



FAIR LABOR  
ASSOCIATION®

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



### Verification Assessment

COMPANIES: Patagonia  
COUNTRY: Sri Lanka  
ASSESSMENT DATE: 06/22/17  
ASSESSOR: Insync Global  
PRODUCTS: Apparel  
NUMBER OF WORKERS:

## 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.

## Previous Report Findings and Verification Results

### PREVIOUS FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1.3, ER.25.2]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25.2)

#### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

1. Finding Status: Not Remediated

##### Explanation:

Written procedures have not been revised to include worker integration. Workers are not included or consulted in the formation or revision of policies. Workers are informed about changes through postings on the notice board for implementation. [ER.25.2]

##### Root Causes:

Per industry practice, management creates policies with no worker consultation. Workers are free to give suggestions and request for changes in policies through the worker council. During meetings with the worker council, suggestions, if any, are considered for implementation.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.3 and ER.25.2)

#### COMPANY ACTION PLANS

## Action Plan no 1.

### Description

To revise the written procedures to clearly indicate that workers' feedback / inputs would be considered in order to form or revise the policies or procedures.

### Company Action Plan Update

The facility takes the feedback/ inputs from workers into consideration in order to form or revise the policies or procedures.

The facility has yet to establish the written procedures on that.

Due to efforts put towards other issues during coronavirus outbreak, the completion date is revised to be 12/31/2020

Target completion date: 12/31/2020

## PREVIOUS FINDING NO.2

### IMMEDIATE ACTION REQUIRED

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

##### Finding Explanation

1. The factory does not have written policies and procedures for Recruitment, Hiring and Personnel Development. [ER.1] 2. The recruitment policies, procedures, and job advertisements for hiring new workers include age discrimination, e.g. the factory requires applicants to be between the ages of 18 and 35 years. However, factory management could not provide evidence to prove that the jobs are not suitable for young workers (16-18), or workers above the age of 35. [ER.3, ND.1, ND.2, ND.4] 3. The job application form, used for screening applicants at the first stage of hiring, includes questions regarding age, marital status, number of children, occupation of father/husband, nationality, and religion/caste. Factory management explained that this information is used to update workers' details in the electronic system once the candidate is selected. However, gathering this information may lead to discrimination during the recruitment process. [ND.1, ND.2, ND.4] 4. The factory does not comply with all local laws and the FLA Workplace Code regarding temporary workers that are employed by the staffing agency, "Manpower". There are no written policies and procedures to recruit, hire, and manage temporary workers. Interviews with the factory management revealed that 87 contingent workers hired through the Manpower recruitment agencies (Siyata Services, Hansaka Services, and Sinara Services) are regular workers in the factory. However, neither the factory nor Manpower provides these workers with employment contracts with clear terms and conditions. Interviews with these temporary workers revealed that they are unaware of wages and benefits policies and procedures. [ER.6, ER.11] 5. There are no written policies and procedures regarding the factory's Attraction Reward System, under which each employee who refers a new worker receives a monetary incentive, when the latter completes three months of employment. [ER.29]

##### Local Law or Code Requirement

Sri Lanka Constitution, Article 12 (2): Discrimination Law Regarding Age; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3.2, ER.6.1, ER.11.3, and ER.29; Nondiscrimination Benchmarks ND.1, ND.2, and ND.4)

##### Recommendations for Immediate Action

1. Immediately provide all 87 temporary workers with employment contracts, clearly stating the employment terms and conditions. 2. Revise the recruitment and hiring policies and procedures, including mechanisms to ensure that there is no discrimination during recruitment and hiring. 3. Immediately withdraw and replace all recruitment advertisements for workers that mention age requirements. 4. Remove the questions regarding age, marital status, number of children, occupation of father/husband, nationality, and religion/ caste

from the application form. Ensure that this information is not collected during the screening process. Employment decisions should be solely based on candidates' qualifications. 5. Provide orientation and on-going training to all employees regarding changes in recruitment and hiring policies and procedures.

## VERIFICATION RESULT

### Finding Status

Partially Remediated

### Remediation Details

1. Finding Status: Partially Remediated

Explanation:

Factory has a written policy and procedure on Recruitment and Hiring. There is no written policy and procedure on Personnel Development. [ER.28, ER.29, ER.30]

Root Causes:

There is a lack of understanding of the term "Personnel Development".

2. Finding Status: Remediated

Explanation:

Upper age limit has been removed from the revised procedures. Per law, workers below 18 years are not permitted to work in areas which are hazardous to their health. As this is a printing unit, hazardous chemicals are used. Hence workers below 18 years are not employed.

3. Finding Status: Partially Remediated

Explanation:

Application form for workers on factory rolls has been revised and questions on Age, Religion, Caste, Nationality and number of children, father and/or husband occupation and marital status have been removed. However, factory maintains a separate record with information on age, marital status, number of children and religion for providing welfare relief. [ER.3, ND.1]

Root Causes:

Management stated that information on religion is recorded as it helps with information on attendance during festivals. Workers from each religion are allowed to take additional leave during their respective festivals, which impacts production. Having this information in advance helps the factory's production planning, which they base on available workers. Information on marital status and children helps determine the amount of financial assistance that the factory should provide, such as in death donations or other types of welfare, for example, compensation for flood damages. The amount paid varies depending on immediate family (spouse and children) and related family (parents and relatives). These payments were confirmed during the assessment.

4. Finding Status: Remediated

Explanation:

Effective January 2017, the factory discontinued use of manpower (Siyata Services, Hansaka Services, and Sinara) Services. Currently no manpower agencies are used.

5. Finding Status: Remediated

Explanation:

Factory has a written policy and procedure dated Jan 26, 2016 for "Employee Attraction Reward System", under which an employee who refers a new worker receives a monetary incentive of LKR 3000 as soon as the referred worker completes three months of employment.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.3, ER.28, ER.29, and ER.30; Nondiscrimination ND.1)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. To establish a completed Personnel Development policy and procedures and implement it onsite. 2. A. To revise the recruitment / hiring procedures on what information that can be collected at hiring, and after hiring process. B. To conduct the training on those procedures to the HR team.

#### Company Action Plan Update

1. The facility has established a completed Personnel Development policy and procedures and implement it onsite.

2. The Recruitment Hiring and Selection Policy and Procedures on what information that can be collected at hiring, and after hiring process are established.

The training on those procedures to the HR team has been arranged as well.

## PREVIOUS FINDING NO.3

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

1. The factory's policy on age of retirement for male and female employees requires female workers to retire at the age of 50, while male workers can retire at 55. This violates national laws clearly setting the retirement age at 55 years, regardless of gender. [ND.1]

##### Local Law or Code Requirement

Sri Lanka Constitution, Article 12: Non-Discrimination Law; The Employees' Trust Fund (ETF) Administered Under Act No. 46 of 1980; The Employees' Provident Fund (EPF) Administered Under Act No. 15 of 1958, (Section 23) Retirement benefit; FLA Workplace Code (Nondiscrimination Benchmark ND.1)

##### Recommendations for Immediate Action

1. Immediately revise the retirement policy to comply with national law, by setting a uniform retirement age for both men and women at the age 55. Ensure that the revised policy is communicated to the workforce.

### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

1. Finding Status: Not Remediated

Explanation: Factory HR Team has prepared a draft of the revised policy for retirement but it has yet to be approved by the Factory Director, Group HR Manager, and the Managing director prior to communication and implementation. [ND.1]

Root Causes:

Factory HR Team could not provide any satisfactory explanation for the delay in remediating this finding. It appears there was lack of initiative from management in addressing the concern.

##### Local Law or Code Requirement

FLA Workplace Code (Nondiscrimination Benchmark ND.1)

##### Recommendations for Immediate Action

1. Management needs to revise the policy immediately and communicate it to all workers and implement

### COMPANY ACTION PLANS

Action Plan no 1.

##### Description

Facility will revise the relevant policy according to the FLA benchmark and communicate it to the members.

### Company Action Plan Update

The top management has finalized the retirement age for both male and female to be 55 years old. This policy was officially effective on April 1, 2019.

All workers were communicated on this change. The employment contract issued to each of the workers are also revised.

The memo was issued by Board of Directors to all MDs, CEO, and Heads of HR on the revised retirement age.

## PREVIOUS FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. The factory inadequately informs new workers about the policies on cash benefits during the orientation training; specific procedures and details of cash benefits, employee welfare scheme and welfare association fund are not communicated to the general workforce. For example, workers are unaware of the purpose, the share of contribution by employer and employee, and the terms & conditions of the Welfare Association Fund. (Note: Assessors found no issues with the payment of these benefits.) [ER.16, C.17] 2. There are no written policies and procedures on payments for resigned workers. The factory management explained that within six days a 'Vacancy of Post' letter is sent to the absent worker as a warning that the factory will take his absence as his resignation. Thereafter, another letter is sent to the resigned worker to collect remaining salary within a month. However, if resigned worker does not collect the payment, the factory transfers the resigned workers' salary back to the factory's account. In addition, the factory does not document or communicate this process and procedure to the general workforce. While this does not violate local law, there is a risk that workers unaware of one-month procedure might lose their remaining salary. [R.19, C.17] 3. The policies and procedures regarding Production and Attendance Incentives are not written in the HR Manual and are not communicated to the general workforce. [C.17]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.16 and ER.19.1; Compensation Benchmarks C.17.1.2, C.17.1.3, and C.17.1.5)

### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

1. Finding Status: Remediated

Explanation:

Orientation program includes all information on cash benefits and deductions. Information on welfare schemes is shared and workers were aware of these schemes, benefits and contributions.

2. Finding Status: Not Remediated

Explanation:

Factory does have written procedures on calculation and payment of terminal dues. There is no change from past practices. [ER.1, C.17]

Root Causes:

There is a lack of understanding of FLA Benchmarks and the legal requirement on timelines for payment of terminal dues. Additionally, the original finding did not state the local law that this is action violates. The law states that worker's salary shall be paid within two working days.

### 3. Finding Status: Partially Remediated

#### Explanation:

Information stating that attendance and performance incentive will be provided is included in the compensation and benefits policy. However, information on calculation of incentives is not provided. As stated by management, information on attendance incentive is shared verbally during the induction program but not on production incentives. [C.17]

#### Root Causes:

Lack of awareness on FLA Benchmarks and requirements for implementation of sustainable practices.

#### Local Law or Code Requirement

BOI Labor Standards and employment relations Manual section 3.2.7; FLA Workplace Code Compensation Benchmarks C.17.1.2, C.17.1.3 and C.17.1.5)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Group policy will be changed as to pay the terminal dues within legally defined timelines for the workers who submitted the one month notice.

2. A. To revise the written policy to include the information on calculation of incentives (both production and attendance).

B. To communicate such revision to all new workers through an induction and for all existing workers through the announcement by the line supervisors and posting such policy at the notice board.

#### Company Action Plan Update

1. The facility has changed the policy to pay legally resigned employees within 2 days from the day of resignation.

2. The facility has revised the written policy to include the information on calculation of incentives (both production and attendance).

The facility has communicated such revision to all new workers through an induction and for all existing workers through the announcement by the line supervisors and posting such policy at the notice board.

## PREVIOUS FINDING NO.5

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Hours of Work

#### Finding Explanation

1. The factory does not have a system to control work hours in accordance with legal requirements on overtime. The factory regularly schedules an hour of daily overtime for regular workers. Since one hour of overtime is part of regular work schedule, there is no mechanism to ensure that this overtime is voluntary. Furthermore, the factory management is not committed to reducing overtime. [ER.24] 2. The factory schedules bus pick-up times for worker transportation one hour after their regular shifts. Therefore, workers have



to stay and continue working until 18:00 instead of 17:00 (day shift) and 6:00 instead of 4:00 (night shift). [HOW.8, F.8] 3. Agreements signed between Manpower agencies (Siyata Services, Sinara Pvt. Ltd. and Hansaka Services) and the factory does not include provisions against forced and compulsory overtime. [HOW.8, F.8] 4. The factory hired 21 workers through the Siyata agency, one of the Manpower recruiting agencies, and 21 security personnel from an outsourced agency. Based on the agreement, the factory requires them to work daily shifts of 12 hours, resulting in 66 hours per week. This practice exceeds the legal limit of 60 hours per week. [HOW.1]

#### Local Law or Code Requirement

Sri Lanka Constitution, Article 11; Penal Code, Section 358; Factories Ordinance Act as amended in Act No.19 of 2002, Section 68; FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmarks HOW.1, HOW 8.2, HOW 8.4, and HOW 8.5; Forced Labor Benchmark F.8)

#### Recommendations for Immediate Action

1. Ensure that production planning does not regularly include one hour of daily overtime. 2. Provide workers with transportation immediately after regular shift hours in the morning and evening, for both workers who work overtime and those who do not. 3. Ensure that agreements with Manpower agencies comply with the FLA Workplace Code, including voluntary overtime work. 4. Ensure that workers do not work more than the legal limit of 60 hours per week. 5. Ensure that all changes regarding policies and procedures are communicated to the workforce and all Manpower agencies.

## VERIFICATION RESULT

#### Finding Status

Partially Remediated

#### Remediation Details

1. Finding Status: Partially Remediated

Explanation:

A review of time cards from April 2016, October 2016, and May 2017, along with interviews, showed that most workers continue to work for an additional one hour of overtime after completing their day shift and two hours of overtime after completing their night shift, though there are instances when they do not work overtime. 30 out of 45 interviewed workers confirmed working an additional hour of overtime. The planning manager stated that production planning during rush periods is based on nine hours of work (eight regular hours and one overtime hour) during the day shift and 10 hours of work (eight regular hours and two overtime hours) for the night shift. Additionally, there is no written consent taken for working overtime. [HOW.8]

Root Causes:

Management practice lacks the implementation of strict controls on working hours. HR team is involved with production planning but does not insist on ensuring that planning is based strictly on regular hours of work.

2. Finding Status: Partially Remediated

Explanation:

The transportation log for the past three months reflects one out of five buses departing at 5.15 pm and the rest at 6.30 pm, both after the day shift. One bus is used for the night shift which departs at 4.20am. Approximately 30 workers work the night shift and some use their two wheelers to commute as they reside close to the factory. [HOW.8]

Root Causes:

Lack of implementation of strict controls on working hours. Factory works overtime on weekdays and gives a day off on Saturday, which is usually a half day working. This helps save overhead costs.

3. Finding Status: Remediated

Explanation:

The factory has not used manpower agencies since January 2017.

4. Finding Status: Remediated

Explanation:

The factory has stopped using manpower agencies.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmark HOW.8)

#### Recommendations for Immediate Action

1. Ensure production planning is strictly on 8 hour shifts and does not include Overtime working hours.  
2. Obtain written consent from workers prior to working overtime.

## COMPANY ACTION PLANS



## Action Plan no 1.

### Description

Original Action Plan 1. Prepare the production plan without overtime work. If overtime hours are necessary, the management will get the consent from the employees. 2. Revise the bus pick-up schedule to provide workers with transportation immediately after regular shift hours in the morning and evening, for both workers who work overtime and those who do not. 3. Revise and sign new agreements with the manpower agencies to include provisions against forced and compulsory overtime. 4. Stop hiring temporary workers through manpower agencies and put security staff into three different shifts in order to minimize the working hours to comply with the limit of 60 hours per week. Progress Updates 06/19/17: 1. According to the production planning personnel, the production is planned based on the regular working hours only. The interviewed workers confirmed that they are not forced to work overtime. They are free to refuse to work overtime without any consequence. 2. The bus schedule has been revised to ensure that there is transportation available for workers who do not work overtime for both day and night shift. This has been communicated to the workers as well. Based on the log book for shuttle buses, there are buses arranged for workers right after the regular working time as well. 3. The facility currently uses 4 manpower agencies. There is an agreement made with each of the agencies as well. The agreement is indicated that the overtime is voluntary. The training was also arranged for the agencies. 4. The management has changed the security service agency. There are 21 security guards hired through an agency called Bren Security (Pvt) Ltd. The agreement has been signed and valid from April 1, 2015 to March 31, 2016. Currently, there are 3 rotating shifts assigned for the security guards. Morning shift: 6am to 2pm, Evening shift: 2pm to 10pm, Night shift: 10pm to 6am. Each shift has an hour break. Regular working time is 48 hours per week for each security guard. A total hours (including overtime hours) do not exceed 60 hours per week.

### Company Action Plan Update

The facility has changed the policy and now the production planning is based on 8 hours of work per shift.

There is also a memo issued to all department heads that the planned working hours is 8 hours per shift.

## PREVIOUS FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

1. Factory management does not maintain written grievance records. [ER.25] 2. The factory has procedures requiring the HR department to record all grievances with all follow-up actions; however, the factory management does not practice these procedures. According to managerial staff, workers have a channel of redressing grievance; workers reach out to the production supervisor, and if necessary, the production supervisor addresses the issue to the HR manager. However, the process of redressing grievances at the supervisor level is not recorded. In addition, the factory does not provide training for supervisors on recording grievances. [ER.25] 3. Factory management maintains a file of all suggestions and complaints that workers can drop in the "Suggestion box". However, there are no records on follow-up procedures, and decisions taken based on submitted complaints. Moreover, the factory does not provide the designated staff with any training on follow-up procedures. [ER.25, ER.17]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25.3)

### VERIFICATION RESULT

##### Finding Status

Partially Remediated

##### Remediation Details

1. Finding Status – Remediated

Explanation: The factory maintains a grievance log with information on the follow up action taken.

## 2. Finding Status – Remediated

Explanation: Training was provided to 11 out of 12 supervisors (one supervisor was absent on the day training was conducted, December 16, 2016). No training program was conducted prior to this date. The interviewed supervisors were aware of the procedures.

## 3. Finding Status – Partially Remediated

Explanation: The grievances and suggestions log which records received grievances and suggestions through the suggestions boxes are maintained with information on the follow up action taken. Responsible persons from the HR Team have been trained, however there is no documentation on the training provided. ER.1, ER.27

Root Causes: Lack of awareness on FLA benchmarks and implementation of sustainable practices.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.2 and ER 17)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The facility has conducted training programme for HR team members regarding grievance handling. 2. To include the grievance handling training into the training calendar to ensure that this training is arranged for all relevant personnel at least once a year. 3. To maintain all relevant training records.

#### Company Action Plan Update

The facility has conducted training programme for HR team members regarding grievance handling.

The facility also includes the grievance handling training into the training calendar to ensure that this training is arranged for all relevant personnel at least once a year.

The facility maintains all relevant training records.

## PREVIOUS FINDING NO.7

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory does not place chemicals in the chemical storage room in accordance with the Chemical Compatibility Chart. For example, chemical containers storing the oxidizer, Hydrogen Peroxide, are kept on top of the container with the corrosive chemical, Hydrochloric Acid. As per Chemical Compatibility Chart, the two chemicals are required to be 'kept apart'. [HSE.9] 2. The factory does not provide any fire extinguishers within adequate proximity of the chemical storage area. [HSE.6] 3. The eyewash station located at the opposite of the chemical room is malfunctioning. [HSE.6] 4. The chemical storage room has an open-exhaust ventilation mechanism with in-coming air. In addition, workers have no means to ensure that oxygen flow can be cut off in case of a fire emergency. [HSE.9]

#### Local Law or Code Requirement

Factories Ordinance, 1950, Sections 41 (7), 42A(1,2), 53 (1) and 12 (1): General Health & Safety Mandate; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.9.1 and HSE.6.1)

#### Recommendations for Immediate Action

1. Ensure that all chemicals in the chemical storage room are stored in accordance with the Chemical Compatibility Chart. 2. Install fire extinguishers near the chemical storage room. 3. Immediately repair and maintain the eyewash station. 4. Ensure that the ventilation system in the chemical storage room is not an open ventilation system with in-coming air, but rather an exhaust ventilation system. Ensure that workers can cut off the oxygen flow in case of an emergency.

## VERIFICATION RESULT

### Finding Status

Partially Remediated

### Remediation Details

1. Finding Status: Remediated

Explanation:

Chemicals are now seen stored as per compatibility chart. The factory is currently not using hydrogen peroxide. Hydrochloric acid is stored away from chemicals in a separate storage area along with other flammable and hazardous chemicals.

2. Finding Status: Remediated

Explanation:

During the factory tour, fire extinguishers were seen installed near chemical storage areas.

3. Finding Status: Remediated

Explanation:

100 % of eye wash stations were tested during the factory tour and are all functional.

4. Finding Status: Partially Remediated

Explanation:

As explained by management, the chemical storage area used to have a wire mesh fence. Currently, the front doors of the storage shed have been covered with sheets and an exhaust fan has been installed from inside on the side wall. However, there is no mechanism to cut off the supply of oxygen in case of a fire. [HSE.9]

Root Causes:

The storage room is a closed room with doors and an exhaust fan. It is not a sealed room, therefore cutting off 100% of oxygen supply into the room is not possible. However, air flow can be regulated to some extent by using exhaust fans that have fan covers that fold when fans are switched off, which seals the fan areas.

### Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment Benchmark HSE.9)

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

Progress Update: To install the required exhaust fan

### Company Action Plan Update

The facility has installed the exhaust fan for the chemical storage room.

## PREVIOUS FINDING NO.8

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

### Finding Explanation

1. The factory does not provide the general workforce and factory management/supervisors with sufficient training on Health and Safety. This includes appropriate Chemical Management, the Harmful Impact of Chemicals, Appropriate Use of Personal Protection Equipment (PPE) at the Workplace, and adequate Maintenance of Fire equipment. [HSE.5, HSE.9] 2. An interview with the worker, who is designated to regularly check the fire equipment, revealed that he is not aware of any maintenance procedures such as how and when to check fire extinguishers. Therefore, the factory cannot ensure the proper installation of the correct type of fire extinguishers at suitable locations.

[HSE.9] 3. Workers are incorrectly using PPE. Furthermore, the factory does not adequately communicate to supervisors and the general workforce on the appropriate use of PPE. The poster in the spotting room instructs workers to “wear masks”, which is not adequate for a work station that uses chemicals classified as “irritant” and “flammable”. None of the workers in the spotting room wear eye guards, closed toe shoes and thick gloves. Moreover, due to the lack of training on harmful effects from chemicals and monitoring capacity workers use PPE ineffectively. [HSE.7, HSE.8, HSE.15, ER.17] 4. The printing section and spray area have the incorrect Material Safety Data Sheets (MSDS) for a hazardous chemical; the chemical was labeled as “non-flammable” whereas it was in fact “highly flammable”. [HSE.9] 5. The manual printing section does not have easily identifiable and properly marked evacuation routes. Additionally, the emergency exit is not easily accessible due to disorganized floor arrangements, such as the manual printing plates and tables blocking emergency exits. Thus, there is no clear and clutter free access to safe evacuation in case of an emergency. [HSE.5]

#### Local Law or Code Requirement

Factories Ordinance, 1950, Sections 51 and 53, Part 4 and Part 5: Measures for Personnel Equipment Protection; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.5, HSE.7, HSE.9.2, HSE.15, and HSE.22)

#### Recommendations for Immediate Action

1. Provide the general workforce and factory management with sufficient training on Health & Safety. 2. Ensure that the employee responsible for fire equipment maintenance is appropriately trained, and monitor fire equipment maintenance. 3. Provide and monitor the use of PPE. Communicate policies and procedures regarding the appropriate use of PPE to the general workforce. 4. Provide accurate MSDS in places where chemicals are used. 5. Ensure that evacuation routes in the manual printing section are easily identifiable and properly marked. 6. Ensure that the emergency exits in the manual printing section are not blocked by equipment.

## VERIFICATION RESULT

#### Finding Status

Partially Remediated

#### Remediation Details

1. Finding Status: Partially Remediated

Explanation:

378 out of 705 employees have been trained in using PPE during the general safety training conducted on June 21, 2017. Workers handling chemicals have been provided training specifically on safe storage and handling procedures, use of PPE and chemical disposal procedures. Maintenance team has been trained on the maintenance of fire extinguishers. These trainings are provided at the end of evacuation drills which are conducted periodically by the government’s Occupational Health & Safety officials and government fire rescue team. [HSE.5]

Root Causes:

The factory does not have a formal training calendar to cover 100% of workers within a defined time line. Current practice includes records of the trainings conducted. Management lacks awareness of sustainable practices therefore lacks implementing procedures to ensure sustainable practices.

2. Finding Status: Remediated

Explanation: The designated worker was aware of the maintenance procedures which includes maintenance schedules, reporting any anomalies, checking of pressure gauge, hose, accessibility, and documentation. He was aware of the type of extinguisher to be used for each type of fire.

3. Finding Status: Partially Remediated

Explanation:

No spotting work was being conducted during the visit therefore this could not be verified.

Training on the use of PPE was provided to twelve supervisors on June 25, 2016; no training has been conducted since.

PPE training conducted on February 20, 2017 was conducted for 63 out of 82 group leaders by external trainers of the Occupational Health & Safety Director from the labor department. In-house training for workers was conducted on June 21, 2017 in which 378 out of 705 workers participated. Management plans to conduct the training for the rest of the workers the week after the assessment. [ER.17, HSE.8]

Root Causes:

The procedures for training programs are not defined. There is no training calendar based on which trainings are conducted periodically to ensure 100% of workers are covered. Lack of awareness of procedures appears to be the cause.

4. Finding Status: Remediated

Explanation:

MSDS for chemicals stored in containers were seen posted in the chemical storage areas in printing and spray sections.

5. Finding Status: Partially Remediated

#### Explanation:

1. The manual printing section was found disorganized with no marked aisles or evacuation routes from work areas, only the main evacuation route which connected to exits was marked. Work stations are placed in a haphazard manner with no clearly defined passage or aisles, which can be a risk during an evacuation process. [HSE.5]

2. Access to exits are kept clear.

#### Root Causes:

There is a lack of coordination between production and compliance teams. Work tables are moved around based on production requirements and therefore are not fixed to allow permanent markings of passages and evacuation routes from work areas. Lack of monitoring by production team results in tables being placed in a haphazard manner with no importance given to ensuring that evacuation routes are kept clear.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship ER.17; Health, Safety & Environment Benchmark HSE.5.1 and HSE.8)

#### Recommendations for Immediate Action

1. Organize work stations in the manual printing section. Designate and mark aisles and evacuation routes.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. A. To establish a formal training calendar that is indicated with all trainings to be conducted with defined timeline. The training calendar for the following year will be created by mid-December.

B. To maintain all necessary training records for each training conducted.

2. A. To establish a formal training calendar that is indicated with all trainings to be conducted with defined timeline. The training calendar for the following year will be created by mid-December.

B. To maintain all necessary training records for each training conducted.

3. A. To organize the manual printing section to allow at least 2 emergency routes from each work station.

B. To clearly mark the evacuation routes.

C. To arrange fire safety training for the production team, particularly the manual printing section.

#### Company Action Plan Update

1. The facility develops formal training plan on yearly basis to incorporate all trainings required to be arranged for all relevant personnel with defined timeline. Trainings are also arranged for all relevant workers as per the training plan set.

The facility has completed training for all employees, including supervisors and staff on all relevant trainings that are also included with the use of PPE and chemical disposal procedures.

2. The facility develops formal training plan on yearly basis to incorporate all trainings required, including the use of PPE, to be arranged for all relevant personnel with defined timeline.

The facility has completed training for all employees, including supervisors and staff on all relevant trainings that are also included with the use of PPE and chemical disposal procedures. The safety training is set to be arranged on annual basis.

Spot cleaning area is equipped with ventilation fan and chemical safety instructions, MSDS, as well as required PPE signs. All workers, including spot cleaning workers wear the required PPE properly.

3. The facility has re-organized several workstations, including manual printing section to ensure adequate evacuation routes. Those are clearly marked and kept clear at all times as well. Electric cable is realigned to ensure it is not jeopardizing the movement of workers especially during evacuation.

All workers, including workers from manual printing section are trained on fire safety as well as evacuation procedures at least annually.

## PREVIOUS FINDING NO.9

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory has 73 male workers trained as fire fighters. Although female workers constitute 40% of the workforce, there are no female workers trained and included in the fire fighting and emergency rescue team. This discriminatory practice can result in complications during an emergency situation. [ND.1]

##### Local Law or Code Requirement

Sri Lanka Constitution, Article 12: Non-Discrimination Law; FLA Workplace Code (Nondiscrimination Benchmark ND.1)

##### Recommendations for Immediate Action

1. Appoint and provide training for fire fighters and the rescue team without discrimination. Ensure that women are included in the fire-fighting team. 2. Ensure that all employees are informed about the factory's non-discrimination policy

### VERIFICATION RESULT

##### Finding Status

Remediated

##### Remediation Details

1. Finding Status: Remediated  
Explanation:

Out of a total workforce of 705, the factory has trained 121 workers (87 male workers and 34 female workers) in firefighting procedures.

## PREVIOUS FINDING NO.10

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The food in the canteen is not prepared in a safe and sanitary manner. One designated employee prepared dough before lunch with unclean and bare hands, without using the required gloves. [HSE.22]

##### Local Law or Code Requirement

Factories Ordinance 1950, Part 4 and Part 5: General Health & Safety Mandate; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.22)

##### Recommendations for Immediate Action

1. Ensure that food in the canteen is prepared in a sanitary manner.

### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

1. Finding Status: Not Remediated

##### Explanation:

Workers in the canteen do not use gloves or masks. Workers handling dough do not use hand gloves. One worker's nails were dirty and were not trimmed. Workers use dirty cloth aprons. [HSE.22]

##### Root Causes:

There is no training, monitoring or implementation of procedures for safe handling of food for canteen workers.

##### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.22)

##### Recommendations for Immediate Action

1. Train and monitor workers to ensure gloves are worn while preparing food. Finger nails should be clean and trimmed. Regularly monitor for compliance.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

The facility started a new contract with another catering service contractor and they were provided with sufficient training to wear PPE.

##### Company Action Plan Update

The facility has established sanitation guidelines for the catering service company and trained all of the canteen workers accordingly.



All kitchen/ canteen workers are also provided with the required PPE and are wearing them while cooking or serving food.

The person in charge of catering service is monitoring all kitchen/ canteen workers to ensure that the sanitation guidelines are being followed and the PPE are worn correctly.

## New Findings and Action Plans

### NEW FINDING NO.1

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

Finding Explanation 1. Workers in the sampling room and workers cleaning in the wash areas in the color mixing room and hand printing section do not use gloves or aprons. A worker spraying gum on pallets does not use eye shields. Workers in the screen exposing room do not use gloves, aprons, or eye shields; they only use a nose mask. [HSE.7] 2. Evacuation route markings have faded in all work areas. The sampling section, hand printing and heat transfer sections are congested with no access to exits. Screens were seen placed in front of the exit doors in the screen exposing room. In the sampling section, electric cables connecting hand dryers to mains hang low which restricts free movement of workers. An electric cable from one of the dryers was left on the floor, which is a risk for injury. Assembly areas designated for workers from all productions are located adjacent to each other with very little space to accommodate all workers which may result in injury during an evacuation process. [HSE.5] 3. The factory does not provide secondary containers for the ink mixers in the ink storage room in the color mixing section. [HSE.9] 4. The factory has not marked confined areas to warn workers and prevent injuries from accidental falls. [HSE.1] 5. The first aid kit in the screen printing section contains open and used gloves. There is no burn ointment in the kitchen's first aid kit. [HSE.6, HSE.18] 6. Drinking water and hand wash points are adjacent to each other. Workers use soap from the hand wash point and use drinking water to wash their hands. This arrangement contaminates the drinking water when a worker drinks water and another worker washes plates and hands at the adjacent tap. [HSE.23] 7. Food handlers do not use nose masks, hair nets or aprons while serving food. They use gloves only on one hand. Cooked food is left uncovered, and thus there are flies on the food. Though insect repellent is installed, they are not effective as there are many flies around the serving counter and on dining tables. The area behind the freezers in the raw food storage room in the kitchen is dirty. Workers cutting fish and vegetables do not use any PPE to prevent injury from accidental cuts. Those frying onions in hot oil use cloth aprons which does not prevent burn injuries in the event of an oil spill. The kitchen floor is wet and slippery. [HSE.22] 8. There are 38 asbestos roofing sheets installed in the kitchen. [HSE.22] 9. Three out of eight pregnant women work in the printing section which can be a risk to their health. [HSE.11, ND.8] 10. There is no alarm notification system for any chemicals in the facility, in the event of chemical spills. [HSE.9]

##### Local Law or Code Requirement

BOI Labour Standards and Employment Relations section 6.2, 6.3, 6.15, 7.5, 7.6; FLA Workplace Code (Health & Safety Benchmarks HSE.1, HSE.5.1, HSE.7, HSE.9, HSE.11, HSE.12, HSE.18.3.1, HSE.22, HSE.23; Nondiscrimination Benchmark ND.8)

##### Recommendations for Immediate Action

1. Provide training and monitor to ensure relevant workers use gloves, aprons, and/or eye shields where and when necessary. 2. Remark evacuation route markings in all work areas. Decongest the sampling, hand printing, and heat transfer sections. Educate workers and ensure screens are not placed in front of exits. Realign electric cables to ensure free movement of workers. Maintain adequate space in assembly areas to accommodate all workers. 3. Provide secondary containers for ink mixers in ink storage room located in color mixing section. 4. Mark all confined areas to warn workers and prevent fall injuries. 5. Do not reuse gloves in first aid kits; keep kits stocked with sterilized gloves in sealed packets. Provide burn ointment in the kitchen's first aid kit. 6. Separate drinking water and hand wash points to avoid any contamination. 7. Ensure food handlers use gloves, nose masks, hair nets, and appropriate aprons. Provide and ensure workers are protected while cutting raw food. Keep cooked food covered. Utilize effective repellents to ensure dining areas are free of flies. Clean and ensure storage areas remain clear. Kitchen floors should be clean and free from possible risks of injury due to accidental falls. 8. Replace all asbestos roofing sheets as these are injurious to health. 9. Reassign pregnant women to appropriate work to prevent unsafe exposure to chemicals.

## COMPANY ACTION PLANS

## Action Plan no 1.

### Description

1. A. To conduct PPE usage training for all workers.

B. To post required PPE signs for each work station to remind workers. C. To appoint each line supervisor to monitor the workers' PPE usage.

2. A. To organize work stations throughout the facility to ensure adequate evacuation routes are provided.

B. To clearly mark all evacuation routes in all work areas.

C. To provide refresh training for all workers regarding fire safety, especially to ensure that all workers are aware that all exits are kept clear at all times.

D. To realign electric cables to ensure free movement of workers.

E. To maintain adequate space in assembly areas to accommodate all workers.

3. The facility has already arranged secondary containers for colour mixing section.

4. The facility has already marked all the confined areas.

5. A. The facility has already advice the first aid team and the factory nurse to conduct daily checking and identify this kind of issues.

B. The facility has provided burn ointment for the kitchen area.

C. To revise the first aid checklist to ensure that gloves are in good conditions and available at all sections at all times.

6. A. To separate drinking water and hand wash taps.

B. The facility fixed soap dispensers in position which is lower than water taps.

7. A. The facility started a new contract with another third party and they were provided with sufficient training to wear PPE.

B. To establish sanitation guideline for the catering service company and train all of the canteen workers accordingly.

8. A. To establish a checklist for the maintenance team to monitor such roofing in the meantime before the replacement is completed.

B. To replace all asbestos roofing by June 2018.

9. A. The facility no longer assign pregnant women near printing areas.

B. To establish written policy on female specific tasks that also include restricted work stations for pregnant workers.

10. To install an alarm system in chemical handling areas to identify chemical spills.

#### Company Action Plan Update

1. The facility has standardized the required PPE for each department and distribute such PPE to all workers.

The training is also arranged for all relevant workers.

Chemical safety instructions as well as required PPE posters are posted at the notice boards to remind workers as well.

Each line supervisor is appointed to monitor the workers' PPE usage.

2. The facility has re-organized workstations to ensure adequate evacuation routes. Those are clearly marked and kept clear at all times as well. Electric cable is realigned to ensure it is not jeopardizing the movement of workers especially during evacuation. All workers are also trained on fire safety as well as evacuation procedures at least annually.

Workers were required to sign in/ out with their line leaders so that they could use the sign in sheet to do a quick roll call during evacuation to ensure all workers leave the building during fire/ emergency.

The facility re-opened after the outbreak and all workers have been trained on evacuation drill which is updated based on the

current number of workers onsite.

3. The facility has rechecked all areas where there are chemical stored or used to ensure that all chemical containers are equipped with secondary containment.

4. The facility has rechecked all confined areas and have them marked with warning signs.

5. The facility has revised the first aid checklist to ensure that each of the first aid box is completed with all necessary first aid supplies and in good conditions/ hygiene. These also include providing burn ointment for the kitchen area.

The first aid team and the factory nurses are appointed to conduct daily inspection for all first aid supplies in all areas.

6. Drinking water dispensers are now separated from hand washing points. Clear signs haven been posted. Soap dispensers are fixed below the water taps.

7. The facility has established sanitation guideline for the catering service company and trained all of the canteen workers accordingly.

All canteen workers are also provided with the required PPE and are wearing them while cooking or serving food.

8. The facility has removed all roofing sheets that contained asbestos and disposed them as hazardous waste that were collected and handled by authorized contractor.

9. The facility no longer assigns pregnant women near printing areas or any work stations that use or store chemicals.

The facility also established written policy on female specific tasks that also include restricted work stations for pregnant workers.

10. The facility has established written procedures on how to handle with chemical spills and communicated to all relevant workers.

The alarm system is also set up for the areas.

## NEW FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The risk assessment has not been conducted for the canteen. It has been conducted for the main production areas, kitchen, chemical storage areas, maintenance, Effluent Treatment Plant, and toilets. [HSE.14] 2. The factory has provided anti-fatigue mats to a few workers in the heat transfer section but not to all workers with standing jobs. [HSE.7, HSE.8, HSE.17] 3. Lockout-tagout procedure is available but is not implemented by workers. [HSE.6] 4. Fire risk assessments are not conducted at all. [HSE.5]

##### Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.6, HSE.7, HSE.8, HSE.14, HSE.17)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. The facility has included those missing areas to the risk assessment.
2. The facility provided anti-fatigue mats to printers. The other identified sections will be completely provided soon.
3. The facility has trained the maintenance team for the LOTO procedure.
4. The facility has conducted a fire risk assessment.

##### Company Action Plan Update

1. The facility has reviewed and revised the risk assessment to include all operations, including canteen facility into the scope of assessment.
2. The facility has reviewed all work stations where standing jobs are required and provided the anti-fatigue mats for all workers in those work stations.
3. The facility has trained the maintenance team for the Lockout-Tagout (LOTO) procedure.

The LOTO records are also maintained.

4. The facility has conducted a fire risk assessment that covered all areas of the facility.

## NEW FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. The signed code of conduct is attached with the signed agreements between factory and service providers (Security, Canteen and Janitorial). Clause 1(b) in the signed agreement with Safara Catering states that workers will be given a day off after seven consecutive working days. Additionally, the signed contract with security service provider states 12 hour shifts. Even though working hours are confirmed by the guards and by a review of timecards, there is a risk of guards working the extra 4 hours at another facility. This does not comply with FLA workplace standards and local law. In practice, a day off is given within a seven-day period and the security guard shifts are 8 hours. [HOW.2] 2. Workers do not receive written documentation that substantiates all the issues covered in orientation. 3. Job descriptions are not prepared for the HR Team assigning responsibilities. [ER.15] 4. The application form for outsourced workers provided by service providers has questions pertaining to marital status and caste. [ER.3.2, ND.1, ND.2, ND.4]

##### Local Law or Code Requirement

BOI Labour Standards and Employment Relations section 4.1; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.3.2, ER.15.3; Hours of Work Benchmark HOW.2; Nondiscrimination Benchmarks ND.2, ND.4)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. A. To revise the agreements with the service contractors to ensure that the conditions are accurate and in compliance with the local laws and the FLA standards.

B. To communicate the relevant local laws and the FLA standards to the contractors' workers.

2. To introduce a booklet that substantiates all the issues covered in orientation.

3. To prepare job descriptions for the HR team members.

4. To work with the outsourced company to revise the application form to ensure that the marital status and caste is not questioned.

##### Company Action Plan Update

1. The facility has revised the agreements with the service contractors to ensure that the conditions are accurate and in compliance

with the local laws and the FLA standards.

The facility also communicated the relevant local laws and the FLA standards to the contractors' workers.

2. The facility has developed a booklet that substantiates all the issues covered in orientation and distributed to all workers during the orientation as well.

3. The job descriptions for the HR team members have been established.

4. The outsourced company's application form has been revised to ensure there is no information that could lead to discrimination, including marital status.

## NEW FINDING NO.4

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. A review of three written warnings issued to workers, one warning letter was issued to a worker without conducting an inquiry. [ER.27, H/A.1]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relations Benchmark ER.27; Harassment and Abuse Benchmarks H/A.1)

##### Recommendations for Immediate Action

1. Complete inquiry procedures prior to issuing warning letters.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

To train all relevant personnel on the disciplinary procedures that is also including the inquiry process before the written warning is issued, to avoid discriminations.

##### Company Action Plan Update

All relevant personnel on are trained on the disciplinary procedures to ensure that the established procedures are followed strictly, and to avoid discrimination.



### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. Management obtain signed written consent of workers for voluntary deductions from wages towards meals and cost of household goods purchased in March 2016. Thereafter, the list has not been updated. This risks deductions being made from workers who were hired post March 2016 without their consent. [C.11] 2. The factory does not pay the wages of terminated workers within two days; wages are paid the month following resignation, as per the pay schedule. From three reviewed samples, wages were paid between eight to 20 days from the last working day. Per current practice, wages can go beyond 30 days from the last date of work. The pay period for the factory is the 21st day of each month to 20th day of the following month and wages are paid by the 30th day of the month. If a worker resigns on the 25th day of the month, terminal dues will be paid on 30th day of the following month. In two out of three reviewed samples, payment of gratuity was delayed beyond the 30-day timeline. While one was paid after 33 days, the other was paid after 60 days. As per legal requirement, wages of terminated workers should be paid within two days while other dues should [C.1, C.4] 3. Pay records for security guards for May 2017 were not available for review. [C.15] 4. Outsourced workers from the canteen and janitorial staff were not paid for May Day holiday which was a paid holiday. The workers on the factory rolls were paid. [C.5] 5. The factory provided five days of additional holidays along with festival holidays in April 2017. To compensate for the additional holidays, workers worked four hours beyond regular working hours on three Saturdays: March 4, March 25 and May 6, 2017. This work covered 1.5 days of the holidays provided. The balance of 3.5 days were paid holidays provided by the factory and workers did not work to compensate for those days. Work beyond regular working hours is required to be compensated at 1.5 times (150%) the wage rate per hour. Workers did not receive the additional 0.5 of wages when they worked overtime on these Saturdays, even though the work was to compensate for regular hours from the holidays. [C.5, C.7, ER.22]

##### Local Law or Code Requirement

BOI Labour Standards and Employment Relations manual section 3.2.2, 3.2.7, 3.3.1, 4.3, 16.3.3; FLA Workplace Code (Employment Relationship ER.22.1; Hours of Work Benchmarks HOW.18, Compensation Benchmark C.1, C.5, C.7, C.11.1, and C.15)

##### Recommendations for Immediate Action

1. Obtain written consent for voluntary deductions prior to making any deductions. 2. Pay terminal dues within the legally defined timelines. 3. Maintain pay records for all workers in the facility and make available for review. 4. Pay May Day to Canteen and Janitorial workers along with their next wage payment. 5. Compensate workers accurately and fully for all hours worked.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. To implement a document to get the consent of the workers.

2. Group policy will be changed as to pay the terminal dues within legally defined timelines for the workers who submitted the one month notice.

3. A. To establish a list of documents that the contractors need to submit a copy to the facility to maintain onsite. The deadline to submit each document is to be indicated as well.

B. To communicate the list to all contractors and obtain their acknowledgement as well.

4. The facility has changed the canteen contractors and start working with new party. Also facility has already paid the may day compensation to janitorial workers.

5. To pay the OT of 0.5 wage to the relevant employees.

#### Company Action Plan Update

1. The facility has obtained written consent from all workers as well as the approval from the labor department for welfare deductions.

2. The facility has changed the policy to pay legally resigned employees within 2 days from the day of resignation.

3. The facility has established written policy that is also included with a list of documents that the contractors need to submit to the factory for review.

Such written policy has been communicated to all contractors as well.

4. The written policy that is listing out all expectations/ requirements for the contractors are established and communicated to all contractors.

5. The facility has changed the policy to pay all extra hours, including covering hours to substitute long holidays at premium rate. The onsite verification was arranged to ensure the correct payment for workers as well.

## NEW FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. There is only one service counter in the canteen. It takes approximately ten minutes for the last worker in the queue to reach the counter and get their meal, snack and tea. This reduces their total lunch time of 30 minutes to approximately 20 minutes, and tea break of 15 minutes to 5 minutes, for workers. [HOW.3] 2. In May 2017, three out of four female workers from the pressing section worked 12 nights and in October 2016, two out of three worked 11 nights. [HOW.4] 3. Manual time records kept at the security gate showed that new workers have been in the factory from 8am to 6pm or 6.30pm for the past three months and since their first day. Management stated that these workers had participated in the orientation program which has extended beyond their day shift and that they are paid for the additional hours. [ER.24] 4. A few workers from the manual printing section adjacent to the screen printing work during the assigned lunch time. These workers stated that supervisors change their lunch times based on work load. [HOW.3] 5. During rush period,

the factory bases production planning on eight regular hours of work plus one or two overtime hours. [ER.24] 6. The factory does not identify pregnant or lactating women. [HOW.4]

#### Local Law or Code Requirement

BOI Labour Standards and Employment Relations manual section 2.2.4; FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmarks HOW.1, HOW.3, HOW.4 and HOW.5)

#### Recommendations for Immediate Action

1. Provide additional serving counters to ensure workers are served in a timely manner so that their break hours are not reduced. 2. Ensure female workers do not work more than 10 night shifts in a month. 3. Plan orientation programs within regular working hours. 4. Do not change break times for workers unless communicated in advance. 5. Base production planning on regular hours of work; do not include overtime hours.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The facility has already arranged a new system to minimize the waiting time.
2. A. To establish monitoring program to ensure that no female workers work more than 10 nights in a month.  
  
B. To communicate to all workers on this female work restrictions.
3. The facility is currently planning the orientation within regular working hours (8.00am to 5.00pm)
4. All supervisors were communicated to keep the break times unchanged.
5. To plan working hours on 8 hours per day going forward.
6. A. To identify and keep the tracking records for all pregnant and lactating women working onsite.  
  
B. To establish written policy on female specific tasks that also include restricted work stations for pregnant and lactating women.

#### Company Action Plan Update

1. Facility has provided an additional fingerprint machine as well as serving counter to save employees time.

2. The facility has established written policy on working hours listing out the requirements that needed to be followed. A memo specifically on female working hour restriction is also written and communicated to all departments.

Each department head is appointed to monitor workers in his/ her department to ensure the compliance.

Workers are also communicated on this restriction.

3. The facility has changed the policy and currently only arranges the orientation within regular working hours (8.00am to 5.00pm).

4. The facility has set specified break time for each shift that was well communicated to all workers as well as supervisors.

5. The facility has changed the policy and now the production planning is based on 8 hours of work per shift.

6. The facility's nurse is appointed to identify and keep tracking records for all pregnant and lactating women.

The facility also established written policy on female specific tasks that also include restricted work stations for pregnant and lactating women.

## NEW FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

1. There are no written policies and procedures for Personnel Development, Industrial Relations, or Workplace Conduct & Discipline. [ER.1, ER.27, ER.28, ER.29, ER.30] 2. There are no written procedures on Termination & Retrenchment; however, some documents or systems exist. [ER.19, ER.32] 3. The factory does not have any written procedures on Compensation and Hours of Work. [ER.1, ER.23] 4. The factory does not have written procedures on Health & Safety except for some documented procedures on "emergency action and response" which pertains to fire evacuation and not to other emergency situations or chemical management. [ER.31] 5. The procedures on Recruitment & Hiring do not define the time period for the selection process. Entry records from the Security guard cabin show candidates arriving at the factory at 8:00 and exiting at 18:30. There is no procedure defined for the employment of workers from service providers. [ER.1] 6. In practice, the factory pays a boarding allowance of LKR 1500 (USD 9.77) for the first month to private boarding house owners where new workers reside. This is not included in the written procedure. [ER.1] 7. The factory does not prepare a written job description for any position when personnel need to be hired. [ER.1] 8. The company's code of conduct is posted in English but not in the local language (Tamil and Sinhalese). The code is posted in the canteen notice board and is an A4 size paper which is not prominently

visible. [ER.1]

## Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.19, ER.28, ER.29, ER.30, ER.31, and ER.32)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. To establish the written policies and procedures for Personnel Development, Industrial Relations, or Workplace Conduct & Discipline.
2. To establish the written procedures on Termination & Retrenchment.
3. To establish the written procedures on Compensation and Hours of Work.
4. To review all Health and Safety policies and procedures to ensure that they are completed.
5. A. To revise the procedures on Recruitment & Hiring to define the time period for the selection process. B. To establish written procedures for the employment of workers from service providers.
6. To revise the written procedures to include the information that the facility will pay for a boarding allowance for the first month to private boarding house owners where new workers reside.
7. To prepare job descriptions for all positions.
8. To have all the codes displayed in three languages as A3 size.

#### Company Action Plan Update

1. The facility has established the policy and procedures relating to personnel development. The facility has also establish the written policies and procedures on Industrial relations, workplace conduct & discipline and communicated to all relevant personnel.
2. Written policies and procedures on Termination & Retrenchment have been established and communicated to all workers including supervisors, and HR staff.
3. Written policies and procedures on Compensation and Hours of Work have been established. The most recent revision was on January 1, 2018.
4. The facility has reviewed all Health and Safety policies and procedures to ensure that they are completed. The emergency response plan/ procedures on chemical spillage is also incorporated and trained to all relevant personnel.

5. A. The facility has established the written policy and procedures on Recruitment & Hiring. However, the facility has yet to define the timeline for the selection process.

B. The facility has established the written policy and procedures on the employment of workers from service providers/ contractors.

6. Boarding house allowance policy that described the objective, entitlement, term & conditions, and method of payment has been established.

7. Job description for all departments have been established. Samples of JD's are provided.

8. The company's code of conduct and other written policies and procedures are available in local languages and posted at the main notice board that is prominently visible to all workers.

## NEW FINDING NO.8

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. The factory has not defined a review or revision period for the following written policies: Recruitment & Hiring, Compensation, Termination, Hours of Work, Industrial Relations, Grievance Policy, Health & Safety, and Environmental Protection. All policies were last revised January 2016 or January 2017. [ER 1.3, ER.29, ER.30, ER.31]

##### Local Law or Code Requirement

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

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

To include revision history for all policies and procedures in the future revisions.

##### Company Action Plan Update

All policies and procedures have been indicated with the previous issue, revision dates.

## NEW FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Training (Macro)

### Finding Explanation

1. The factory does not have a formal training calendar. Trainings are not conducted for workers when policies are revised. Updates are, however, posted on the notice board. [ER.1] 2. The factory does not provide any training to the relevant supervisors and workers on the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, or Hours of Work. [ER.1, ER.15, ER.17] 3. The factory does not provide training to the relevant Managers and HR personnel and administrative staff on Workplace Conduct & Discipline. [ER.1, ER.15, ER.17, ER.27] 4. Training on grievance procedures has only been conducted for 378 out of 705 workers. [ER.1, ER.15, ER.17] 5. The factory does not provide any training on Environmental Protection. [ER.1, ER.15, ER.17]

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.2, ER.17.1, ER.17.3, and ER.27.2)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. A. To prepare a formal training calendar for the year 2018.
  - B. To conduct training for all relevant personnel based on the defined timeline and whenever the new policies are introduced or the changes are made.
  - C. To continue to post the policies and procedures on the notice board so that workers can review anytime.
- 
2. The facility has already begun to train the relevant supervisors regarding the mentioned areas as a series of awareness program.
  3. The facility has already begun to train the staff category regarding the mentioned areas as a series of awareness program.
  4. To train all workers on the grievance procedures.
  5. To train all workers on the Environmental Protection.

#### Company Action Plan Update

1. A. The facility develops formal training plan on yearly basis to incorporate all trainings required to be arranged for all relevant personnel.
  - B. Trainings are also arranged for all relevant workers as per the training plan set.
  - C. The facility still continue to post the policies and procedures on the notice board so that workers can review them anytime.
- 
2. The facility has completed training for all employees, including supervisors and staff on all relevant trainings that are also included with the training on Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, or Hours of Work, and grievance procedures as well as environmental awareness program.



## SUSTAINABLE IMPROVEMENT REQUIRED

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

#### Finding Explanation

1. The factory does not communicate its Termination & Retrenchment policy and procedures to the general workforce about extraordinary business circumstances or other conditions that impact the workforce. The factory sometimes communicates Hours of Work policy and procedures. The factory does not communicate workplace rules and regulations to the general workforce. [ER.1, ER.16]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

To arrange the training for all workforce regarding relevant areas.

#### Company Action Plan Update

The facility has reviewed all of the company policies and procedures to ensure that its termination & retrenchment policy and procedures are up to date.

The facility has incorporated the company policies into annual training plan to ensure that all relevant workers are trained.

The last training on termination & retrenchment policy was completed on May 9, 2019.