



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: MV Sport - The Game Inc.

COUNTRY: Pakistan

ASSESSMENT DATE: 09/20/19

ASSESSOR: Innovatus

PRODUCTS: Apparel

NUMBER OF WORKERS: 440

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.

FLA Code Element	Number of Violations
Compensation	1
Hours of Work	1
Employment Relationship	37
Health, Safety, and Environment	31

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. Existing policies do not have written procedures related to recruitment, hiring or personnel development, performance reviews and promotion, demotion or job reassignment. [ER.1, ER.28, ER.29, ER.30]
2. There are no procedures on workplace conduct and discipline, or harassment and abuse. [ER.27, H/A.1]
3. The procedure on termination does not provide details for terminations on disciplinary grounds. [ER.1]
4. The procedure on the prohibition of child labor does not include steps to remediate child labour, if found. [CL.1]
5. Local law references cited in various procedures such as compensation and hours of work are outdated. Also, some compensation is mentioned incorrectly in the procedures: sick leaves, social security coverage, and group insurance coverage. [ER.1, C.1]
6. The Environmental Protection Policy does not include a statement of the factory management's general support of energy and water efficiency; a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other applicable environmental risks; or protections against retaliation for workers who allege environmental violations. These are not covered in the environmental protection procedure. [ER.31]

Local Law or Code Requirement

Section 73 The Sindh Factories Act, 2015; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.27, ER.28, ER.29, ER.30, and ER.31; Compensation Benchmark C.1; Hours of Work Benchmark HOW.12, HOW.13; Harassment and Abuse Benchmark, H/A.1; Child Labor Benchmark CL.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

In progress, to be confirmed at subsequent Sumerra audit

Planned completion date

11/30/19

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Managers and supervisors are not given any training on any of the Employment Functions. Some information on Recruitment, Hiring & Personnel Development and Workplace Conduct & Discipline is provided at the time of hiring only. [ER.1, ER.17, ER.27]
2. Workers do not receive any specific training on any of the Employment Functions--except for Health & Safety--or ongoing training on any of the Employment Functions, aside from one training on grievance mechanisms. [ER.1]
3. Health & Safety training provided to workers is insufficient. Workers with maintenance responsibilities do not receive specific training on maintenance safety. Workers do not receive training on ergonomics, proper lifting techniques, or electrical safety. [HSE.14, HSE.17]
4. The factory has a number of committees, such as a EHS Committee and a Joint Worker Council, but the management does not provide training to Committee/Council members to help them execute their responsibilities. [ER.1]
5. Management does not provide copies of the workplace rules or the employee handbook during orientation. This information is posted at the entrance of the factory building only. There is also a printed booklet, but it is not widely distributed and needs to be updated. [ER.15, ER.25]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, and ER.27; Health, Safety & Environment Benchmarks HSE.14, and HSE.17)

Root Causes

COMPANY ACTION PLANS

Action Plan no 1.

Description

Per Sumerra audit: Corrected: Factory Management Provided to all employees for Awareness of Leave, Insurance, Bonus, gratuity, over time and all legal benefits of workers.
Verification: verified attached pictures for Training , awareness of workers in Sheet LEG18

Planned completion date

11/30/19

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory does not have a defined review process or a designated review period for any of its policies or procedures. None of the policies have been reviewed since their creation. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

In progress, to be confirmed in subsequent Sumerra audit

Planned completion date

11/30/19

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

Members of the Work Council and Health & Safety Committee are not aware of their functions or responsibilities. They are not involved in decision-making processes within the factory. The EHS Committee is not involved in ongoing EHS efforts such as fire risk assessments, Health & Safety risk assessments, internal assessments, Personal Protective Equipment (PPE) selection, or policy and procedure development or review. [ER.1, ER.25]

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 (Workplace Relationship Benchmarks ER.1, and ER.25)

Root Causes

Lack of awareness that worker management dialogue is key to effective implementation of company policies and employee satisfaction.

Recommendations for Immediate Action

N/A

FLA's Recommendations for Sustainable Improvements

1. Create opportunities and conduct training and awareness raising sessions with Members of the Work Council and Health & Safety Committee for participation in decision making and execution of their assigned roles.
2. Establish procedures to integrate worker input into the decision making process.

COMPANY ACTION PLANS

Action Plan no 1.

Description

In progress, to be confirmed at subsequent Sumerra audit

Planned completion date

11/30/19

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory uses "daily wage" workers for regular work that is of a permanent nature. Currently 22% of the workforce is hired as "daily wage" workers for work that is of a permanent/regular nature (e.g., finishing, packing, cutting, etc.). Law allows for hire of temporary workers for up to 9 months, but there are many daily wage workers in the factory who have been working at the factory for years. [ER.9, ER.11]

2. Number of disabled workers is not in line with local law requirement of 2%. There is no financial contribution paid in lieu of reaching this quota. [ER.3, ND.1, ND.9]

3. Employment application forms are missing in personnel files. Confirmation letters are also missing. [ER. 9]

Local Law or Code Requirement

S. 8 and 9, Sindh Differently Abled Persons (Employment, Rehabilitation and Welfare) Act, 2014; Section 1e, Sindh Terms of Employment (Standing Orders Act 2015); FLA Workplace Code (Employment Relationship Benchmarks ER.3, ER.9, and ER.11; Non-Discrimination Benchmarks ND.1, ND.2, and ND.9)

Recommendations for Immediate Action

1. Ensure daily wagers are not hired for permanent work and the hiring policy is revised accordingly. Offer permanent employment contracts to existing daily wagers who have been working for years at the factory.
2. Hire additional disabled workers to align with the local law requirement of 2%.
3. Ensure all personnel files are updated and maintained with the necessary paperwork.

COMPANY ACTION PLANS

Action Plan no 1.

Description

In progress, to be checked at subsequent Sumerra audit

Planned completion date

11/30/19

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. There are no written job descriptions for any positions in the factory. [ER.1] 2. The factory does not conduct performance reviews for workers. [ER.29]

Local Law or Code Requirement

COMPANY ACTION PLANS

Action Plan no 1.

Description

In progress, to be confirmed during subsequent Sumerra audit

Planned completion date

11/30/19

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

Group insurance of workers provides coverage of PKR 250,000 instead of PKR 500,000, per legal requirements.

Local Law or Code Requirement

Section 12, Sindh Terms of Employment (Standing Orders Act 2015); FLA Workplace Code (Employment Relationship Benchmark ER.22)

Recommendations for Immediate Action

Provide insurance coverage at PKR 500,000 for workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Group Insurance education performed in 2018. From Sumerra audit: Done (16-05-2018) Corrected- The training awareness has been given to workers on leave, OT, Group insurance, Probation, Benefits. Verification- Photos/attendance sheet of training - 16/5/2018

Planned completion date

11/30/19

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. Worker representatives on the Work Council are elected via hand-raising instead of by a secret ballot, per legal guidelines. [FOA.1]
2. According to worker interviews, most of the topics discussed during Work Council meetings are influenced by management. [FOA.10, FOA.1]
3. Factory management does not provide the Work Council office space or other facilities to exercise its functions. [FOA.15]

Local Law or Code Requirement

S.30, Sindh Industrial Relations Act, 2013; FLA Workplace Code (Freedom of Association Benchmarks FOA.1, FOA.10, FOA.11, and FOA.15)

Root Causes

COMPANY ACTION PLANS

Action Plan no 1.

Description

In progress

Planned completion date

11/30/19

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

The facility has not yet received approval from the Environmental Protection Agency (EPA) for its environmental management plan.
[HSE.2, HSE.4]

Local Law or Code Requirement

Section 17, The Sindh Environmental Protection Act, 2014, Rule 3 Sindh Environmental Protection Agency (Review of Initial Environmental Examination and Environmental Impact Assessment) Regulations, 2014; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.2, HSE.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

From Sumerra Audit: Corrected: Factory management advised that they have Maintained Of ODS Inventory record as per ESEP requirements.

Verification: verified the photo ODS Inventory record submitted by the factory.

Planned completion date

11/30/19

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The fire alarm panel is not fully functional, as the fire alarm does not ring when smoke detectors are activated. [HSE. 5, HSE.6]
Fire hydrant back-up generator is not well-maintained; leakage was observed in the radiator and oil tank. [HSE.5, HSE.6]
The fire hydrant back-up generator does not operate automatically; it is operated manually. [HSE.5, HSE.6]
The facility lacks qualified and trained personnel to maintain fire equipment and fire safety in the building. [HSE.6]
Cleaning in general needs to be improved in the facility. Canteen area is extremely unhygienic. [HSE.19, HSE.22]
Waste found placed near stairs which could cause obstruction in an evacuation. [HSE.5]
Soap and towels are not provided in workers' bathrooms. [HSE.20]
Cargo elevator is not fitted with internal gate or cage for safety. [HSE.14]
The factory has not tested the compressor tank. [HSE.14]
Electrical safety needs to be improved. Phase separators, ebony sheets and rubber mat are missing from some electrical panels. Debris and lint was also found accumulated in the electrical panels. [HSE.13]
Aisles were partially blocked in the stitching section. [HSE.5]
The fire brigade does not have proper equipment (e.g. fire resistant clothing, smoke filter masks, gloves, helmets, etc.) to fight fires. [HSE.6, HSE.7]

Local Law or Code Requirement

S.4 The Sindh Occupational Safety and Health Act, 2017; S. 29, S.30, 38, and S.40 Sindh Factories Act, 2015; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6, HSE.7, HSE.13, HSE.14, HSE.19, HSE.20, and HSE.22)

Recommendations for Immediate Action

1. Ensure that the fire alarm panel is functional and works effectively when smoke detectors are activated.
2. Back-up generator for the fire hydrant needs to be repaired and maintained in full running condition.
3. Ensure that the fire hydrant back-up generator can operate automatically. Ensure that no one switches the function to manual.
4. Trained personnel to ensure fire equipment maintenance and fire safety in the building.
5. Improve cleanliness throughout the factory especially in the canteen area.
6. Ensure that waste is stored in designated areas and does not obstruct walkways.
7. Provide soap and towels in workers' bathrooms.
8. Fit the cargo elevator with an internal gate.
9. Ensure that the compressor tank testing is conducted on regular basis.
10. Ensure electrical safety throughout the facility especially in electric panels.
11. Keep all aisles free of any obstructions.
12. Ensure the fire brigade is provided with all proper equipment (e.g. fire resistant clothing, smoke filter masks, gloves, helmets, etc.).

COMPANY ACTION PLANS

Action Plan no 1.

Description

From Sumerra Audit: Corrected: Factory management advised that they installed sensors to all smoke detectors.

Verification: verified the photo of sensors installed to all smoke detectors.

Corrected: Factory management advised that they have installed fire hose reel in 3rd floor.

Verification: verified the photo of fire hose reel installed in 3rd floor.

Planned completion date

11/30/19

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not use a lockout-tag out program by locking out equipment when needed. [HSE.14]
2. Ergonomic assessments are not being carried out to systematically reduce bodily strains [HSE.17]
3. The factory provides no chairs with back rests or standing mats to standing workers. [HSE.17.1, HSE.17.2]
4. The factory does not provide lifting belts to workers where they have to lift heavy loads. [HSE.17.2]
5. There is no medical dispensary within the facility to handle minor workplace injuries or ailments. [HSE.18]

Local Law or Code Requirement

S.4 The Sindh Occupational Safety and Health Act, 2017; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.14, HSE.17, HSE.18)

COMPANY ACTION PLANS

Action Plan no 1.

Description

From Sumerra Audit: Corrected: Factory Management Provided back support chairs to sewing machines operators & soft rubber sheets provided to standing workers.

Verification: verified attached pictures for Training , awareness of workers in Sheet HS77

Planned completion date

11/30/19

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

The factory has no wage structure in place for payment to workers based on their skill levels. The factory is using the minimum threshold for unskilled workers to pay worker with higher skills, depriving skilled and semi-skilled workers of better wages and benefits.

Local Law or Code Requirement

Section 4, Sindh Minimum Wages Act 2015; FLA Workplace Code (Compensation Benchmark C.1)

Root Causes

Management just follows the law and does not think there is a need to go further.

Recommendations for Immediate Action

N/A

FLA's Recommendations for Sustainable Improvements

Establish a wage structure based on worker skill level and their work history at the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

In progress, to be confirmed at subsequent Sumerra audit

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory does not allow employees to avail annual leave as a matter of right, and has a policy in place that states that that it is the right of factory management to allow, refuse, or reduce the leave requested depending upon the exigencies of work. [HOW.12, HOW.13]

Local Law or Code Requirement

Sindh Factories Act, 2015 Section 73, FLA Workplace Code (Hours of Work Benchmark HOW.12, 13)

COMPANY ACTION PLANS

Action Plan no 1.

Description

In accordance with ESEP requirements LEG18 employers shall provide an orientation to new employees at the time of hiring, which includes explanations of the employers rules , compensation package and policies for human resources, industrial relations, including respect of the rights to freedom of association and health and safety. It was noted during workers interviews that 07 out of 15 sample workers were found unaware with their leaves, insurance benefits and bonus benefits. However, workers does have knowledge about their pension, gratuity, overtime premium, maternity benefits as per law.