



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Nike, Inc
COUNTRY: Malaysia
ASSESSMENT DATE: 10/09/18
ASSESSOR: Donny Triwandhani
PRODUCTS: Apparel
NUMBER OF WORKERS: 926

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 procedures on Termination & Retrenchment, Industrial Relations, or Environmental Protection. [ER.1, ER.19, ER.25, ER.31, ER.32, HSE.5]

2. The factory does not have policies or procedures on Personnel Development. [ER.1, ER.28, ER.29, ER.30]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.25, 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.Review procedures of Termination retrenchment, Industrial Relation & Environment Protection 2.Review procedure of Personnel Development

Planned completion date

01/10/19

Company Action Plan Update

1. Factory have procedures on Termination & Retrenchment, Industrial Relation and Environmental Protection. 2. The factory have established policies on Personnel Development

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation training provided to new workers does not cover the following Employment Functions: Recruitment, Hiring & Personnel Development; Termination & Retrenchment; Industrial Relations; Environmental Protection; and Health & Safety. [ER.1, ER.15]
2. The factory does not provide workers with ongoing training on the following Employment Functions: Recruitment, Hiring & Personnel Development; Termination & Retrenchment; Workplace Conduct & Discipline; Grievance System; and Environmental Protection. [ER.1, ER.15, ER.25, ER.28]
3. The factory does not provide specific training for the relevant supervisors and managers on any of the Employment Functions. [ER.1, ER.17, ER.27]
4. The factory does not provide specific training for the relevant Human Resources (HR) personnel and administrative staff on Workplace Conduct & Discipline. [ER.1, ER.17, ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, ER.27, and ER.28)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Review Training program for new employee, existing employee, supervisors and HR's personnel and admin staff

Planned completion date

01/10/19

Company Action Plan Update

1. During the orientation all the mention have been briefed to worker.
2. The factory have included in calendar for training.
3. The have provided separate training for Supervisor.
4. Workplace Conduct & Discipline have conduct training for relevant Human Resources.

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory is not making an adequate effort to reduce its impact on the environment. Many of the environmental hazards identified on the factory's Environmental Impact Assessment (EIA) do not have control measures and are not monitored. As a result, assessors were unable to verify whether the factory is reducing its environmental impact in practice. [HSE.1]
2. The factory does not store its chemicals and toxic waste in separate storage areas. In addition, assessors found empty and full chemical containers stored together in the same secondary container. [HSE.1, HSE.9]
3. The factory is not fully implementing its Environmental Protection policy. R22 still being used as a cooling agent in 39 of the factory's air conditioning units although it is considered an Ozone Depleting Substance (ODS). [HSE.1]
4. The system for responding to any unexpected environmental emergency such as a chemical spill is inadequate. The chemical storage room floor is not sloped one degree towards the sump and there is no clear guidance on what to do if there is a chemical spill outdoors.

Local Law or Code Requirement

Environmental Quality (Clean Air) Regulation 2014 Article 16.1 ; 2. Guidelines on Storage of Hazardous Chemical: A Guide for Safe Warehousing of Packaged Hazardous Chemicals department of OSH Ministry of HR Malaysia 2005 Article 7.5; Environmental Quality (Refrigerant Management) Regulation, 1999; Environmental Quality (Refrigerant Management) Regulations 1999 PU(A) 451/1999 Article 4; DOSH Ministry of HR Resources 2005. Chapter 6 Article 6.1, Article 7.11: FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.9)

Recommendations for Immediate Action

1. Do not use R22. Instead, use a more environmentally friendly cooling agent.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Review the environmental hazard on the factory 2, 4. Review the chemicals and toxic waste storage 3. Review the environmental protection policy.

Planned completion date

01/10/19

Company Action Plan Update

1. Factory have environment policy and have Environment Impact Assessment. 2. Factory have separated into two different storage areas such as Chemical Store and Empty chemical container. 3. In process of replacing R22 with environmental cooling agent. 4. Sloped of one degree done.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory is not taking proactive steps to reduce repetitive-motion stress and injuries. Jobs are not rotated, Rapid Entire Body Assessments are not conducted, and there is no stretching and exercise breaks. In addition, the ironing workers have not been provided with anti-fatigue mats and the workstations and chairs are not adjustable. [HSE.17]
2. There are no pedestrian walking paths marked on the ground leading from the exits to the main gate. There are no vehicle traffic lane markings either. [HSE.1]
3. There are no visual management devices such as reflectors installed to promote safe driving practices on factory premises. [HSE.1]
4. There is no guard on the jockey pump pulley. In addition, there is stagnant water on the floor of the jockey pump area since there is no drainage system installed. [HSE.13, HSE.14]
5. The last time the noise level in the factory was measured was in 2015. The highest noise level identified at that time was in the embroidery area, however, the factory has not done embroidery since 2017. The audiometric tests conducted on selected workers in July 2018 were therefore conducted randomly rather than being based on the actual noise levels in the factory. [HSE.1]
6. The roofs of the chemical storage room and the production-generated waste area are made of asbestos. The factory does not conduct regular inspections to ensure that the asbestos is in good condition so assessors were unable to determine whether there were any cracks or other damage to the asbestos which would pose a major health risk. There are no signs posted to warn workers of the presence of asbestos. [HSE.1]
7. The PPE training provided to workers does not cover how workers are to properly use PPE to protect themselves against hazards, how PPE is to be stored, or how PPE is to be replaced. [ER.1, HSE.8]

Local Law or Code Requirement

Factories and Machinery (Safety, Health & Welfare) Regulations (1970). Sec. 30 (1 - 3.2); Reg. (30) Safety, Health and Welfare Regulations 1970 under FMA 1967; Seating at Work Guideline, 2003; Act 139 Factories and Machinery Act 1967 (Revised - 1974), Article 15, 16 and 21; 6.; P.U.(A) 289/86 Factories & Machinery (Asbestos Process) Regulation 1986 Part II – Permissible Exposure Limit. Regulation 5.; UBBL 1984 Article 39.1; FLA Workplace Code (Employment Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.1, HSE.8, HSE.13, HSE.14, and HSE.17).

Recommendations for Immediate Action

1. Mark walking paths and traffic lanes.
2. Install visual management devices such as reflectors on the roads on factory premises.
3. Install a guard on the jockey pump pulley and slope the floor of the jockey pump area one degree towards the drain.
5. Re-measure the noise levels in the factory.
6. Regularly inspect the asbestos roof for damage. If any damage is found, commission a qualified asbestos remediation company to remove the asbestos. Ensure that all necessary precautions are taken during the removal process. Post warning signs to notify workers of the presence of asbestos.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Review ergonomic practice & REBA implementation
2. Review Traffic Management system
3. Review noise monitoring program
4. Review asbestos usage
5. Review training PPE practice

Planned completion date

01/10/19

Company Action Plan Update

1. Stretching exercise break every two hour for two minutes. Training and awareness done for Supervisor and HOD.

2. Pedestrian walk have established.

3. On Progress.

4. Installed guard at Jokey pump.

5. Previous Audiometric (2018) noise report expired on July 2019. However, as per 1st June 2019 new Malaysian Noise Regulation revocation was come into operation, the requirement need to do the new Noise Risk Assessment for whole factory.

6. Refer to procedure of asbestos removal inspection report. Have display warning signage of asbestos

7. PPE training have been conducted to worker.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Assessors found exposed cables in the jockey pump room and in the dormitory located at Taman Ramina. [HSE.13]
2. The electrical panel in the Taman Ramina dormitory is made out of wood instead of fire-resistant materials. [HSE.13]
3. The main electrical panel in Building 2 is very dusty and covered in cobwebs. [HSE.13]
4. There are no "Confined Space", "Do Not Enter", or "Only Authorized Personnel Allowed" signs or identification numbers posted on the water tanks and water reservoir. [HSE.1, HSE.13]
5. The factory does not take appropriate measures to protect workers before they enter confined spaces. Atmospheric tests are not performed to ensure air quality before people enter confined spaces and there is no rescue equipment available, such as a pulley to retract people from confined spaces. [HSE.6]
6. There is no evidence that the factory has implemented a lockout-tagout (LOTO) system. [HSE.13, HSE.14]
7. One maintenance person who is responsible for confined spaces has not been trained one confined space management yet. [HSE.1, HSE.14]
8. There is no lightning protection system installed in the factory. [HSE.13]

Local Law or Code Requirement

Factory Machinery (Building Operations and Works of Engineering Construction Safety) Regulations 1986, section 16. ; Electrical Installation of Building – Code of Practice MS 979.2007 - Code of Practice MS 1979.2007. Article 4.2.1 COP 04, Article 4.4.1 COP 11; Industry Code Of Practice For Safe Working In A Confined Space 2010 Article 3.2, Article 3.3, Article 4.2.8; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6, HSE.13, and HSE.14)

Recommendations for Immediate Action

1. Ensure that no cables are exposed.
2. Replace the wooden electrical panel with one made of fire-resistant materials.
3. Regularly clean the electrical panels to keep them from becoming dusty.
4. Post warning signs and identification numbers on the water tanks and water reservoir.
5. Test the air in confined spaces before allowing people to enter. Ensure that there is rescue equipment available whenever someone enters a confined space.
6. Implement a LOTO system by locking out equipment when necessary.
7. Train all workers who enter confined spaces on confined space management.
8. Install a lightning protection system.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Review the cables in the jockey pump room and dormitory located at Taman Ramina 2, 3, 8. Review the electrical system. 4. Review the signage on the water tanks and water reservoir 5, 7. review the confined spaces and the PIC. 6. review the implementation a lockout-tagout system.

Planned completion date

01/10/19

Company Action Plan Update

1. Covered those exposed cables in Jockey pump and relocated worker from dormitory located at Taman Rebana to inside hoster. Dormitory at Tamna Rebana closed.
2. Have change to new electrical panel
3. Have clean up the electrical panel in Building 2
4. Posted "Only Authorized Personnel Allowed" Signage.
5. Already mention in Confine Space SOP that Management will not authorized any internal employee to perform job in pernit required Confine Space.
6. The factory have Lockout-tagout (LOTO) system
7. Refer to Confine Space SOP
8. Have appointment vendor to look into it.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Management has not commissioned a third-party expert to conduct a fire risk assessment, nor have they conducted an internal fire risk assessment. [HSE.5]
2. There is no fire extinguisher installed in the production-generated waste storage room. [HSE.6]
3. There is no emergency alarm installed in the jockey pump room. [HSE.5, HSE.6]
4. There are no designated fire wardens in the factory. [HSE.1, HSE.5]
5. The arrows on the floor that indicate the emergency exit route are too small and far apart. [HSE.5]
6. The emergency alarm system is not inspected and tested regularly to ensure it is functioning properly. As a result, assessors were unable to determine whether the alarm is loud enough for workers to hear throughout the factory. [HSE.5]
7. There are no sprinklers, smoke detectors, or alarms installed in the chemical storage room, production-generated waste storage area, and general waste storage area. [HSE.6]
8. The members of the fire brigade have not been provided with PPE and or fire-fighting equipment such as crowbars, fire blankets, axes, SCBAs, and fire-resistant clothing, hard hats, and masks. [HSE.6, HSE.7]

9. The fire safety training provided to the general workforce is inadequate. Only the fire brigade has been trained on fire-fighting techniques. [ER.1, HSE.6]

10. The fire extinguisher inspections do not include a review of the condition of the entire apparatus. [HSE.5]

11. The emergency exit signs are not inspected monthly. [HSE.5]

Local Law or Code Requirement

According to Section 15, Occupational Safety and Health Act 1994; Factories and Machinery Act 1967 [ACT 139] P.U. (A) 114/1983 Factories and Machinery (Safety, Health And Welfare) Regulations 1970 (REVISED – 1983) Section 22: UBBL 1984 Article 172; NFPA 72; FLA Workplace Code (Employment Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6, and HSE.7)

Recommendations for Immediate Action

1. Conduct an internal fire risk assessment, then commission a third-party expert to validate the results.

2. Install a fire extinguisher in the production-generated waste storage room.

3. Install an emergency alarm in the jockey pump room.

4. Designate a staff member or worker to act as a fire warden.

5. Remark the arrow signs on floor so that they are larger and closer together.

6. Inspect and test the emergency alarm system regularly according to the manufacturer's recommendations to ensure it is functioning correctly. Include a test of whether the sound is loud enough for workers to hear throughout the factory.

7. Install sprinklers, smoke detectors, and alarms in the chemical storage room, production-generated waste storage area, and general waste storage area.

8. Provide the fire brigade with the appropriate PPE and fire-fighting equipment.

9. Train workers on fire safety and fire fighting techniques.

10. Inspect all parts of the fire extinguishers during inspections.

11. Inspect emergency exit signs monthly.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Review the fire extinguisher installation and fire wardens in the factory

2. Review the emergency alarm system and indicator of the emergency exit & route.

4. Review the PPE for for brigade

5. Review the safety training to the general workforce

Planned completion date

01/10/19

Company Action Plan Update

1. Fire risk assessment conduct by our government approved (Bomba) yearly.

2. Installed fire extinguisher in the production-generated waste storage room.

3. Installed emergency alarm in the jockey pump room which have link with main fire panel at front guard office.

4. Appointed Fire Warden for factory. Refer to ERT Chart.

5,6,7,8,9, 10 & 11 - done.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The chemical inventory is not complete. For example, diesel and battery water are listed but hydraulic oil and cleaning agents are not. In addition, the chemical inventory does not include the expiration date of each chemical. [ER.2, HSE.1]

2. There is no shower in the chemical storage room. [HSE.6]

3. The water utilized in the eye wash stations in production areas is not tested for potability. [HSE.6]

4. The eye wash station installed on the outside wall of the chemical storage room is in close proximity to a parked car there is no water drainage system in place to remove the waste water. [HSE.6]

Local Law or Code Requirement

Guidelines on Storage of Hazardous Chemicals: A Guide for Safe Warehousing of Packaged Hazardous Chemicals, DOSH Ministry of HR Malaysia 2005 Article 4.3; OSH Act 1994 [Act 514] P.U. (A) 131/2000 OSH (Use and Standards of Exposure of Chemical Hazardous to Health) Regulation 2000, Regulation 5. Register of chemicals hazardous to health. 1-2 ; Guidelines on first-aid in the workplace, DOSH 2014, Section 6.1.1, Guide to Safety, Health and Welfare at Work Act 2005, Section 19; UBBL 1984 Article 225.1; Guidelines on storage of hazardous chemical; The Occupational Safety and Health Act 1994, The 2nd edition on first aid in the workplace 2004 Appendix 8.a-m; OSH Act No 514 Year 1994 Article 29 (4); FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety & Environment Benchmarks HSE.1 and HSE.6]

Recommendations for Immediate Action

1. Install an eye wash station and a shower in the chemical storage room.

2. Test the water used in the eye wash stations for potability.

3. Do not allow cars to park next to the eye wash station and install a water drainage system.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-2. Review the chemical inventory and inventory room 3-4. Review the eye wash stations

Planned completion date

02/11/19

Company Action Plan Update

1. Chemical does not have expired date but have manufacturing date.

2. Refer to Excel file.

3. We have install water filter and weekly change the filter. We have sent out the water for testing and pending for result.

4. Have install signage of "Do not park your car"

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The probation period for local workers is six months long. [C.3]
2. Local workers receive regular performance reviews while migrant workers only receive performance reviews when they are under consideration for a promotion. [ER.29, ND.2]
3. According to the migrant workers' employment contracts, in the event that a migrant worker gets married while working in Malaysia the government of Malaysia reserves the right to revoke the worker's temporary work permit. [ND.4, ND.6]
4. The factory's recruitment requisition forms include gender and age preferences. For example, quality control (QC) line workers preferred to be women between the ages of 18-35 and sewing operators are preferred to be 18-35 years old. [ER.3, ND.2]
5. The factory's rules and regulations and the orientation checklist for new workers are only available in English, not in the local language (s) or the languages spoken by migrant workers. The factory uses migrant workers as translators to explain the information to their coworkers. [ER.16, ER.25]
6. The factory does not maintain copies of the outsourced security guards' work agreements. [ER.2, ER.11]
7. By law, migrant workers are required to undergo a medical examination before departing their countries of origin, and are to be re-examined within one month of their arrival in Malaysia. The examination involves recording the worker's medical history, a physical examination, blood tests, urine tests, and X-rays. These tests screen workers for pregnancy, tuberculosis, hepatitis B, syphilis, HIV, malaria, and leprosy. Subsequently, migrant workers are subject to annual medical examinations for the first three years of employment. If the migrant worker tests positive for pregnancy or any of the aforementioned diseases during the first three years of employment, the Immigration Department will not renew their work permit and the factory will be required to send the worker back to the country of origin. If the employer continues to employ the migrant worker, the employer is charged with a penalty of MYR 10,000 (USD 2,387) or six months of jail term. Any employer who does not report any of these conditions, including pregnancy, will also have their security bond confiscated, for which the employer pays between MYR 250 (USD 60) and MYR 1,500 (USD 358) depending on the nationality of the migrant worker. The security bond is a legally required bank guarantee for the issuance of the visa for the migrant worker. As a result of these legal requirements, the factory has sent a number of migrant workers back to their country of origin. While legal, this practice is in violation of FLA Benchmarks stating that employers shall not, on the basis of a person's health or pregnancy status, make any employment decisions that negatively affect the person's employment status. [ER.3, ND.5, ND.7, ND.9, ND.10]

Local Law or Code Requirement

Constitution of Malaysia (1957), Sec. 8(2); FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.3, ER.11, ER.16, ER.25, and ER.29; Compensation Benchmark C.3; Non-Discrimination Benchmarks ND.2, ND.4, ND.5, ND.6, ND.7, ND.9, and ND.10)

Recommendations for Immediate Action

1. Change the probation period to three months.
2. Do not discriminate against migrant workers. Conduct performance reviews for all workers.
3. Remove the language on marriage discrimination in the employment contract. Do not discriminate against migrant workers who get married. Do not threaten dismissal or any other employment decision that negatively affects a worker's employment status based on their marital status.
4. Remove age and gender preferences from the recruitment requisition forms and do not make employment decisions on the basis of gender or age. Make employment decisions solely on the basis of a person's qualifications, in terms of education, training, experience, demonstrated skills and/or abilities, as they relate to the inherent requirements of a particular job.
5. Make the rules, regulations, and orientation checklist available in the languages spoken by local and migrant workers.
6. Maintain copies of the security guards' work agreements on-site at the factory.

7. In collaboration with the FLA-affiliate and other stakeholders, lobby the Malaysian government to change its regulations. Migrant workers should not be required to undergo pregnancy testing or other medical tests; work permits and employment status should not be contingent the results of these tests.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Review the probation period 2-3. Review the rights of migrant workers due to the performance review procedure and CBA. 4. Review the requisition forms regarding to the gender issue and ages 5. Consider the rules, regulations and orientation checklist for workers to be translated into other local language spoken by migrant workers. 6. Review on how to maintain the security guard's work agreement 7. Review migrant management practice

Planned completion date

01/10/19

Company Action Plan Update

1.Change from 6 months probation to 3 months probation.

2.Remove the clause from contract of employment.

3. Worker recruitment requisition form have removed gender and age preferences.

4. Work Agreement of outsourced Security Guards were not available for review as the Manager was admitted and undergoing dialysis at hospital. The new clerk could not provide us the document. All copies of work contract has been extended to our office and will retain the same for new guards.

7. This is requirement by the Government of Malaysia

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. According to the factory's Grievance System procedures, grievances may be reported via text message, email, the suggestion boxes, or verbally reported to HR. However, the factory has not established a phone number or email address for workers to use to submit complaints. [ER.25]

2. The factory does not record when the suggestion boxes are opened, so there is no evidence that the boxes are regularly checked. [ER.2]

3. Only two suggestion boxes are available, one in the local Muslim Malaysian canteen and one in the Chinese Malaysian canteen. There is no suggestion box in the canteen for migrant workers. [ER.25, ND.2]

4. The Grievance System procedures are not posted next to the suggestion boxes. [ER.16, ER.25]

5. The suggestion boxes are not sufficiently private since they are made from transparent plastic and located in busy areas. [ER.25]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.16, and ER.25; Non-Discrimination Benchmark ND.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1 and 4. Review the grievance system procedures. 2. Review on how to recording the suggestion box. 3. Consider to add more suggestion boxes. 4. Consider to change the suggestion box into more private.

Planned completion date

01/10/19

Company Action Plan Update

1. Factory have established phone number, email and posted at Notice Board.
2. Factory have established record when the suggestion boxes are opened.
3. Add additional suggestion boxes at Male & Female Toilet.
4. The Grievance System procedures posted next to Suggestion Box.
5. The Suggestion boxes are cover and no more transparent.

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory's policies and procedures are posted on the notice board in English and the local languages, but not the languages spoken by migrant workers from Nepal, Myanmar, and Sri Lanka. [ER.16, ER.25, HSE.2, C.17]
2. The factory does not verbally communicate its policies and procedures on any of the Employment Functions or their updates with the general workforce. [ER.1, ER.16, ER.25, ER.27, ER.29, ER.30, C.17]
3. The worker involvement component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input or feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.25]

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, ER.29, and ER.30; Health, Safety & Environment Benchmark HSE.2; Compensation Benchmark C.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Consider to translate the policies into other language 2. Plan to do briefing and refresh the policies and procedures to any employment functions 3. Review on how to stay connected with the workers

Planned completion date

01/10/19

Company Action Plan Update

1. The factory's policies and procedure have been translated to Nepal, Myanmar & Sri Lanka and have given briefing to all the worker.

2. Yearly briefing carried out and for new worker briefing carried out during Orientation.

3. Monthly meeting with Worker Rep.

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory has not developed policies and procedures on the review process to ensure updates are made according to local law and FLA Workplace Code requirements. According to management, the policies and procedures are reviewed at the end of every year. However, the review process is not recorded as evidence. [ER.1, ER.29, ER.30, ER.31]

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

Developing the policies and procedures on the review process to ensure updates are made according to local law and FLA Workplace code requirements.

Planned completion date

01/10/19

Company Action Plan Update

1. Have established way to monitor and review the policies and procedure. Had meeting with relevant personnel to review the policies and procedure. 2. Attached Meeting Minutes

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. Workers' pay slips do not include the date that the worker started working at the factory. Therefore, workers' length of service cannot be easily identified. [C.6]

2. The outsourced security guards are not compensated at the legally mandated overtime pay rate when they work overtime on public

holidays. They are paid MYR 91.03 (USD 21.72) for 12 overtime hours on public holiday instead of MYR 124.35 (USD 29.60). [C.1, C.5, C.7, ER.11]

Local Law or Code Requirement

Employment (Amendment) Act (2012), Sec. 60D(3) - (4); FLA Workplace Code (Employment Relationship Benchmark ER.11; Compensation Benchmarks C.1, C.6, and C.7)

Recommendations for Immediate Action

1. Compensate the outsourced security guards for overtime on public holidays at the correct overtime rate. Retroactively compensate any security guards who were underpaid in the last 12 months.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Review the payslip and make some adjustment

Planned completion date

01/10/19

Company Action Plan Update

1. Have inserted date join in pay slip. 2. The error was made by the new clerk of the security Company. We have provided training to the new clerk on salary and overtime calculation. The difference on overtime payment for public holiday amounting to RM33.32 was paid together with October 2018 salary.

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The working hours records do not identify pregnant or breastfeeding workers to help ensure they receive their entitled legal protections concerning working hours. [HOW.5]

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmark HOW.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

review the working hours records

Planned completion date

01/10/19

Company Action Plan Update

Have identified pregnant or breastfeeding worker in daily attendance report.

FINDING NO.14

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory's Workplace Conduct & Discipline procedures do not include a worker's right to have a third-party witness of their choosing present during the imposition of disciplinary actions. As a result, disciplinary actions are not witnessed by a third-party. [ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Review the workplace conduct and discipline procedures

Company Action Plan Update

1.Procedure have been revised that worker have the right to have a third-party witness of their choice.

FINDING NO.15

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no nurse in the clinic. [HSE.18]

2. The clinic is not stocked with limb splints or spinal immobilisation equipment (cervical collar and spinal board). [HSE.18]

3. The factory does not track all illnesses. [HSE.1, HSE.3]

4. Workers have not been trained on the provision of first aid. [ER.1, HSE.6]

Local Law or Code Requirement

The Occupational Safety and Health Act 1994; The 2nd edition on first aid in the workplace 2004 Appendix 8.j; The 2nd edition on first aid in the workplace 2004, Article 4.5.2.a-e; FLA Workplace Code (Employment Relationship Benchmark ER.1; Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.6, and HSE.18]

COMPANY ACTION PLANS

Action Plan no 1.

Description

Review clinic system and first aid training

Company Action Plan Update

1. The nearest Panel Clinic is less than 1km and our Government Hospital less than 2km from our factory. 2. It is not clinic but we use as sick bay for temporary moment. All the cases are send to clinic or hospital. 3. The factory have track of work related illness record 4. Worker have been trained for First Aid course.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The toilets in the men's dormitory at Taman Ramina are unsanitary. [HSE.20, HSE.25]
2. There are no doors on the shower stalls in the men's dormitory at Taman Ramina. [HSE.20, HSE.25]
3. The roof on the back side of the men's dormitory at Taman Ramina are in need of repair. [HSE.25, HSE.26]
4. There is no ventilation or openings for air circulation in one of the bedrooms in one of the houses used as a women's dormitory. [HSE.13, HSE.25]
5. The roof of the dormitory on the factory premises is made out of asbestos. The factory does not conduct regular inspections to ensure that the asbestos is in good condition so assessors were unable to determine whether there were any cracks or other damage to the asbestos which would pose a major health risk. There are no signs posted to warn workers of the presence of asbestos. [HSE.25]

Local Law or Code Requirement

P.U.(A) 289/86 Factories & Machinery (Asbestos Process) Regulation 1986 Part II – Permissible Exposure Limit. Regulation 5; UBBL 1984 Article 39.1; 5. Act 139 FACTORIES AND MACHINERY ACT 1967 (REVISED - 1974), Article 15,16 and 21; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.13, HSE.20, HSE.25, and HSE.26).

Recommendations for Immediate Action

1. Keep the dormitory toilets clean.
2. Repair the roof in the men's dormitory
3. Ensure that all dormitory bedrooms are properly ventilated.
4. Regularly inspect the asbestos roof for damage. If any damage is found, commission a qualified asbestos remediation company to remove the asbestos. Ensure that all necessary precautions are taken during the removal process. Post warning signs to notify workers of the presence of asbestos.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Review toilet sanitary system 2. Process to build door in the men's dorm 3-5. Reviewm the condition of the roof and ventilation system before decided what's the next step.

Company Action Plan Update

1,2 & 3 - Male dormitory at Taman Rebana have shut down and transfer worker to inside hostel. 4. Ventilation have been improved. 5. Necessary step have taken and recored in document

Action Plan no 2.

Description

1. Review toilet sanitary system 2. Process to build door in the men's dorm 3-5. Reviewm the condition of the roof and ventilation system before decided what's the next step.

Company Action Plan Update

1,2 & 3 - Male dormitory at Taman Rebana have shut down and transfer worker to inside hostel.

4. Ventilation have been improved.
5. Necessary step have taken and recored in document
6. Attached document and refer to finding reference in audit finding

FINDING NO.17

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory's current Hazard Identification Risk Analysis (HIRA) report is inadequate. It does not clearly identify the risks involved in each process and area of the factory or state the existing risk control measures. It also does not include recommendations on how to eliminate or reduce the identified risks through mechanical engineering and PPE. [HSE.1]
2. The current OHS officer has not passed the OHS examination and therefore does not hold a government OHS officer certification. [HSE.4]
3. The factory's Health & Safety procedures do not include the following components:
 - a. Standard Operating Procedures (SOP) for each job with a focus on performing the job safely;
 - b. Measures to protect the reproductive health of workers through minimizing exposure to workplace hazards;
 - c. Steps for workers to raise health and safety concerns that state who is responsible for handling health, safety and environmental concerns;
 - d. Protection against retaliation for workers who raise health and safety concerns or refuse to work under unsafe conditions;
 - e. Steps for ensuring that walkways, aisles, and emergency exits are free from obstruction;
 - f. A list of responsible workers for coordinating the evacuation process;
 - g. Steps to ensure that all personnel, visitors, contractors, and service providers are safely evacuated;
 - h. Steps to ensure that all special categories of workers and children are safely evacuated;
 - i. Steps that should be taken to protect workers if there is an accidental chemical spill, including identifying those who are responsible for cleaning up the spill;
 - j. A list of workers (names and/or titles) responsible for managing fire equipment;
 - k. Worker's duties regarding fire response;
 - l. Information regarding fire risk assessments;
 - m. The location of the designated emergency assembly areas;
 - n. Steps for reporting death, injury, illness, and other health and safety issues;
 - o. Guidance documents for external contractors and service providers concerning health and safety. [ER.1, ER.31]
4. Contractors are not provided with any health and safety information prior to entering the facility. [ER.1, ER.16]

Local Law or Code Requirement

Guidelines on first-aid in the workplace, DOSH 2014, Section 6.1.1; Guide to Safety, Health and Welfare at Work Act 2005, Section 19; OSH Act No 514 Year 1994 Article 29 (4); FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16 and ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Review HIRA 2.Review H&S Procedure 3.Review HS Officer certification

Company Action Plan Update

1. Attached revised HIRA report. 2. Our new OHS officer graduated in Health and Safety Degree and waiting to register with government body. 3. a - d, refer to USG HSE(S) - 031 which have of the scope. 3. e - g, refer to Emergency Action plans. 3. h - q, refer to USG HSE(S) - 015, 016 and Contractor Safety Guidelines. 4. Contractory Safety Guidelines. 5. Attached Hirac by Process, Emergency Action Plan for Fire, Flow Chart procedure emergency event, Spill Response Plan, Safety and Health Contractor Agreement and SOP USG HSE(S) -015, 016 & 031 and refer to finding reference in audit finding

Action Plan no 2.

Description

1.Revise HIRA 2.Revise HS SOP 3.Review HS Officer certification

Company Action Plan Update

1. Attached revised HIRA report.

2. Our new OHS officer graduated in Healty and Safety Degree and waiting to register with government body.

3. a - d, refer to USG HSE(S) - 031 which have of the scope.

3. e - g, refer to Emergency Action plans.

3. h - q, refer to USG HSE(S) - 015, 016 and Contractor Safety Guidelines.

4. Contractory Safety Guidelines.

5.Attached Hirac by Process, Emergency Action Plan for Fire, Flow Chart procedure emergency event, Spill Response Plan, Safety and Health Contractor Agreement and SOP USG HSE(S) -015, 016 & 031 and refer to finding reference in audit finding