



FAIR LABOR  
ASSOCIATION®

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Outerstuff LLC  
COUNTRY: Pakistan  
ASSESSMENT DATE: 11/19/16  
ASSESSOR: Insync Global  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 200

## 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's procedures on performance reviews do not include steps and processes, linkages to job grading, nondiscrimination, written feedback, compliance with legal requirements, and a requirement to provide workers with written outcomes of promotion, demotion and reassignment.
2. Although the factory has a policy and procedures on Termination, it does not have any written policies and procedures on Retrenchment. Furthermore, the Termination policy and procedures does not include methods for calculating final payouts according to legal requirements.
3. The factory's Disciplinary policy and procedure does not include a third party witness during the imposition of disciplinary actions.
4. The written procedures on Health & Safety do not include the following: measures to protect the reproductive health of workers through minimizing exposure to workplace hazards; steps to ensure aisles and emergency exits are free from obstruction; steps to ensure children in childcare facilities are safely evacuated; guidance on electrical certifications and inspections; assessments of the grounding system and lighting system; a list of confined spaces in the facility; precautions people must take prior to, or during entry and stay in each confined spaces; a list of equipment and/or machines that require lockout-tagout; and steps to report death, injury, illness and other health and safety issues.
5. The factory has written procedures for managing its environmental impact to its surroundings; however, it does not have procedures to enable workers to raise environmental concerns, report environmental emergencies, or protections for workers who allege environmental violations.
6. The factory has a policy and procedures on Freedom of Association but not on Industrial Relations.
7. The Grievance System procedures do not define the requirement to document verbal warnings. They also do not indicate whether workers can approach supervisors for grievances or allow a direct settlement of the grievance by the worker and the immediate supervisor. In practice, workers do not approach supervisors and approach management directly for any grievance.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.19, ER.25, ER.27, ER.29, ER.30, ER.31, and ER.32; Health, Safety & Environment Benchmarks HSE.1 and HSE.12)

#### COMPANY ACTION PLANS

## Action Plan no 1.

### Description

#### FINDING 1.1

Human Resources Department is responsible to evaluate workers performance on the behalf of their in charge and manager comments which collect by evaluation form and share the worker evaluation form with them after completion the evaluation process.

Also attached evaluation form in native language in which workers sign.

Planned Completion Date

03/02/17

### Planned completion date

04/26/17

### Company Action Plan Update

07/06/17 : FINDING 1.1 UPDATE 6/22/17 We have defined employee performance evaluation procedure in Human Resource Management included steps process linkages to job grading, nondiscrimination, written feedback, compliance with legal requirements, and a requirement to provide workers with written outcomes of promotion, demotion and reassignment. there is mentioned the complete requirement. FINDING 1.1 Human Resources Department is responsible to evaluate workers performance on the behalf of their in charge and manager comments which collect by evaluation form and share the worker evaluation form with them after completion the evaluation process. Also attached evaluation form in native language in which workers sign.

## Action Plan no 2.

### Description

#### FINDING 1.2

We amended and included method for calculating final pay outs according to legal requirements.

We have included payment method for the termination and attached the procedure for the termination and retrenchment.

Highlighted the point in procedure documents.

### Planned completion date

04/26/17

### Company Action Plan Update

07/06/17 : Finding 1.2 We amendment and included method for calculating final pay outs according to legal requirements. We have included payment method for the termination and attached the procedure for the termination and retrenchment. Highlighted the point in procedure documents.

## Action Plan no 3.

### Description

#### FINDING 1.3

We have revised the disciplinary policy and added point for third party witness during the imposition of disciplinary action.

### Planned completion date

04/26/17

### Company Action Plan Update

07/06/17 : Finding 1.3 We have revised the disciplinary policy and added point for third party witness during the imposition of disciplinary action.

## Action Plan no 4.

### Description

#### FINDING 1.4

We have revised the procedure and included the necessary measures as auditor highlighted. Also conducted the training

### Planned completion date

04/26/17

### Company Action Plan Update

07/06/17 : We have revised the procedure and included the necessary measures as auditor highlighted. Also conducted the training

## Action Plan no 5.

### Description

#### FINDING 1.5

We have emergency preparedness plan also conducted environmental training and we build a team who responds on emergency.

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 1.5 UPDATE 6/22/17 We have added points in grievance worker can inform if they have any issue related environment or they found any violation so they can inform by drop a slip in suggestion and complain box or inform to the compliance manager. if any worker highlight any issue or violation through any resource concern department discuss that issue with management and solve with in 5 days. Finding 1.5 We have emergency preparedness plan also conducted environmental training and we build a team who responds on emergency.

## Action Plan no 6.

Description

FINDING 1.6

We amended according to the Industrial Relation Clause as per requirement.

Planned Completion Date

03/02/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING1.6 We amended according to the Industrial Relation Clause as per requirement.

## Action Plan no 7.

Description

FINDING 1.7

We have mentioned all principles in procedures as per the requirements.

We installed Complain & Suggestion box easy to use any worker who directly connected by the management through this.

Planned Completion Date

03/10/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 1.7 UPDATE 6/22/17 We have installed suggestion grievance boxes on entrance staircase and male & female toilets FINDING 1.7 We have mentioned all principles in procedures as per the requirements. We installed Complain & Suggestion box easy to use any worker who directly connected by the management through this.

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. The factory does not provide specific training to the relevant supervisors on Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, or Workplace Conduct & Discipline. Some information on Recruitment, Hiring & Personnel Development is provided at the time of Hiring, information on Compensation is posted on the notice board, and some general information on Workplace Conduct & Discipline is verbally provided in general training. No specific training is provided to workers on Compensation. The factory provides some general training to supervisors and workers for one hour every three months (last provided November 10, 2016), in which basic information on Compensation, Hours of Work, Workplace Conduct & Discipline, sanitation, and Personal Protective Equipment (PPE) is communicated.

2. The factory does not provide any training to supervisors on Industrial Relations, Termination & Retrenchment, Environmental Protection, or the Grievance System.

3. Human resource policies are not communicated during orientation when workers are provided basic information on factory policies. The factory does not provide specific or ongoing training to the general workforce on on Retrenchment, Environmental Protection

4. The factory does not provide specific or ongoing training for workers on any of the Employment Functions except Workplace Conduct & Discipline and the Grievance System. The factory does, however, conduct a general training (last conducted November 10, 2016) which covers Compensation and Hours of Work.

5. Workers do not receive a copy of the workplace rules during orientation.

#### Local Law or Code Requirement

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

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Finding 2.1

We have provided training to the relevant supervisor and also included in the yearly schedule.

Planned Completion Date

03/10/17

#### Planned completion date

04/26/17

#### Company Action Plan Update

07/06/17 : Finding 2.1 Update 6/22/17 We gave training to supervisor on the following of Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, or Workplace Conduct & Discipline, on Industrial Relations, Termination & Retrenchment, Environmental Protection, or the Grievance System and all policies of our factory related to employees. Compliance manager conducted the training of all supervisors on 08-04-2017. to make the training quarterly added in training schedule. Finding 2.1 We have provided training to the relevant supervisor and also included in the yearly schedule.

### Action Plan no 2.

#### Description

Finding 2.2

We conducted training session as per our schedule, where we provide awareness to our workers, supervisor, and staff members.

Planned Completion Date

03/13/17

#### Planned completion date

04/26/17

#### Company Action Plan Update

07/06/17 : Finding 2.2 updated 6/22/17 We have started the training of supervisors to make aware regarding recruitment, hiring & personnel development this training will be conducted twice a year also arrange the training for the workers in which compliance manager will make aware regarding their compensation, working hours, discipline, work place hazard and others we have also posted policy and procedure on notice board, we have conducted the first training on 07-04-2017 for workers orientation .supervisor awareness training on 08-04-2017 and environmental training conducted on 08-06-2017. Finding 2.2 We conducted training session as per our schedule, where we provide awareness to our workers, supervisor, and staff members.

### Action Plan no 3.

#### Description

FINDING 2.3

We have hiring procedure and we provide orientation training to our new staff and workers

Planned Completion Date

03/13/17

#### Planned completion date

04/26/17

#### Company Action Plan Update

07/06/17 : FINDING 2.3 UPDATE 6/22/17 we have conducted training which was conducted by the compliance manager and participated all workers. 01)Termination and retrenchment training conducted on (09-06-2017) next training is scheduled in the month of September. 02)Environmental protection conducted on (08-06-2017) next training will be conducted in the month of September. Finding 2.3 We have hiring procedure and we provide orientation training to our new staff and workers

### Action Plan no 4.

#### Description

FINDING 2.4

We are conducting training session on monthly basis where we give awareness to the workers of discipline, grievance and others.

Planned Completion Date

03/07/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 2.4 We are conducting training session on monthly basis where we give awareness to the workers of discipline, grievance and others.

Action Plan no 5.

Description

FINDING 2.5

We are providing appointment letter and orientation letter to our workers.

We have Appointment letter Receiving log where the workers signed by taking an appointment letter.

Planned Completion Date

03/02/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 2.5 We give orientation training to the workers at the time of hiring and provide appointment letter copy.

Finding 2.5 We are providing appointment letter and orientation letter to our workers. We have Appointment letter Receiving log where the workers signed by taking an appointment letter.

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

The factory has not defined a review period for the written policies and procedures on any Employment Function. Although policies and procedures for all Employment Functions are updated to include new local laws, regulations, and FLA Code requirements, none of the policies and procedures have been reviewed since their creation.

##### Local Law or Code Requirement

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

### COMPANY ACTION PLANS

Action Plan no 1.

Description

FINDING 3.1

We have mentioned the period to review the policy and procedure for their update and amendment.

Factory will review the policy and procedure on annually basis or any changes by the law.

Planned Completion Date

03/02/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 3.1 We have mentioned the period to review the policy and procedure for their update and amendment.

Factory will review the policy and procedure on annually basis or any changes by the law

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Responsibility & Accountability (Macro)

#### Finding Explanation

The factory has not formally defined in writing the person(s) responsible for Compensation, Termination & Retrenchment, or Health & Safety.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

FINDING 4.1

We have formally define in the procedure authorized person for the termination, Retrenchment and Health & Safety.

Planned Completion Date

03/02/17

##### Planned completion date

04/26/17

##### Company Action Plan Update

07/06/17 : FINDING 4.1 We have formally define in the procedure authorized person for the termination, Retrenchment and Health & Safety.

### FINDING NO.5

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Communication & Worker Involvement (Macro)

#### Finding Explanation

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

2. Out of 30 workers interviewed, 15 were not aware of the function of the Work Council in the factory.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.29, and ER.30)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

FINDING 5.1

We have posted our policy and procedures on the notice board.

FINDING 5.1

We inform & communicated the workers through training & Workers Welfare Council (WWC) meeting

We inform and communicate the regarding our policies and procedures or their updates and changes by the Government also use workers welfare council meetings to update the workers through their representative.

Planned Completion Date

03/07/17

##### Planned completion date

04/26/17

##### Company Action Plan Update

07/06/17 : FINDING 5.1 Update 6/22/17 We have posted our policy and procedures on the notice board. Finding 5.1 We inform & communicated the workers through training & Workers Welfare Council (WWC) meeting We inform and communicate the regarding our policies and procedures or their updates and changes by the Government also use workers welfare council meetings

to update the workers through their representative.

## Action Plan no 2.

### Description

FINDING 5.2

We provide the awareness of our new workers for Workers Welfare Council (WWC) meeting and members.

Planned Completion Date

03/07/17

### Planned completion date

04/26/17

### Company Action Plan Update

07/06/17 : FINDING 5.2 We provide the awareness of our new workers for Workers Welfare Council (WWC) meeting and members.

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Recruitment, Hiring & Personnel Development

#### Finding Explanation

1. Out of 30 sampled workers interviewed, 21 stated that they had not received their employment contracts (appointment letter) though they had signed them at the time of hiring. Signed copies are in workers' personnel files. The law requires that the factory provide workers their written terms of employment.

2. The factory has not hired any apprentices, however by law the factory must hire at least 20% apprentices in the eligible trades (e.g., electricians and mechanics).

3. The factory does not conduct performance reviews for workers during their probation period; performance reviews are conducted upon completion of the three-month probation.

#### Local Law or Code Requirement

The Sindh Term of Employment (standing Orders) Act, 2016 (3) Terms and Conditions of Service in Writing; The Apprenticeship Ordinance 1962. (4) Obligation of Employers; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.29)

#### Recommendations for Immediate Action

Provide all workers a copy of their employment contracts

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

FINDING 6.1

We provide appointment letter at the time of joining.

Planned Completion Date

02/22/17

#### Planned completion date

04/26/17

#### Company Action Plan Update

07/06/17 : FINDING 6.1 We provide appointment letter at the time of joining.

### Action Plan no 2.

#### Description

FINDING 6.2

We have policy to hire employees on apprentices and also advertised to hire employees on apprenticeship. We advertise apprenticeship on internet.

Planned Completion Date

03/02/17



Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 6.2 We have policy to hire employees on apprentices and also advertised to hire employees on apprenticeship. We advertise apprenticeship on internet.

Action Plan no 3.

Description

FINDING 6.3

We revised the policy and started worker performance evaluation during their probation period.

Planned Completion Date

02/22/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 6.3 We revised the policy and started worker performance evaluation during their probation period.

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

Finding Explanation

1. Out of 30 sampled workers interviewed, 20 were not aware of either the Old Age Benefit insurance or the social security scheme. They were also not aware of the calculations for contributions to these benefits.
2. The factory does not record the date of payment on pay records for terminal dues. Although management stated that they comply with legal requirements on timelines for payment of terminal dues, it could not be verified if payments are being made by the end of the second working day after the last day of employment, as legally required.
3. The factory has not revised their disability compensation contributions since the change in the national minimum wage, which became effective July 2016.
4. The factory does not pay the education tax (cess) for Workers' Children's Education Program to the relevant government institution, as legally required.
5. The factory does not provide a child care room, though it is a legal requirement.

Local Law or Code Requirement

The Sindh terms of employment act 2016. (16.) Termination of employment (4), Sindh terms of Employment Act 2016, (12) Compulsory Group Insurance; Workers' Children Education Ordinance 1972, (3) Levy of Education Cess; FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.18, ER.22, and ER.32; Compensation Benchmark C.17)

Recommendations for Immediate Action

1. Record the date of payment on pay records for full and final settlement of terminal dues for workers.
2. Revise the disability compensation as per the revised minimum wage.
3. Provide a child care room, as legally required.

### COMPANY ACTION PLANS

Action Plan no 1.

Description

FINDING 7.4

We have requested to our finance depart for deposit of education tax for the workers's children's education program, it will be done after April 2017.

Planned Completion Date  
05/08/17

Planned completion date  
04/26/17

Company Action Plan Update

07/06/17 : FINDING 7.4 We have requested to our finance depart for deposit of education tax for the workers's children's education program, it will be done after April 2017.

## Action Plan no 2.

Description

FINDING 7.1

Factory pay full payment for workers Old Age Benefit and does not contribute from their salary, anyway we have conducted training to all workers regarding their benefits

Planned Completion Date  
02/22/17

Planned completion date  
04/26/17

Company Action Plan Update

07/06/17 : FINDING 7.1 Factory pay full payment for workers Old Age Benefit and does not contribute from their salary, anyway we have conducted training to all workers regarding their benefits

## Action Plan no 3.

Description

FINDING 7.2

Date of the payment mentioned on their full final settlement with workers signatures.

Payment Date is mentioned on Full and Final Statement with their signature. We pay to the workers their full and final amount, when they leave.

Planned Completion Date  
03/02/17

Planned completion date  
04/26/17

Company Action Plan Update

07/06/17 : FINDING 7.2 Date of the payment mentioned on their full final settlement with workers signatures. Payment Date is mentioned on Full and Final Statement with their signature. We pay to the workers their full and final amount, when they leave.

## Action Plan no 4.

Description

FINDING 7.3

The factory has not revised their disability compensation contributions since the change in the national minimum wage, which became effective July 2016

Planned Completion Date  
03/07/17

Planned completion date  
04/26/17

Company Action Plan Update

07/06/17 : FINDING 7.3 UPDATE 6/22/17 Finding was related to the group life insurance policy there was mentioned 6500 for the disability compensation, we have revised the policy for 7000 of disable person which is as per minimum half wage as per the legal law. attached evidence in which highlighted old and updated both policy. FINDING 7.3 The factory has not revised their disability compensation contributions since the change in the national minimum wage, which became effective July 2016

## Action Plan no 5.

Description

FINDING 7.5

We have provided the Child Care Room located rest room where woman rest in lunch time or pray A notice is displayed so any worker can bring their child. Factory will provide the nurse to take care of their child. Still there is no child in the factory.

Planned Completion Date  
02/22/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 7.5 UPDATE 6/22/17 We have ground + 2 floor and our child care room based on ground floor. And it is separated and covered from the production floor. FINDING 7.5 We have provided the Child Care Room located rest room where woman rest in lunch time or pray A notice is displayed so any worker can bring their child. Factory will provide the nurse to take care of their child. Still there is no child in the factory.

## FINDING NO.8

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

The factory turns away tardy workers from work. The procedure for Hours of Work (document No. CT-CSR-SP-06, page No. 1 of 4) under section "Late Coming," states: "if an employee comes late by sixty (60) minutes besides deducting salary for the day he will not be allowed work for the day unless he has a prior approval or is allowed as a special consideration by the admin manager." However, according to the law, tardiness, as described in the procedures, is misconduct and workers should be issued a warning letter prior to initiating disciplinary procedures.

##### Local Law or Code Requirement

The Sindh Terms of Employment (Standing Orders) Act, 2016, Section 21.3.vi; FLA Workplace Code (Employment Relationship Benchmark ER.1; Hours of Work Benchmark HOW.1)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

FINDING 8.1

We reviewed the procedure and corrected it as per requirement and informed to the workers regarding new policy on it.

Planned Completion Date

03/03/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 8.1 We reviewed the procedure and corrected it as per requirement and informed to the workers regarding new policy on it.

## FINDING NO.9

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. Although the factory obtained workers' written consent for working on the following rest days, the factory did not inform the inspector of the local labor department prior to the rest-day work, as per legal requirements:

- a. January 24, 2016: five workers from Cutting, 11 from Finishing, five from Sewing, and three from Quality;
- b. April 24, 2016: six workers from Cutting, 11 from Finishing, four from Sewing, one from Storage, and one mechanic;
- c. September 25, 2016: three workers from Cutting, six from Finishing, three from Sewing, and three from Quality;
- d. October 16, 2016: six from Cutting, 12 from Finishing, five from Sewing, two from Quality, and two workers from Administration.

2. Workers worked more than seven days without a rest day (24 consecutive hours) on January 18 to 26 (nine days), April 18 to April 26 (nine days), and September 19 to 26, 2016 (eight days).

#### Local Law or Code Requirement

Sindh Factories Act 2015, (55) Weekly Holiday [1(i)]; FLA Workplace Code (Employment Relationship Benchmark ER.2)

#### Recommendations for Immediate Action

1. Inform the local labor department in advance if work is required on rest days, as legally required.
2. Provide workers at least one day (24 consecutive hours) of rest every seven-day period.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

##### FINDING 9.1

We have already informed to labor department regarding the system at the time of labor registration, anyway factory will follow the instruction.

At the time of labor registration and we registered our factory on 07-02-2013, now we don't need to inform labor department for Sunday working or rest day working because we keep off our factory on Sunday and holiday.

Planned Completion Date

05/02/17

#### Planned completion date

04/26/17

#### Company Action Plan Update

07/06/17 : FINDING 9.1 UPDATE 6/22/17 Factory will follow the rule to inform labor department regarding the Sunday working and rest day of the workers, it is not factory's regular practice to do 7 day work. it is not happened yet after the audit. FINDING 9.1 We have already informed to labor department regarding the system at the time of labor registration, anyway factory will follow the instruction. At the time of labor registration and we registered our factory on 07-02-2013, now we don't need to inform labor department for Sunday working or rest day working because we keep off our factory on Sunday and holiday.

### Action Plan no 2.

#### Description

##### FINDING 9.2

We have 7th day rest policy as per legal law, if any worker work 7th day we give rest day as per legal requirement.

If any employee work on Sunday (7 Days) factory give rest day within three days with Sunday double over time and rest payment as per the legal low.

Planned Completion Date

03/03/17

#### Planned completion date

04/26/17

#### Company Action Plan Update

07/06/17 : FINDING 9.2 UPDATE 6/22/17 Crown textiles is committed to provide workers with a day of rest and to inform the department of labor if there is Sunday work required. We will ensure to provide the department of labor with the appropriate information before Sunday work is required. We commit to better capacity planning so we will not require Sunday work. In addition if Sunday work is need it will ask workers to voluntarily sign up for additional Sunday work which will be compensated at (200%) with rest day . we are ensuring that all of our workers are aware of our commitment and policy through workers interview and HR manager is verifying that workers are taking their one day (24 consecutive hours) of rest through the verifying their attendance. we have ammended our policy and it is available for workers to read hrought bulletin board reminding them We are currently working to set up an appointment to visit the department of labor within the next 2 weeks We have 7th day rest policy as per legal law, if any worker work 7th day we give rest day as per legal requirement. If any employee work on Sunday (7 Days) factory give rest day within three days with Sunday double over time and rest payment as per the legal low.

## FINDING NO.10

## SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

#### Finding Explanation

Workers' representatives for the Workers' Welfare Council are elected through hand raising instead of using a secret ballot, as per legal guidelines.

#### Local Law or Code Requirement

Sindh Industrial Relation Act 2013, Section 30; FLA Workplace Code (Freedom of Association Benchmark FOA.1)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

FINDING 10.1

We have revised the mechanism to elected workers representatives.

We have revised the mechanism to elect workers, workers drop their vote into the ballot box.

Planned Completion Date

03/07/17

##### Planned completion date

04/26/17

##### Company Action Plan Update

07/06/17 : FINDING 10.1 UPDATE 6/22/17 we have record of election votes and we ensure that we will keep on regular basis.

FINDING 10.1 We have revised the mechanism to elected workers representatives. We have revised the mechanism to elect workers, workers drop their vote into the ballot box.

### FINDING NO.11

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

The factory maintains records of disciplinary actions in a separate file in the HR department instead of in workers' individual personnel files.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.27)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

FINDING 11.1

We maintained disciplinary records and attached it on worker's personal files.

Planned Completion Date

03/07/17

##### Planned completion date

04/26/17

##### Company Action Plan Update

07/06/17 : FINDING 11.1 We maintained disciplinary records and attached it on worker's personal files.

### FINDING NO.12

### IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Grievance System

### Finding Explanation

The management has installed five complaint boxes throughout the factory. Three of the boxes, which are placed in the main staircase leading to the upper floors, are not labeled as suggestion or complaint boxes. These boxes are not confidential as they are in full view of workers and management and may therefore be ineffective. The other two boxes, which are installed near the wash rooms, are labeled and confidential.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

### Recommendations for Immediate Action

Label the three unmarked complaint boxes installed in the main staircase indicating their purpose.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

FINDING 12.1

We installed complaint box in ladies and gents washroom.

Planned Completion Date

03/03/17

#### Planned completion date

04/26/17

#### Company Action Plan Update

07/06/17 : FINDING 12.1 We installed complaint box in ladies and gents washroom.

## FINDING NO.13

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Environmental Protection

### Finding Explanation

1. Although the contents of hazardous waste are labeled, no label is posted indicating that hazardous waste is stored in the area.

2. The factory stores solid waste in open drums in an area that is easily accessible.

3. The factory improperly stores hazardous waste: one fused electric tube light was placed on the ground floor near the washrooms and two were placed against the wall of the sewing floor.

4. Although the factory separates liquid and first aid waste, it does not separate solid waste; the factory stores all solid waste (e.g., paper, plastic, tube lighting, bulbs, wires, iron) in one bin.

### Local Law or Code Requirement

Factories Act 1934, Section 14; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.1)

### Recommendations for Immediate Action

1. Post hazard labels on containers used to store hazardous material.

2. Store solid waste in close containers and restrict access.

3. Store fused tube lights in the designated area.

4. Segregate solid waste prior to storage and store in the designated areas.

## COMPANY ACTION PLANS

## Action Plan no 1.

### Description

FINDING 13.1

Label are posted on the hazard material box in both English & native language. Administration is the responsible who check it.

Planned Completion Date

03/03/17

### Planned completion date

04/26/17

### Company Action Plan Update

07/06/17 : FINDING 13.1 Label are posted on the hazard material box in both English & native language. Administration is the responsible who check it.

## Action Plan no 2.

### Description

FINDING 13.2

We have separated area for solid and liquid. Administration is responsible for controlling of waste material and third party collect all hazards materials from the factory.

Planned Completion Date

03/07/17

### Planned completion date

04/26/17

### Company Action Plan Update

07/06/17 : FINDING 13.2 UPDATE 6/22/17 We have separated room for hazardous waste, and for separation of the types we keep it in the drums. and we have separated designated area in ground floor for the non hazardous wastes like paper, plastic, iron and other wastes, We have separate contractor (I.S Enterprises) for non hazard material, they are responsible to pick the non hazard wastage from the factory on weekly basis , hazardous material we deposit to the Global Environmental Lab for disposition.

FINDING 13.2 We have separated area for solid and liquid. Administration is responsible for controlling of waste material and third party collect all hazards materials from the factory.

## Action Plan no 3.

### Description

FINDING 13.3

We provided the wastage area and we stored all hazardous and non-hazardous. We have separated and identified the area, administration is the responsible to controlling all hazards material and third party disposed the material and provide certificate.

Planned Completion Date

03/07/17

### Planned completion date

04/26/17

### Company Action Plan Update

07/06/17 : FINDING 13.3 update 6/22/17 We have separated drum for lights and bulbs wastage we store it in the glass wastage in the separate room. With lock and key. all wastage storing in separate room with separate drum we will also change the drum with cover till 26-06-2017 Finding 13.3 We provided the wastage area and we stored all hazardous and non-hazardous. We have separated and identified the area, administration is the responsible to controlling all hazards material and third party disposed the material and provide certificate.

## Action Plan no 4.

### Description

FINDING 13.4

We separated Solid, Hazardous and Liquid waste.

We have separated the area category wise and disposed to the third party, they provide certificate after dispose.

Planned Completion Date

03/07/17

### Planned completion date

04/26/17

### Company Action Plan Update

07/06/17 : FINDING 13.4 We have separate contractor for non hazard material, who pick the non hazard wastage from the factory, hazardous material we deposit to the Global Environmental Lab to be disposed of. We separated Solid, Hazardous and Liquid waste. We have separated the area category wise and disposed to the third party, they provide certificate after dispose.

## FINDING NO.14

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The fire risk assessment was conducted internally as part of the Health & Safety risk assessment. No separate third-party risk assessment has been conducted.
2. Except for electrical fires, other fire sources and fuels like smoking, paper waste, cutting waste, diesel oil and thread are not covered in the risk assessments. The cargo elevator (with a capacity of 2000 kg) was not included in the Health & Safety risk assessment conducted on July 12, 2016.
3. The factory has a team of emergency responders consisting of six workers; however, two of the six workers interviewed were not aware of emergency responses in case of fire, like contacting external fire brigade, searching for missing persons, or dealing with casualties.
4. The competence certificate of the external trainer, who provides ongoing first aid training for the factory, was not available for review.

##### Local Law or Code Requirement

FLA Workplace Code (Health & Safety Benchmark HSE.1, HSE.4, and HSE.5)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

FINDING 14.4

We conducted training as per government law in half quarter in a year.

We conducted half quarterly training, which is performed by Civil Defense by our Government Nominated persons. Last Training done by 21-01-2017

Planned Completion Date

02/22/17

##### Planned completion date

04/26/17

##### Company Action Plan Update

07/06/17 : FINDING 14.4 update 6/22/17 Civil defense also provided first aid training to all employees. We conducted training as per government law in half quarter in a year. We conducted half quarterly training, which is performed by Civil Defense by our Government Nominated persons. Last Training done by 21-01-2017

#### Action Plan no 2.

##### Description

FINDING 14.1

We hired the third party to conduct our risk assessment.

We have hired CORSHE to conduct our risk assessment, name already mentioned on the attached risk assessment also attached contract

Planned Completion Date

03/01/17

##### Planned completion date

04/26/17

##### Company Action Plan Update

07/06/17 : FINDING 14.1 We hired the third party to conduct our risk assessment. We have hired CORSHE to conduct our risk assessment, name already mentioned on the attached risk assessment also attached contract

#### Action Plan no 3.

##### Description

FINDING 14.2



We hired H&S engineer who conducted our risk assessment as per the requirement. We have received the risk assessment of 20-Dec-2016 form CORSHE, Mr. Yasir Siraj conducted the risk assessment.

Planned Completion Date  
03/01/17

Planned completion date  
04/26/17

Company Action Plan Update

07/06/17 : FINDING 14.2 update 6/22/17 We have contacted third party (Corshe) to cover mentioned issues, third party (Corshe) will re conduct the assessment as per their schedule on July 2017 and will cover issues electric and other fire sources, fuels, smoking, paper waste, cutting waste, diesel, oil and threads , previous risk assessment and third party contract agreement We hired H&S engineer who conducted our risk assessment as per the requirement. We have received the risk assessment of 20-Dec-2016 form CORSHE, Mr. Yasir Siraj conducted the risk assessment.

Action Plan no 4.

Description

FINDING 14.3

We have re-conducted training of our emergency responded.

We conducted half quarterly training, which is performed by Civil Defense by our Government Nominated persons. Last Training done by 21-01-2017

Planned Completion Date  
03/01/17

Planned completion date  
04/26/17

Company Action Plan Update

07/06/17 : FINDING 14.3 We have re-conducted training of our emergency responded. We conducted half quarterly training, which is performed by Civil Defense by our Government Nominated persons. Last Training done by 21-01-2017

## FINDING NO.15

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not yet addressed the observations in the inspection report issued from the elevator inspection on October 30, 2016 by the approved agency (Société Générale de Surveillance, SGS) which are the following: loose wiring in the electrical panel of the machine room; lack of removal of unused material in the machine room; unsafe access to machine room; inadequate ventilation of the machine room; improper cleaning of machinery in the machine room; lack of maintenance box on top of elevator car; dirty elevator pit; lack of pit stop switch; lack of emergency phone inside the elevator.

2. There is no signage installed near the underground water tank (capacity 20,000 gallons) to warn workers of the risk of the confined space.

3. Two exits (the secondary exit from the ground floor and secondary from the first floor) are marked in English and not in the local language.

4. On the ground floor, the female toilet is adjacent to the male toilets and is located within the same toilet block, which does not provide adequate privacy.

5. The factory does not provide either soap or anything for workers to dry their hands at the hand washing point near the rooftop washrooms.

6. Two electric panels do not have a "danger" sign: one located outside the steam generator area and the other in front of the fire hydrant system.

7. The drinking water station in the finishing area is not marked as "drinking water," as legally required.

8. The factory has not posted resuscitation instructions for persons suffering from electric shock in either the generator room or near the three electric panels in the factory.

9. In the finishing area on the first floor, some unlabeled material (e.g., fabric pieces, left over accessories, bags) is stored along the floor, which could fuel a fire.

10. Four fire extinguishers (one on the ground floor, two on the first floor, and one on the second floor) out of 32, are hanging on the walls from their pull pins; fire extinguishers should be mounted with brackets (steady clamps).

#### Local Law or Code Requirement

Electricity Rules 1937, Rule 46; Sindh Factories Act 2015, Sections 2, 22, 23, 29, 38, 42, and 48; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6, HSE.14, HSE.17, HSE.19, HSE.20, HSE.23, and HSE.27)

#### Recommendations for Immediate Action

1. Take corrective action on all observations reported in the cargo elevator inspection performed on October 30, 2016.
2. Install signage indicating a confined space for the underground water tank.
3. Mark the two exits in the local language.
4. Relocate the female toilets away from the male toilets to ensure privacy.
5. Provide soap and something for workers to dry their hands at the hand washing point near the rooftop washrooms.
6. Post "danger" signs on the two electric panels.
7. Mark the drinking water station in the finishing area, as legally required.
8. Post resuscitation instructions in the generator room and near three electric panels in the factory, in the local language.
9. Ensure any material (for use or waste) is stored in the designated areas.
10. Properly install the four fire extinguishers using steady clamps.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

FINDING 15.1

we have taken action on the behalf of SGS observation, and completed all requirements.

Planned Completion Date

03/01/17

#### Planned completion date

04/26/17

#### Company Action Plan Update

07/06/17 : FINDING 15.1 we have taken action on the behalf of SGS observation, and completed all requirements.

### Action Plan no 2.

#### Description

FINDING 15.2

We posted warning sign and capacity of gallons.

Assistant Compliance Officer is responsible to check all signs on weekly basis.

Planned Completion Date

03/03/17

#### Planned completion date

04/26/17

#### Company Action Plan Update

07/06/17 : FINDING 15.2 We posted warning sign and capacity of gallons. Assistant Compliance Officer is responsible to check all signs on weekly basis.

### Action Plan no 3.

#### Description

FINDING 15.3

We posted and installed in English and native language.

Assistant Compliance Officer is responsible to check all signs on weekly basis.

Planned Completion Date

03/03/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 15.3 We posted and installed in English and native language. Assistant Compliance Officer is responsible to check all signs on weekly basis.

Action Plan no 4.

Description

FINDING 15.4

We separated the female toilets to the male toilets.

Planned Completion Date

03/03/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 15.4 We separated the female toilets to the male toilets.

Action Plan no 5.

Description

FINDING 15.5

We provided and look after on daily basis to the availability of soap and towels in washing points.

Assistant Compliance Officer is responsible to check all restroom in daily basis and maintain log.

Planned Completion Date

03/03/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 15.5 We provided and look after on daily basis to the availability of soap and towels in washing points.

Assistant Compliance Officer is responsible to check all restroom in daily basis and maintain log.

Action Plan no 6.

Description

FINDING 15.6

We pasted all warning signs on the related areas.

Assistant Compliance officer is responsible to check all the signs on daily basis and maintain log.

Planned Completion Date

03/03/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 15.6 We pasted all warning signs on the related areas. Assistant Compliance officer is responsible to check all the signs on daily basis and maintain log.

Action Plan no 7.

Description

FINDING 15.7

We posted drinking water sign in the related areas.

Assistant Compliance officer is responsible to check all the signs on daily basis and maintain log.

Planned Completion Date

03/03/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 15.7 We posted drinking water sign in the related areas. Assistant Compliance officer is responsible to check all the signs on daily basis and maintain log.

Action Plan no 8.

Description

FINDING 15.8

We pasted resuscitation instruction of every electric panel and generator room.

Assistant Compliance officer is responsible to check all the signs on daily basis and maintain log.

Planned Completion Date

03/03/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 15.8 We pasted resuscitation instruction of every electric panel and generator room. Assistant Compliance officer is responsible to check all the signs on daily basis and maintain log.

Action Plan no 9.

Description

FINDING 15.9

We segregated the area for finishing products and stored the all accessories in accessories store.

Planned Completion Date

03/03/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 15.9 We check on daily basis all the segregation finishing and accessories also keep the record. FINDING 15.9 We segregated the area for finishing products and stored the all accessories in accessories store.

Action Plan no 10.

Description

FINDING 15.10

We replaced the highlighted cylinder on immediately basis and checking for ensuring it on daily audit.

Planned Completion Date

03/03/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 15.10 We replaced the highlighted cylinder on immediately basis and checking for ensuring it on daily audit

## FINDING NO.16

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

Finding Explanation

1. The lower piece of the belt covers is missing on 19 out of 165 sewing machines.
2. The factory has provided chairs with back rests to 80% of sitting workers with sitting jobs; 20% of sitting workers sit on hard stools without back rests.
3. Although the factory provides height-adjustable chairs and tables to the sewing machine operators, the checking tables are not adjustable.
4. The factory does not provide loading workers with lifting belts.

5. The factory does not provide safety equipment (e.g., breathing apparatus, belt, and rope) to workers contracted from an external service provider to clean the underground water tank.
6. The factory does not provide safety belts to electricians for use when working at heights. Helmets are, however, provided and properly used.
7. The factory has not provided the appropriate firefighting equipment (e.g., breathing apparatus, fire suit, axe, helmets) to the firefighting team.

#### Local Law or Code Requirement

Sindh Factory Rules 1975, Rules 24 and 55; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.6, HSE.14, and HSE.17)

#### Recommendations for Immediate Action

1. Install any missing belt covers on sewing machines.
2. Provide lifting belts to loading workers.
3. Provide the appropriate safety equipment (e.g., breathing apparatus, belt, and rope) to workers who clean the underground water tank.
4. Provide safety belts to the electricians for use when working at heights.
5. Provide the appropriate equipment (e.g., breathing apparatus, fire suit, axe) to the firefighting team.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

FINDING 16.1

We fixed the belt cover and instructed to the maintenance department to ensure it on daily basis.

We have maintenance department, and our mechanics ensure the machine fitness and maintain in log.

Planned Completion Date

03/07/17

#### Planned completion date

04/26/17

#### Company Action Plan Update

07/06/17 : FINDING 16.1 We fixed the belt cover and instructed to the maintenance department to ensure it on daily basis. We have maintenance department, and our mechanics ensure the machine fitness and maintain in log.

### Action Plan no 2.

#### Description

FINDING 16.2

We provided back rest for the chairs to the remain percent workers.

Planned Completion Date

03/15/17

#### Planned completion date

04/26/17

#### Company Action Plan Update

07/06/17 : FINDING 16.2 We provided back rest for the chairs to the remain percent workers.

### Action Plan no 3.

#### Description

FINDING 16.3

We provided the adjustable tables.

Planned Completion Date

03/01/17

#### Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 16.3 We provided the adjustable tables.

Action Plan no 4.

Description

FINDING 16.4

We have provided lifting belt to the workers

We conducted training and give awareness to specific person about it. Training attached.

Planned Completion Date

03/03/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 16.4 We have provided lifting belt to the workers We conducted training and give awareness to specific person about it. Training attached.

Action Plan no 5.

Description

HEALTH & SAFETY

Details

FINDING 16.5

Service provider use their own safety equipment, and they are not allowed to perform any work without safety equipment.

Planned Completion Date

03/01/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 16.5 update 6/22/17 We have added point that factory will provide (PPE) to Service provider.. FINDING 16.5 Service provider use their own safety equipment, and they are not allowed to perform any work without safety equipment.

Action Plan no 6.

Description

FINDING 16.6

We have provided safety belt to the electrician

We conducted training and give awareness to specific person about it.

Planned Completion Date

03/01/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 16.6 We have provided safety belt to the electrician We conducted training and give awareness to specific person about it.

Action Plan no 7.

Description

HEALTH & SAFETY

Details

FINDING 16.7

We conducted training and give awareness to specific person about it. Training attached.

Planned Completion Date

03/07/17

Planned completion date

04/26/17

Company Action Plan Update

07/06/17 : FINDING 16.7 update 6/22/17 We have proper fire fighting equipment we have also attached pictures of personnel protective equipment. FINDING 16.7 We conducted training and give awareness to specific person about it. Training attached.