symbols has been displayed for oil containers

Action Plan no 5.

Description

5. We have segregated fused tube lights from oil storage area

Company Action Plan Update

08/16/17 : We have segregated fused tube lights from oil storage area

Action Plan no 6.

Description

6. we are not using any hazardous chemicals in our factory. However have implemented policy on chemical spill. We will give the awareness to all the employees regarding chemical spill or gas spill even tho we are not using in our facility.

Action Plan no 7.

Description

1. It was noted that factory made the permanent secondary containment for oil containers.
2. During plant visit it was noted that container have lid.
3. Spill response kit has been provided in to storage area.
4. Hazard label has been posted on oil containers.
5. Factory segregatted the tube light, Glass and machine oil separatly.
6. It was noted that factory already implemented the system for any unexpected enviornmental emergency. It has been updated on June 2018

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not commissioned a third-party expert to conduct a fire risk assessment.

2. There are no illuminated emergency exit signs above two emergency exits from the main building (facing the canteen) and above one emergency exit in the cutting section below the training area.
3. Large quantities of fabric waste and paper waste are stored adjacent to each other with a fenced partition. This is a fire risk as adequate arrangements have not been made to prevent the spread of fire. There is only one 5kg fire extinguisher in the room and walkways are not maintained between the rows of fabric waste and paper waste. As a result, the fabric waste and paper waste stored in the back of the room are not accessible.
4. One of the fire alarm buttons (switches) was not working during the factory tour, but this was immediately repaired and tested by the maintenance team.
5. The factory has not provided the fire brigade with the appropriate equipment to fight fires (e.g. breathing apparatuses, helmets, long sticks, torch lights, fire resistant shoes, and axes).
6. None of the workers evacuated from the work areas when the fire alarm was tested.
7. The hydraulic stacker was parked in the evacuation route in the fabric storage area, partially blocking the route.
8. A review of the fire drill logs revealed that drills were conducted at 10:00 pm, 10:02 pm, and 10:04 pm, all of which were at the end of the second shift (2pm-10pm). This is done to avoid the loss of production time. Drills are also conducted between 8:30am and 5pm, when both management staff and workers from the first and general shifts are present. However, no drills are conducted between 6am and 8.30am (between the start of the first shift and the start of the general shift) when management is not present. It is important to conduct drills during this period to ensure that the workers' response is adequate without management presence.
9. There is only one exit in the fabric stores where 12 employees were working at the time of the assessment.
10. The packing section is congested with packing boxes that partially block the aisles.
11. Assessors noted numerous instances in the sewing section where two workers were sitting opposite from each other or next to one another with the back rests of their chairs touching. A few had sewing machines placed behind them, restricting the space for their chairs when pushed back. This would restrict quick and easy evacuation.
12. Special responsibilities for fire safety are designated to a team of workers from each production process, however, the responsibilities are not all appropriately designated. For example, the team responsible for switching off the main power supply in case of fire is comprised of the HR Manager, Welfare Officer, Quality Manager, Maintenance Executive, and fabric loader; the electrician is not included. The team responsible for emergency control and rescue is comprised of five employees from the cutting section (HR Manager, Welfare Officer, Quality Manager, Maintenance Executive, and one fabric loader), eleven employees from the sewing section (HR Manager, Production Manager, HR Executive, Welfare officer, and seven workers), and nine employees from the finishing section (HR Manager, Welfare officer, HR Executive, and six workers). This team is responsible for clearing the work areas, switching off the main power supply, clearing the debris, and cutting off the steam lines. The composition and size of these teams may not be adequate to monitor the safety of 1,629 workers during a fire. There is a fire brigade, but specific responsibilities have not been assigned (e.g. no employees have been made responsible for monitoring emergency exits and emergency lights, guiding workers towards exits, or using the firefighting equipment). Special responsibilities have not been assigned to workers working on first and second shifts (6am-2pm and 2pm-10pm). This poses a major safety risk as a fire emergency could occur during these shifts.

Local Law or Code Requirement

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

Recommendations for Immediate Action

1. Commission a third-party expert to conduct a fire risk assessment.
2. Install illuminated emergency exit signs above the two exits from the main building (facing the canteen) and above the exit from the cutting section below the training area.
3. Provide additional fire extinguishers in waste fabric and paper storage area. Maintain passages between the rows to allow access to material stored at the rear end.
4. Regularly test all fire alarm switches and maintain them in working condition at all times.
5. Provide the fire brigade with the appropriate firefighting equipment (e.g. breathing apparatuses, helmets, long sticks, torch lights, fire resistant shoes, and axes).
6. Train workers on emergency evacuation procedures and ensure that all workers evacuate their work areas whenever the fire alarm is activated.
7. Assign marked parking areas for the hydraulic stacker and ensure it is not parked in the evacuation route.

8. Conduct evacuation drills during work hours, not at the end of shifts. Conduct evacuation drills during all work shifts.
9. Provide a second exit from the fabric stores where more than 10 workers are working, as legally required.
10. Decongest the packing section and ensure that aisles are unobstructed at all times.
11. Ensure that adequate space is maintained at individual work stations in the sewing section. This is necessary for workers to have quick and easy access to the aisles in case of an emergency evacuation.
12. Designate special responsibilities to the appropriate people (e.g. the electrician should be responsible for switching off the power supply). Designate employees to monitor emergency exits and emergency lights, guide workers toward the exits, and use firefighting equipment. Assign special responsibilities to employees on each shift.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. This will be discussed with the management to comply with the requirement.

Action Plan no 2.

Description

2. Factory will install emergency light.

Company Action Plan Update

08/16/17 : Factory has installed emergency light at the top of the two emergency exits.

Action Plan no 3.

Description

3. We have re arranged the storage to have clear accessibility.

Company Action Plan Update

08/16/17 : The storage area has made clear for easy access

Action Plan no 4.

Description

4. This has been corrected on the day of audit only. However we started to check fire alarms on daily basis instead of weekly once

Company Action Plan Update

08/16/17 : Factory has introduced periodic check of the fire equipments.

Action Plan no 5.

Description

5. This will be discussed with the management for implementation.

Action Plan no 6.

Description

6. Complete awareness is given to all employees through rigorous training.

Company Action Plan Update

08/16/17 : Factory has started providing training for the all the employees.

Action Plan no 7.

Description

7. Complete awareness on non blocking of aisles for easy evacuation is given

Company Action Plan Update

08/16/17 : Factory has started providing training for the all the employees.

Action Plan no 8.

Description

8. This will be conducted as required

Company Action Plan Update

08/16/17 : Factory has conducted fire drill to cover all the possible situation.

Action Plan no 9.

Description

9. We ensure fire safety norms are adhered to.

Company Action Plan Update

08/16/17 : Factory has ensured less than 10 workers inside the fabric store

Action Plan no 10.

Description

10. Complete awareness on non blocking of aisles for easy evacuation is given.

Company Action Plan Update

08/16/17 : Factory has developed system to regular monitoring, provided awareness training to all employees and kept the aisles free.

Action Plan no 11.

Description

11. Relocation of machines/persons are made to have a easy/safe evacuation.

Company Action Plan Update

08/16/17 : Factory has arranged the layout which helps for easy evacuation.

Action Plan no 12.

Description

12. Adequate training is provided,
the size of ERT is increased to meet the requirement.
Factory will provide training to the fire fighter and rescue team (ERT = Emergency Response Team) members.

Action Plan no 13.

Description

1. Factory management get the proposal from 3rd party expert to conduct the fire risk assesment.
2. Factory installed illuminated emergency exit light the said area.
3. Factory installed illuminated emergency exit light the said area.
4. It was noted that fire alarm button has been repaired and found functional while checking.
5. Factory done the Fire safety Advisory from Fire Service and Civil Defence of Bengalore on Novemeber 06,2018 and factory required to install auto fire sprinkler and other fire equipment.
6. Factory already started to count after fire alarm and found everyone is evacuated.
7. It was noted that factory marked seperatly for hydraulic stacker.
8. It was noted that factory conducted the fire drill to morning time around 8.16AM where only auto cutting section, security guards and embroidery section has been joined. Factory conducted the drill on september and november to this shift. Side by side other two shift has been covered as well accordingly.
9. Factory made another exit to fabric stores.
10. It was noted that factory management expand the packing section and aisles was found unblocked.
11. Earlier it was zigzag but now changed whether is free.
12. Factory started to have designated responsibility for emergency preparedness but it is in progress for other shifts.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no signs indicating the maximum load capacity of the hydraulic stacker or the fabric storage racks.
2. Standard Operating Procedures (SOP) are not posted near the machinery. They are only displayed near one entrance to the production floor.
3. The eye shields have been pushed aside on approximately 10% of over lock machines and the needle guards have been pushed upwards on approximately 20% of sewing machines, rendering them ineffective.
4. There is no alarm or visual warning light installed on the hydraulic stacker to warn workers when the stacker is in use.
5. Approximately 5% of workers in the sewing section were not using the dust masks provided to them. They stated that they had washed their masks and did not have a spare to use. Assessors noticed fabric dust in the hair of these operators.
6. Traffic lanes are not marked and there are no speed bumps to encourage safe driving.
7. Loaders are not provided lifting belts or trained on safe lifting techniques.
8. During the assessment, none of the loading workers were not using the safety belts and helmets provided for use when the lifting stacker is in operation.
9. The checking tables are not adjustable to suit the individual height of workers.

Local Law or Code Requirement

Factories Act 1948; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.8, HSE.12, HSE.14.1, HSE.14.3, and HSE.17.1)

Recommendations for Immediate Action

1. Post signs indicating the maximum load capacity of the hydraulic stacker and the fabric storage racks.
2. Post SOP in the local language near all machinery.
3. Regularly inspect overlock machines and sewing machines to ensure that eye shields and needle guards are in place.
4. Install an alarm system and visual warning light on the hydraulic stacker.
5. Provide spare masks for the sewing machine operators to use. Monitor PPE usage and ensure that workers comply with PPE requirements.
6. Mark all traffic lanes and install speed bumps.
7. Provide lifting belts for loaders.
8. Monitor PPE usage and ensure that workers comply with PPE requirements.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Signs indicating maximum load capacity mentioned on hydraulic stacker and fabric storage racks.

Company Action Plan Update

08/16/17 : The load capacity of the Hydrolic stacker has been mentioned.

Action Plan no 2.

Description

2. Standing Operating procedure has been displayed near the machinery.

Company Action Plan Update

08/16/17 : The SOP of individual machines has been posted.

Action Plan no 3.

Description

3. Awareness to the employees is given on proper usage of personal protective equipment.

Company Action Plan Update

08/16/17 : Awareness on PPE has been provided

Action Plan no 4.

Description

4. Visual alarm has been installed for hydraulic stacker

Company Action Plan Update

08/16/17 : Visual alarm has been installed for hydraulic stacker

Action Plan no 5.

Description

5. Awareness to the employees is given on proper usage of personal protective equipment. Also employees are provided with spare masks.

Company Action Plan Update

08/16/17 : Awareness on PPE has been provided

Action Plan no 6.

Description

6. It will be complied

Action Plan no 7.

Description

7. We have indented lifting's belts for loaders and provided safe lifting techniques. Factory will provide lifting belt for the loaders.

Action Plan no 8.

Description

8. Given training /Awareness to employees who are working in hydraulic stacker.

Company Action Plan Update

08/16/17 : Factory has given awarens to the workers on safety and PPE.

Action Plan no 9.

Description

9. We have adjusted to suit the individual height of employee.

Company Action Plan Update

08/16/17 : factory has adjusted the heights of table as required height of the employees.

Action Plan no 10.

Description

1. Factory posted the sign with load capacity to stacker.
2. From plant visit it was found that SOP has been posted near machine in every process.
3. Factory's maintainance department is monitoing the machine guard and continously trying to aware to worker.

4. It was noted that visual warning light installed on the hydraulic stacker.
5. It was noted that worker are using PPE and factory is providing the same as well.
6. Factory made the segregation which is not adequate.
7. Factory purchased the lifting belt and also provided training on the usage.
8. It was noted that factory also providing the training to the loader and finishing section worker on required PPE(safety belt, helmets etc)
9. It was noted in floor that factory provided additional tool to adjust height of worker.

FINDING NO.16

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no lightening protector installed in the building.
2. The factory has not established or implemented lockout/tagout procedures.
3. No arrangements are made to protect workers who enter confined spaces for cleaning. There are no warning signs posted near the underground sewage tank. The factory does not provide safety ropes and belts, masks, or helmets. Management stated that so far there has been no need to clean the underground sewage tank.

Local Law or Code Requirement

Factories Act 1948; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.6, HSE.13, and HSE.14)

Recommendations for Immediate Action

1. Install a lightening protector for the building.
2. Establish and implement lockout/tagout procedures to ensure safe maintenance work.
3. Make arrangements to protect workers who enter confined spaces for cleaning. Provide appropriate equipment, including safety ropes and belts, masks, and helmets.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. It will be discussed with the management to implementation of the same.

Action Plan no 2.

Description

2. We will be implementing lockout/tag out procedures.
Factory will establish lock-out and tag out system during maintenance of electrical installation.

Action Plan no 3.

Description

3. We ensure proper safety warning signs, safety equipments provided when ever sewage tank is cleaned.

Action Plan no 4.

Description

1. Factory has been taken the quotation to installed SLD. Factory is planning to discuss with top management about this issue.
2. Factory has implemented lockout procedure. This issues is in progress.
3. In Fast Retailing visit, we did not find any area for sewage tank so far.

FINDING NO.17

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Only one glass has been provided near each drinking water station for use by workers. This is not hygienic.
2. The written instructions for mothers utilizing the crèche are in English, not the local language (Kannada).
3. A review of the crèche records revealed that on Nov 4, 2016, the names of only four out of 30 children were recorded, although the mothers of all 30 children signed the records twice to acknowledge dropping off and picking up their child. On Nov 5, 2016, none of the children's' names were recorded, although 32 workers had signed the records to confirm dropping off their child. There were also ten instances over the past few days where the mother had not signed to acknowledge picking her child up after work.
4. No beds are assigned for male workers in the medical room. All beds in the medical room have been assigned for female workers; male workers are only allowed to use these beds if they are unoccupied.
5. The factory does not provide guidance documents to external contractors/service providers concerning Health & Safety.

Local Law or Code Requirement

Factories Act 1948; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.16; Health, Safety & Environment Benchmarks HSE.1, HSE.18, and HSE.23)

Recommendations for Immediate Action

1. Provide an appropriate number of clean cups at the drinking water stations.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have started keeping 4 to five glass and regular cleaning will be done for hygienic.

Company Action Plan Update

08/16/17 : Factory has provided 4 to 5 glasses at the drinking water points and also potable drinking water was provided to the workers at their work stations.

Action Plan no 2.

Description

2. Now we have displayed in local language also.

Company Action Plan Update

08/16/17 : Instruction for mothers has been posted in local language.

Action Plan no 3.

Description

3. We ensure and maintain proper Mother and children's IN and OUT Registers.

Company Action Plan Update

08/16/17 : Proper in-out register is now maintained for mother and Children.

Action Plan no 4.

Description

4. We ensure proper separation of beds.

Company Action Plan Update

08/16/17 : Separate beds have been assigned for male and female in the medical centre.

Action Plan no 5.

Description

5. We will ensure and provide guidance document to external contract/service providers covering Health & safety.

Action Plan no 6.

Description

1. Factory has been provided additional glass for drinking water.
2. The Factory improved on this issue.
3. As per factory's attendance register for children for child care center that the child dropping and picking time is mentioned and mother is maintaining the signed.
4. It was noted factory installed one bed for male worker.
5. It was noted that factory provided health and Safety checklist to the contractor

FINDING NO.18

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The procedures on Health & Safety are very basic and do not provide a framework for a comprehensive Health & Safety management system, including:

a. The employer's responsibilities, including: 1. Steps for ensuring that women are not engaged in work that constitutes a substantial risk to their reproductive health, 2. A complete chemical inventory, 3. Information on the Material Safety Data Sheets (MSDS) of the chemicals in use, 4. Guidelines on electrical certifications, inspections, assessments, and reviews (regarding the overall electrical system, grounding system, and lightning protection system) 5. The requirement to post phone numbers to call for medical assistance throughout the factory, as well as a list of these numbers 6. The requirement to provide guidance documents to external contractors/service providers concerning Health & Safety, as well as a copy of these documents;

b. The workers' rights and duties, including: 1. The precautions workers must take prior to, or during entry and stay in each confined space, 2. What workers should do in case of injury, 3. Standard Operating Procedures (SOPs) for each job with a focus on performing the job safely, 4. A list of equipment and/or machines that require lockout/tagout;

c. A list of designated personnel with special duties and their responsibilities;

d. Procedures that enable workers to raise Health & Safety concerns;

e. Procedures for reporting death, injury, illness, and other health and safety issues such as near miss-accidents;

f. Protection against retaliation for workers who allege Health & Safety violations;

g. A complete emergency evacuation plan, including: 1. steps for ensuring that walkways and emergency exits are free from obstruction, 2. steps for ensuring that all personnel, visitors, contractors, and service providers are safely evacuated. Furthermore, a few of the existing emergency evacuation procedures do not apply to this factory. One procedure states that the traffic team is to stop traffic to allow workers to cross the main road outside the factory compound to reach the assembly areas. However, the designated assembly areas are designated inside the factory compound, not across the road. Another procedure states that pregnant women, disabled workers, and children from the crèche should assemble in a safe area and later move to a common assembly area. However, there is no separate common assembly area. Also, the safe area is in zone seven, which is close to the crèche. This procedure implies that pregnant women will need to travel from the farthest work area to the safe area instead of exiting to the assembly area nearest to her work station.

2. There are no written procedures on Environmental Protection.

3. The written procedures on Hours of Work do not define procedures to be followed to ensure overtime is voluntary, though in practice, consent is obtained. Procedures do not define extraordinary business circumstances.

4. The factory's Compensation policy and procedures do not cover earned leave, although the factory does provide this legal benefit. The procedures define sickness, maternity, disability, medical benefits and funeral expenses as Social Security benefits, which is incorrect; these benefits are not covered under Social Security. The procedures define the employer's contribution towards the Provident Fund, but do not define the worker's contribution. The procedures also do not include information on the legally mandated deductions for medical insurance and Social Security that will be deducted from wages.

5. Some of the written procedures for Termination as included in the Workplace Conduct & Discipline documents are not dated or signed.

6. The document provided to the mothers of children cared for in the crèche ("Instructions to Mothers") states that mothers will meet the crèche attendant in the morning and evening, but there are no procedures for properly handing children over to the crèche attendant.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.7, ER.19, ER.23, ER.25, ER.27, ER.28, ER.29, ER.30, ER.31, and ER.32; Health, Safety & Environment Benchmark HSE.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We will be developing the required policy in due course.

Company Action Plan Update

08/16/17 : We have developed and covered all employment functions, policies and procedures. Proof enclosed. Further to this we follow company standing order policy procedures wherever it is required.

Action Plan no 2.

Description

7. We will develop comprehensive health & safety management system covering all the points.
Factory will develop detailed procedure on Health & Safety Management System.

Action Plan no 3.

Description

8. We have given awareness to all employees about water and energy consumption and we have displayed posters about this.

Company Action Plan Update

08/16/17 : Factory has developed procedure on Environmental Protection and communicated to the workers accordingly.

Action Plan no 4.

Description

9. We have written procedures on overtime is voluntary.

Company Action Plan Update

08/16/17 : We have written procedures on overtime is voluntary. In case of extraordinary business we obtain special from Dept of factories to do extra overtime within the purview of law and also as we re-arranging depends upon the availability of manpower to do the extraordinary business

Action Plan no 5.

Description

10. We are giving general awareness training frequently about salary breakups, ESI and PF Benefits.
Factory will develop policy and procedure on Compensation and benefits. However, as we displayed all concerned Labour Acts of statutory benefits like ESI, PF, Bonus, Gratuity and Payment of wages. And its accessible to read and gain awareness of the same for our employees.

Action Plan no 6.

Description

11. Factory will develop detail procedure on Termination and retrenchment.

Company Action Plan Update

08/16/17 : Factory has developed detailed procedure on Termination and retrenchment.

Action Plan no 7.

Description

12. A clause on handing over kids to the attendant and visa versa will be added.
Factory will develop procedure for handling kids in the Childcare.

Action Plan no 8.

Description

1. Factory is in progress to correct this issue.
2. Factory made the procedure on environmental protection.
3. Factory made the revision on procedures on Hours of work including overtime.
4. Factory made revision to the compensation policy with procedures covering legal benefit
5. Factory corrected with date and sign to written procedure for termination.
6. It stated that factory made procedure on October 3rd to handling children and following the same.