



FAIR LABOR
ASSOCIATION_®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: The s. Oliver Group
COUNTRY: Pakistan
ASSESSMENT DATE: 10/25/19
ASSESSOR: Innovatus
PRODUCTS: Apparel
NUMBER OF WORKERS: 3200

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	4
Hours of Work	3
Employment Relationship	30
Health, Safety, and Environment	15
Child Labor	1
Freedom of Association	1

Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not compensate the contract workers directly. The factory pays contractors that subsequently pay workers. [ND.3]
2. The wage and time records for canteen contract workers are not available. [C.15]
3. Factory does not pay any overtime to workers hired on contract basis, either directly hired or through the contractor. The contract in place does not specify payment of overtime to contract workers. [C.7]
4. Factory does not provide annual leaves to contract workers (hired direct or through contractor) as well as paid national holidays. [HOW.10, HOW.11, HOW.13]

Local Law or Code Requirement

Payment of Wages Act, 1936 Section 3, Pakistan Minimum Wages for Unskilled Workers Ordinance, 1969 Section 4; FLA Workplace Code (Compensation Benchmark C.15; Non-Discrimination ND.3, Hours of Work HOW.10, HOW.11, HOW.13)

Recommendations for Immediate Action

1. Compensate the contract workers directly.
2. Obtain and make available all wage and time records at the factory at all times for canteen contract workers.
3. Ensure contract workers (hired direct as well as through contractor) are paid the overtime premium for any hours worked beyond regular.
4. Provide annual leave benefits and paid national holidays to contract workers, hired direct or through a contractor. Amend the contract in place.

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory has not sought renewed approval from the Environmental Protection Agency (EPA) for its environmental management plan which expired in March 2018. [HSE.4]
2. The factory has not obtained the required EPA licenses to import or store hazardous chemicals. [HSE.4, HSE.9]

Local Law or Code Requirement

Section 12 & 14, The Punjab Environmental Protection Act, 2014; Punjab Occupational Safety and Health Act, 2019 Section 3; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.4, HSE.9)

Recommendations for Immediate Action

- Obtain renewal of the expired approval from the Environmental Protection Agency (EPA) for environmental management plan.
2. Obtain EPA licenses to import or store hazardous chemicals.

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The fire hydrant system has no jockey pump to maintain pipe pressure. [HSE 6.1]
2. The hose reel boxes at one side of the building are blocked. [HSE 5.1]
3. The hose stations at stairways are not installed. [HSE 6.1]
4. Some electrical panels are filled with excessive fluff. Two electrical panels are not vermin-proofed. [HSE 6.1]
5. The evacuation plan for the fourth floor stitching section is not updated. [HSE 5.1]
6. There is no fire blanket in the canteen. [HSE 6.1]
7. The factory does not have secondary containment for chemicals stored behind the spray section or in the boiler area. MSDS are not posted in the chemical storage area behind the spray section. Spill kits were also missing. [HSE 9.1]
8. The factory does not ensure that workers use PPE when handling chemicals in the washing section. [HSE.7]
9. There is no internal gate on the cargo elevator cage. [HSE 14.1]
10. There are no needle guards on 30% of the machines in the stitching section. [HSE 14.1]
11. The factory does not carry out the cargo elevator inspection bi-annually. It is done annually. [HSE 14.1]
12. An exhaust fan is not provided in washrooms in the dry process section. [HSE. 13]

13. There was no insulation at some steam pipes behind machines in the washing area. [HSE 14.1]

14. The compressor tank is not inspected. [HSE. 5.1]

15. The factory does not have sufficient (110%) secondary containment for the chemicals used at the factory. [HSE.9]

Local Law or Code Requirement

Punjab Occupational Safety and Health Act 2019, Section 3; Factories Act 1934, Section 15, Section 33-A, Section 33-C, Section 33-L, Section 33-G, Section 33-A1, FLA Workplace Code (Health, Safety and Environment Benchmark HSE 5.1, HSE 6.1, HSE 7, HSE 9.1, HSE 13, HSE 14.1,

Recommendations for Immediate Action

Install jockey pump for the fire hydrant system to maintain pipe pressure.

2. Keep all hose reel boxes clear of obstructions on the side of the building.

3. Install hose stations at stairways.

4. Make all electric panels vermin proof and clean out the fluff completely.

5. Update the evacuation plan for the fourth floor stitching section.

6. Provide fire blanket in the canteen.

7. Provide secondary containment for chemicals stored behind the spray section and in the boiler area. Post MSDS in the chemical storage area behind the spray section. Provide spill kits where missing.

8. Train workers in the usage of PPE when handling chemicals in the washing section.

9. Install an internal gate on the cargo elevator cage.

10. Install needle guards on machines in the stitching section.

11. Inspect cargo elevator on bi-annual basis.

12. Provide exhaust fans in washrooms in the dry process section.

13. Insulate all steam pipes behind machines in the washing area.

14. Conduct inspection of the compressor tank.

15. Provide 110% secondary containment for chemicals stored. [HSE.9]

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. There is no policy or procedure on recruitment or hiring of contract/contingent/temporary workers, performance appraisal, workplace promotion and demotion, job reassignment, termination, or retrenchment. [ER.7, ER.29, ER.30, ER.32]

2. There is no specific procedure on nondiscrimination. [ND.1]

3. The procedure on the Prohibition of Child Labor does not include steps to remediate the child labor, if found. [CL.1]

4. The Health and Safety and Environment procedure does not include the procedure to raise health, safety, and environment (HSE) concerns and protections against retaliation for workers who allege HSE violations. [ER.31]

5. Factory hires contract workers, both directly and also through a contractor, but the hiring is not consistent with the national labor laws of the country as these workers remain on short terms contracts that are renewed annually and they do not become permanent despite being employed for several years and are also denied benefits including leaves, overtime payments etc. [ER.7.1]

6. Policies and procedures in place for regulating contract workers hired by the factory, directly or through a contractor, are not in compliance with the law of the land and FLA code as the terms and conditions of employment, under the contract they are hired, deny them legal benefits. [ER.7.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.7.1, ER.7.2, ER.29, ER.30, ER.31 and ER.32; Child Labor Benchmark CL.1; Nondiscrimination Benchmark ND.1)

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not provide thorough, specific training to relevant managers and supervisors on any of the employment functions. [ER.17, ER.27]
2. The factory does not provide workers with specific training on any of the Employment Functions--except Health & Safety--or ongoing training on any of the employment functions. [ER.1]
3. The factory has a number of committees, such as an EHS Committee and a Joint Worker Council, but the factory does not provide training to Committee/Council members to help them execute their responsibilities. [ER.1]
4. The workers do not receive a copy of the workplace rules or the employee handbook during orientation. This information is posted at the entrance of the factory building only. There is no printed booklet. [ER.15, ER.25]

Local Law or Code Requirement

Punjab Occupational Health and Safety Act, 2019, Section 3(c); 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)

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory does not have a defined review process or a designated review period for any of its policies or procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1)

FINDING NO.7

IMMEDIATE ACTION 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]
3. The factory has hired 245 through a labor contractor. These workers are not provided with any benefits like OT premium, leaves (Annual, Casual & Sick). [ER.5.6, ND.3]
4. In addition to the above mentioned workers, there are close to 1700 workers that the factory has hired directly whose contracts do not provide them with any benefits like OT premium, leaves (Annual, Casual & Sick). [ER.5.6, ER.9, ER.10, C.7, C.15, ND.3, HOW.10, HOW.11, HOW.13]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.9, ER.10, and ER.29); (Compensation Benchmark C.7, C.15; Non-Discrimination ND.3, Hours of Work HOW.10, HOW.11, HOW.13); Payment of Wages Act, 1936 Section 3; Pakistan Minimum Wages for Unskilled Workers Ordinance, 1969 Section 4; Factories Act, 1934 Section 47, 49-B, 49-H, 49-I

Recommendations for Immediate Action

1. Ensure that labor contractors are following national law and the FLA code of conduct when providing workers with legally entitled

wages, leaves, etc.

2. Revise all contracts so that they comply with national law and the FLA code of conduct. Provide all workers with their legally entitled wages, leaves, bonuses, etc.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not carry out ergonomic assessments to systematically reduce bodily strains. [HSE.17]
2. The factory does not maintain records of fire pump testing. [HSE.6]
3. The factory does not provide training on ergonomics, proper lifting techniques, or electrical safety. [HSE.14, HSE.17]
4. The factory does not provide adjustable chairs with backrests, or Anti-fatigue mats to standing workers. [HSE.17.1]
5. Factory does not provide any lifting belts to workers, hand lifters are used. [HSE.17.2]

Local Law or Code Requirement

Punjab Occupational Health and Safety Act, 2019, Section 3 (g); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.6, HSE.14, and HSE.17, 17.1, 17.2)