



## Verification Assessment

COMPANIES: Augusta Sportswear Group (Holloway Sportswear Inc.)  
COUNTRY: Pakistan  
ASSESSMENT DATE: 10/11/18  
ASSESSOR: FLA EMEA  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 413

## FLA Comments

FLA Comment: This SCI is a verification assessment of assessment AA0000001945. All corrective action plan updates for AA0000001945XXX will be published on this report.

Company Comment: Due to lack of sales in the specific styles manufactured by this factory for Augusta Sportswear, the styles were discontinued. The styles were not replaced with another similar style as the fashion trend changed and customers no longer wanted to purchase. Despite the audit in October 2018, Augusta Sportswear exited manufacturing from this factory in 2016 and Augusta is aware that the factory continued to improve findings found in the audit.

## 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: Policies & Procedures (Macro)

##### Finding Explanation

1. The factory does not have written policies for the following Employment Functions: Personnel Development, Termination & Retrenchment, Industrial Relations, and Workplace Conduct & Discipline.
2. The factory does not have complete procedures for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Termination & Retrenchment, and Workplace Conduct & Discipline.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.27, ER.29, and ER.32)

#### VERIFICATION RESULT

##### Finding Status

Partially Remediated

##### Remediation Details

###### 1. Finding Status (Remediated)

Explanation: A review of the policies and processes for the year 2017/2018, and information gathered from the management interviews showed that factory has put in place policies for the following Employment Functions including Personnel Development, Termination & Retrenchment, Industrial Relations, and Workplace Conduct & Discipline.

###### 2. Finding Status (Partially Remediated)

Explanation: Although the factory has procedures for the above employment functions, the procedures for the following employment functions need to be further laid out:

- a. Personnel Development: The procedures do not incorporate performance reviews that include steps demonstrating linkages to job grading, non-discrimination, written feedback, and compliance with legal requirements as well as to provide workers with written outcomes of promotion, demotion and reassignment.
- b. Recruitment and Hiring: The existing policy does not include specifics on hiring of 2% workers with disabilities, as per the local law requirement. Currently, there is only one disabled worker in the factory. In case the factory is unable to comply, then they must make a financial contribution to the government. The factory has not contributed to this fund. The factory intends to hire disabled workers as opposed to contributing to the government fund.
- c. Health & Safety: The procedures under the policy do not discuss/lay out the following –
  1. A process to enable workers to raise environmental concerns, report environmental emergencies or protection against retaliation for workers who raise health & safety, environmental violations;

2. Details/steps on safe evacuation of visitors and service providers;
3. There are no guidance documents for external contractors/service providers concerning health and safety;
4. Emergency response procedure does not provide contact information of external authorities to call/inform in case of a fire and phone numbers for emergency medical assistance. [ER.1, ER. 31, HSE.1, HSE.5.1]

Root Causes: Management is not aware of these requirements and importance of making these procedures part of the system.

#### Local Law or Code Requirement

FLA Code and Benchmarks (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.5)

## PREVIOUS FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. The factory does not provide specific training for relevant supervisors on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, FINDING NO.2 5 Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.
2. The factory does not provide ongoing training for employees on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.
3. The factory does not provide training on Workplace Conduct for relevant HR staff.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.26, and ER.27)

### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

###### 1. Finding Status (Partially Remediated)

Explanation: Interviews with supervisors and document review reflects that 75% of the supervisors are now aware of Personnel Development. They are provided some basic training on Recruitment and Hiring. However, they are not aware of the specifics surrounding Workplace Conduct and Discipline and Environmental Protection. [ER.16, ER.17, ER.25, ER.27]

Root Causes: Specific legal provisions are not made part of the training program.

###### 2. Finding Status (Not Remediated)

Explanation: Based on document review and worker interview, it was found that the worker awareness level of different employment functions is still limited. There is no printed employee handbook. No orientation is provided to new recruits. Workers do not receive a copy of workplace rules or employee handbook during orientation. Information is posted at the entrance of the factory building only. [ER.15, ER.16]

Root Causes: Management does not understand the importance of ensuring worker awareness.

###### 3. Finding Status (Partially Remediated)

Explanation: Based on management interviews, it is noted that HR staff has limited training on Workplace Conduct. The training covers basic workplace rules but not how to document and discipline employees if needed. [ER.17, ER.27]

Root Causes: Training curriculum does not cover all details, as per the legal provisions.

##### Local Law or Code Requirement

FLA Code and Benchmarks (Employment Relationship Benchmarks ER.15, ER.16, ER.17, ER.25, ER.27)

## PREVIOUS FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

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

#### Finding Explanation

1. The factory does not communicate the policies and procedures, and their updates, for the to the general workforce following Employment Functions: Recruitment, Hiring, & Personnel Development, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Environmental Protection, and Health & Safety.
2. The factory does not provide every worker with a copy of the workplace rules during orientation.
3. 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.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16, ER.25, ER.27, and ER.32)

## VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

##### 1. Finding Status (Not Remediated)

Explanation: Based on document review and worker interview, it was found that worker awareness level on different employment functions is still limited. There is no printed employee handbook. No orientation is provided to new recruits. Workers do not receive a copy of workplace rules or employee handbook during orientation. Information is posted at the entrance of the factory building only. [ER.1, ER.15, ER.16, ER.25]

Root Causes: Management does not seem to understand the importance of ensuring worker awareness.

##### 2. Finding Status (Not Remediated)

Explanation: Since there is no orientation, workers are not provided with a copy of the workplace rules during upon hire. When a worker is hired, the only orientation that they receive is that they are verbally told their salary, working hours, and the general rules of the workplace. [ER.1, ER.15, ER.16, ER.25]

Root Causes: Factory does not have anything printed in detail to hand out.

##### 3. Finding Status (Not Remediated)

Explanation: The worker integration component is still missing across all Employment Functions. There is no mechanism in place to receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are not consulted in decision-making processes. [ER.1, ER.15, ER.16, ER.25]

Root Causes: Management team does not have enough resources in place to make this part of their system. Also, management believes that the decision making lies with them.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16, and ER.25)

## PREVIOUS FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Review Process (Macro)

#### Finding Explanation

1. The factory does not conduct a periodic review and update of policies and procedures for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Hours of Work, Termination & Retrenchment, and Environmental Protection.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

## VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

##### 1. Finding Status (Not Remediated)

Explanation: Based on document review and management interviews, the factory has not defined a review period for written policies and procedures for any of the Employment Functions. Although policies are created and some are updated (for instance updating wages & compensation to include the minimum wage revisions) none of the policies are reviewed periodically. [ER.1, ER.31]

Root Causes: Management only reviews and revises policies and procedures if there is a legal need to do so.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1 and ER.31.1)

## PREVIOUS FINDING NO.5

### IMMEDIATE ACTION REQUIRED

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

#### Finding Explanation

1. The factory has not hired apprentices in proportion to 20% of the skilled workforce, as required by law.
2. The factory has hired 30 permanent workers on a 12-month contract. This practice does not comply with legal requirements, which mandate that only piece-rate workers can be hired on short-term contracts.
3. The probation period for permanent workers is three months, however, the factory can extend this period.

#### Local Law or Code Requirement

Apprenticeship Ordinance 1969; The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance 1968, Section 2 (G) 1(b), (c), and (g); FLA Workplace Code (Employment Relationship Benchmark ER.1)

#### Recommendations for Immediate Action

1. Hire apprentices in proportion to 20% of the skilled workforce, as legally required.
2. Cease the practice of hiring permanent workers on fixed-term contract periods, as per local law requirements.
3. Ensure that probation period does not exceed three months.

### VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

##### 1. Finding Status (Not Remediated)

Explanation: The factory has not hired apprentices in proportion to 20% of the skilled workforce, as required by law. [ER.1]

Root Causes: The factory believes it is the responsibility of the government department to contact them and share list of fresh workers.

##### Finding Status (Not Remediated)

Explanation: Only 60% of workers are hired on fixed term contracts. Legal requirements mandate that only piece-rate workers can be hired on short-term contracts. A number of permanent workers are still hired on short-term contracts. Their nature of work is permanent therefore they need to be hired as permanent workers. [ER.7, ER.8, ER.9]

Root Causes: Factory's interpretation of the relevant law is that they can hire workers across the board on short terms contracts.

##### 2. Finding Status (Remediated)

Explanation: The facility has revised the policy and permanent workers now have a probation period of three months.

#### Local Law or Code Requirement

Apprenticeship Ordinance 1969; The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance 1968, Section 2 (G) 1(b), (c), and (g); FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.7, ER.8, and ER.9)

#### Recommendations for Immediate Action

1. Hire apprentices in proportion to 20% of the skilled workforce, as legally required.
2. Cease the practice of hiring permanent workers on fixed-term contract periods, as per local law requirements.

## PREVIOUS FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. Hiring procedures do not cover the following topics: recruitment channels i.e. direct recruitment or the use of agents, the nature of payment - monthly salaried or piece-rate payments, the interview process, or the skill test requirements by category of work.
2. There are no policies and procedures for performance reviews.
3. The employment contract for piece-rate workers does not state that that minimum wage will be paid in case of a drop in earnings.
4. The factory does not have job descriptions for workers based on the nature of the job.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1; Compensation Benchmark C.3)

### VERIFICATION RESULT

##### Finding Status

Partially Remediated

##### Remediation Details

###### 1. Finding Status (Partially Remediated)

Explanation: The hiring policy mentions worker hiring but does not have details on the method/mode of payment (monthly salaried/piece rate), the interview process, or the skill test requirements for each category of work. [ER.1, ER.16]

Root Causes: Management is not aware that the policy and procedures need to have all these details.

###### 2. Finding Status (Partially Remediated)

Explanation: Based on management interviews and review of personnel files of workers, most of the processes are not written. The procedures need to incorporate performance reviews that includes steps demonstrating linkages to job grading, non-discrimination, written feedback, and compliance with legal requirements as well as to provide workers with written outcomes of promotion, demotion and reassignment. [ER.29]

Root Causes: Management thinks that for production workers such reviews are not applicable.

###### 3. Finding Status (Remediated)

Explanation: Document review and management interviews confirm that the employment contracts for piece rate workers state that the minimum wage will be paid in case of a drop in earnings.

###### 4. Finding Status (Partially Remediated)

Explanation: Review of personnel files confirms that job descriptions have been developed for management and production supervisory staff. However, there are no job descriptions for workers. [ER.1]

Root Causes: Management thinks that for production workers such job descriptions are not applicable.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1, ER.16 and ER.29)

## PREVIOUS FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

##### Finding Explanation

1. The procedures on Freedom of Association define that the factory acknowledges the right of every permanent employee to form or not to form free associations for collective bargaining. This could imply that temporary workers and piece-rate workers working in the factory are discouraged from forming or joining any Union. In addition, the procedures mention the formation of a Workers Council but do not define the steps for formation and criteria for workers' membership (for permanent, temporary, and piece-rate workers) or the roles and responsibilities of the Workers' Council.
2. The worker representative structure is not independent from management interference. The factory has a joint worker-management "Workers Council." There are ten worker representatives in the council, and two management staff representing management.
3. Management does not provide any office space or other facilities for the Workers Council.

#### Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.10, FOA.11, FOA.12, FOA.13, FOA.14, and FOA.15)

## VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

##### 1. Finding Status (Not Remediated)

Explanation: The procedure still only mentions the right of every permanent workers to form or not form free associations. Regarding formation and function of joint work council, further details are needed to be added as per Sindh Industrial Relations Act, 2013. [ER.25, FOA.1]

Root Causes: There is a lack of clarity on part of the management around legal requirements.

##### 2. Finding Status (Partially Remediated)

Explanation: Worker interviews show that they are not aware of the function of the Joint Works Council in the factory. It is the management that nominates workers for inclusion in the Council. Management needs to ensure that there is mechanism in place for workers to be able to nominate their own representatives. Workers are not aware of their function. They are not involved in decision-making. [ER.25, FOA.10, FOA.11]

Root Causes: There is a lack of understanding on part of the management that workers need to nominate their own representatives.

##### 3. Finding Status (Remediated)

Explanation: Space in the canteen area has been allocated for the Worker Council to meet on regular basis.

#### Local Law or Code Requirement

Industrial Relations Ordinance, 2002 Article 24; FLA Workplace Code (Employment Relationship Benchmark ER.25; Freedom of Association Benchmarks FOA.10, FOA.11)

## PREVIOUS FINDING NO.8

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

1. The Industrial Employment Standing Order applies to the factory, defining the steps and procedures for any disciplinary actions taken against workers. Although the Industrial Standing Order Act is posted, due to the long sentences and formality it is difficult for workers to understand. In addition, there is no flow chart or any other written documented generated by the factory besides the Industrial Employment Standing Act to help workers understand disciplinary procedures.

2. The HR staff is not specifically trained on the factory's Workplace Conduct and disciplinary procedures. The factory is in the process of training employees and has conducted a training program on April 29, 2015 covering 28 employees. No further training has been conducted.

3. The factory does not document verbal warnings.

4. As the factory has not taken any disciplinary actions thus far and has not maintained any records of disciplinary actions in employees' personnel files and has not had employees sign these records.

#### Local Law or Code Requirement

The West Pakistan Industrial and Commercial Employment (Standing Orders), Ordinance 1968; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.15, ER.16, and ER.27)

## VERIFICATION RESULT

#### Finding Status

Partially Remediated

#### Remediation Details

##### 1. Finding Status (Partially Remediated)

Explanation: The disciplinary procedure provides details on steps and procedure for disciplinary actions. However, there is no flow chart

added as suggested to make it easier for workers to understand. [ER.27]

Root Causes: The factory does not consider it necessary to provide clarity to workers.

#### 2. Finding Status (Partially Remediated)

Explanation: Management interviews reflect that while training has been provided for all middle management, it is limited to basics only on workplace conduct and discipline. There is an overall emphasis on the behavior expected while managing others but there are no tools or guidance provided to help management deal with actual issues when they come up. Training sessions are not regularly scheduled. [ER.17, ER.27]

Root Causes: Adequate resources are not dedicated for training.

#### 3. Finding Status (Partially Remediated)

Explanation: Review of personnel files reflects that there is still limited documentation around verbal warnings. Documentation only occurs when a formal show cause notice has been issued. [ER.2, ER.27]

Root Causes: There is lack of awareness on the importance of documenting issues.

#### 4. Finding Status (Partially Remediated)

Explanation: Record review shows that warning letters are maintained in personnel files. Worker signatures are not found in all files. However, the processes need to be streamlined especially training for supervisors and HR staff needs to continue on regular basis so that system is implemented effectively. [ER.17, ER.27]

Root Causes: There is lack of awareness on management part regarding the importance of keeping record of issues in factory.

#### Local Law or Code Requirement

The West Pakistan Industrial and Commercial Employment (Standing Orders), Ordinance 1968; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.15, ER.16, and ER.27)

## PREVIOUS FINDING NO.9

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Grievance System

#### Finding Explanation

1. The factory's grievance policy states that it provides all necessary means for employees to raise and resolve their workplace concerns with management. However, the document does not define the objective of the policy.

2. The procedures on Grievance System define four reporting channels (Directly reporting grievances to supervisors, directly reporting to manager/Admin, Suggestion/Complaints box, and Request forms) but do not define how the grievances should be reported, such as use of a template, written document, or verbal statement. The procedures state that in all cases, the timeline for resolving grievances is a maximum of 10 days. The procedures do not define the requirement to document grievance, training of supervisors and work force on Grievance System, and the need for periodic review of policies and procedures.

3. The Workers Council's log of meetings reflects complaints recorded and actions taken. These complaints mostly pertained to Health & Safety issues. The log does not mention the names of responsible persons and the details of actions taken. The factory does not maintain a separate log for recording grievances.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2)

## VERIFICATION RESULT

#### Finding Status

Partially Remediated

#### Remediation Details

##### 1. Finding Status (Remediated)

Explanation: Factory management has updated their policy to include the objective behind the policy.

##### 2. Finding Status (Remediated)

Explanation: Document review reflects that the management has laid out a detailed procedure for raising grievances. This procedure includes how grievances should be reported, the timeline for resolving grievances, a requirement to document grievances, the need to train employees, and the need for periodic review.

##### 3. Finding Status (Partially Remediated)

Explanation: The Worker Council log reflects more details now, including persons responsible for taking action against complaints raised. Worker interviews reflect that they are not aware of the function of the Joint Works Council in the factory. They are not involved in decision-making. [ER.2, FOA.1]

Root Causes: Management does not believe there is a need to involve workers in decision making except for trivial health and safety

areas.

#### Local Law or Code Requirement

Industrial Relations Ordinance, 2002 Article 24; FLA Workplace Code (Employment Relationship Benchmark ER.2, FOA.1)

### PREVIOUS FINDING NO.10

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The factory does not have any written procedures for managing its environmental impact on its surroundings.
2. The written procedures on Environmental Protection do not cover the following topics: how workers can raise environmental concerns, how workers can report environmental emergencies, and protection for workers who report concerns.
3. The factory sells non-hazardous waste to local scrap dealers instead of to authorized waste collectors.

##### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

#### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

1. Finding Status (Remediated)

Explanation: The facility has a procedure on environment that discusses ways to manage its impact on environment.

2. Finding Status (Not Remediated)

Explanation: The procedure on environment does not provide details on enabling workers to raise environmental concerns, report environmental emergencies or protection against retaliation for workers who raise health & safety, environmental violations. [ER.31]

Root Causes: Lack of awareness on part of management regarding the importance of having such procedures.

3. Finding Status (Remediated)

Explanation: The facility is now selling non-hazardous waste to a local authorized waste collector. The legal requirement is for hazardous waste to be disposed through authorized waste collectors.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31)

##### Recommendations for Immediate Action

1. Establish a procedure to ensure that workers can raise environmental concerns without fear of retaliation.

### PREVIOUS FINDING NO.11

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory stores diesel in containers out in the open with no overhead protection, along the front factory wall. This area is near the power generator, which operates on gas. In addition, outside the factory wall, there are motorcycles containing petrol. The unprotected and uncovered diesel oil close to the power generator operating on gas as well as closely located motorcycles containing petrol oil, are major fire hazards.
2. The factory has not provided an eye wash station and spill response kit in the chemical storage area in the boiler room.
3. There are electric wires in the sewing department connecting sewing machines to the electric main power supply point mains. These electric wires lay loose, entangled with the legs of workers' stools. This poses a risk of injury during an evacuation process.
4. The evacuation markings on the floor (arrows/signs) from the packing and sampling section point away from the 2nd exit.

5. The door from the sampling section opens inwards, and the handle to open the door was missing.
6. A "No Smoking" sign is displayed at the main gate instead of closed areas inside the factory.
7. The factory has not marked the locations of fire extinguishers as such.
8. The assembly area inside the factory is not large enough to accommodate all employees. In addition, the assembly area is also the area where containers and trucks are parked during the loading/unloading of materials. As stated by the management, during an evacuation process, the main gates are opened and workers can assemble outside the factory.
9. The factory does not provide appropriate firefighting equipment, such as gas masks, blankets, long sticks, and battery-operated handheld lights.
10. Workers with sitting jobs were sitting on hard stools, which could cause bodily harm. Additionally, the factory does not provide ergonomic training or ergonomic breaks.
11. The stain-removing workers were not using gloves to prevent injuries to skin. The colors from fabrics were sticking on fingers and nails of the sewing workers. The factory does not provide these workers with hand gloves. One worker used his personal gloves to prevent the color from sticking to his hands.
12. The factory has not implemented a lock-out/tag-out (LOTO) system.
13. Only permanent workers are vaccinated. Temporary and piece-rate workers are not vaccinated, violating local law requiring that all workers be vaccinated.
14. There is no marking on lifts to indicate cargo/passenger weight limits, and there are no operating instructions.
15. The legally required "fitness certificate" for the lift used in the factory, issued by Universal Equipment Engineering on Sept 1, 2015 (a third party inspection firm), states that the lift was found fit to operate. However, the factory did not have the legally required approval certificate of the inspector of the third party auditing company who did the assessment to check further parameters. Hence, the safety inspection cannot be verified.

#### Local Law or Code Requirement

Factories Act 1934, Sections 23A and 33A; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6, HSE.8, HSE.9, HSE.14, and HSE.17)

#### Recommendations for Immediate Action

1. Store diesel containers under shade away from other flammable products. Ensure that motorcycle parking areas are away from the factory wall.
2. Provide an eye wash station and spill response kit in the chemical storage area in the boiler room.
3. Ensure that electrical wires connecting sewing machines to mains are firmly fixed to avoid injuries and accidents.
4. Re-mark the evacuation directions in the packing and sampling section to point towards the 2nd exit.
5. Realign the door from the sampling section to open outwards towards the direction of evacuation, and fix the door handle.
6. Display "No Smoking" signs near closed areas inside the factory.
7. Mark the locations of the fire extinguishers as such with zebra markings in yellow and red.
8. Mark an assembly area that can accommodate all employees, and ensure that this area is clear at all times.
9. Provide appropriate firefighting equipment like gas masks, blankets, long sticks, and battery-operated handheld lights.
10. Provide hand gloves to stain roving workers and monitor to ensure that workers properly use these gloves in order to avoid injury to the skin. For sewing operators, provide hand gloves to prevent the fabric color from sticking to workers' skin and nails.
11. Introduce a lock-out/tag-out system for machinery/electrical maintenance safety.
12. Ensure that all employees are vaccinated as required by law.
13. Mark the list for cargo/passenger weight limits, and post operating instructions in the local language.

14. Maintain the lift inspection details along with the fitness certificates. Ensure that all parameters are checked according to legal guidelines, including the competency/authorization certificate of the third party assessor who conducted the assessment.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status (Remediated)

Explanation: There were no containers observed in the open and there were no motor cycles parked near the power generators.

2. Finding Status (Remediated)

Explanation: The factory now has an eye wash station and a spill response kit in the chemical storage area in the boiler room.

3. Finding Status (Remediated)

Explanation: The electrical wires of the sewing machines are firmly fixed and not obstructing workers' paths.

4. Finding Status (Remediated)

Explanation: Evacuation directions provided in the packing and sampling section pointing towards the second exit.

5. Finding Status (Remediated)

Explanation: The exit door in the sampling section has been fixed. The door opens outward and the handle has been fixed.

6. Finding Status (Remediated)

Explanation: "No Smoking" signs are posted throughout the factory.

7. Finding Status (Remediated)

Explanation: The fire extinguisher locations have been marked.

8. Finding Status (Remediated)

Explanation: Assembly area provided in the existing premises by clearing the loading/unloading area and providing space just outside the factory gate.

9. Finding Status (Remediated)

Explanation: All firefighting equipment like gas masks, blankets, long sticks, and battery-operated handheld lights are provided near the entrance of the factory.

10. Finding Status (Partially Remediated)

Explanation: The factory has conducted a risk assessment, which identified the need for ergonomically designed workstations. However, workers have sitting jobs and are still sitting on hard stools that cannot be adjusted to fit their needs. Additionally, the factory still does not provide ergonomic training or ergonomic breaks. [HSE.17]

Root Cause: Lack of management awareness and resources.

11. Finding Status (Remediated)

Explanation: The factory provides hand gloves in the stain removing and sewing sections.

12. Finding Status (Remediated)

Explanation: A Lock-out/tag-out system for machinery/electrical maintenance safety has been implemented.

13. Finding Status (Not Remediated)

Explanation: The facility has not yet vaccinated its temporary and piece rate workers as per law. [HSE.1]

Root Causes: Management is not aware that all workers need to be vaccinated and not just those on salary and permanent.

14. Finding Status (Remediated)

Explanation: The cargo lift is marked with weight limit and operating instructions in local language.

15. Finding Status (Remediated)

Explanation: The lift inspection certificate is also provided with details of inspection. It mentions all the parameters that are checked.

### Local Law or Code Requirement

Factories Act 1934, Sections 26; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1)

### Recommendations for Immediate Action

1. Provide chairs with backs and adjustable heights; provide ergonomic training and ergonomic breaks.

2. Ensure vaccination for all workers even if they are on temporary or piece rate contracts

PREVIOUS FINDING NO.12

IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

### Finding Explanation

1. The written procedures on Health & Safety do not cover the following topics: Standard Operating Procedures (SOPs) for each job, chemical, electrical, and machine safety, measures to protect the reproductive health of women workers, how workers can raise Health & Safety concerns, protection against retaliation for workers who raise such concerns, steps for ensuring aisles and emergency exits are free from obstruction, list of responsible staff for coordinating the evacuation process, emergency assembly areas, steps on how to ensure that all personnel, visitors, contractors, service providers, special categories of workers, and children in the childcare facilities are safely evacuated, a list of the employees responsible for managing fire equipment, a list of firefighting equipment in the facilities, a list of employees responsible for responding to emergencies what employees should do in case of injury, steps for reporting illness, injuries, or any Health & Safety concerns.
2. Although the factory provides some training on fire safety, these trainings do not cover electrical and machine safety. The factory does not conduct specific workplace safety training to designated employees with special responsibilities or specific training for employees with maintenance responsibilities on maintenance safety.
3. The factory periodically conducts awareness training on fire safety, which focuses more on evacuation procedures rather than preventing fires by identifying the source and fuel.
4. The factory has not posted safety instructions near machinery.
5. The factory has not taken steps to reduce repetitive motion stress/injuries. Individual work stations cannot be adjusted to fit workers.
6. Emergency vehicles can enter the factory and park near the main gate. However, they cannot travel to the interior of the buildings as driveways are narrow.
7. The factory has not publicly displayed a canteen license as required by local law.

### Local Law or Code Requirement

West Pakistan Pure Food Ordinance, 1960/Rules1965 (as adapted in Sindh) Condition #1; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, and ER.31; Health, Safety & Environment Benchmarks HSE.2, HSE.12, HSE.14, HSE.17, and HSE.31; Nondiscrimination Benchmark ND.8)

### Recommendations for Immediate Action

1. Publicly display the legally required canteen license.
2. Post safety instructions at all machines.

## VERIFICATION RESULT

### Finding Status

Partially Remediated

### Remediation Details

#### 1. Finding Status (Partially Remediated)

Explanation: The written procedures on Health & Safety partially addressed the concerns raised earlier.

However, it still does not cover the following topics: Standard Operating Procedures (SOPs) for each job, chemical, electrical, and machine safety, measures to protect the reproductive health of women workers, how workers can raise Health & Safety concerns, protection against retaliation for workers who raise such

concerns, emergency assembly areas, steps on how to ensure that all personnel, visitors, contractors, service providers, special categories of workers, and children in the childcare facilities are safely evacuated, a list of the employees responsible for managing fire equipment, a list of firefighting equipment in the facilities, steps for reporting illness, injuries, or any Health & Safety concerns. [ER.31, HSE.1, HSE.12]

Root Causes: There is lack of awareness on management part on these requirements.

#### 2. Finding Status (Remediated)

Explanation: Document review and interviews confirm that the factory has provided training to designated staff.

#### 3. Finding Status (Remediated)

Explanation: Based on document review and worker interviews, there is progress in this area to confirm that trainings have been provided. Information is being provided on fire sources, types and their prevention.

#### Finding Status (Remediated)

Explanation: The safety instructions have been posted in local language. Workers found aware of the safety instructions.

#### 4. Finding Status (Partially Remediated)

Explanation: The factory has conducted a risk assessment which identified the need for ergonomically

designed workstations. However, the factory has not worked to systematically reduce the repetitive motions. Also, workstations cannot be adjusted to fit worker needs. [HSE.17]

Root Causes: Management is not equipped with the technical resources to handle this area.

#### 5. Finding Status (Remediated)

Explanation: The factory has narrow passages. However, the fire brigade can connect with the hydrant system by standing outside of the building and then can travel to the interior of the building.

#### Finding Status (Remediated)

Explanation: Canteen license is displayed.

#### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.2 and HSE.17)

#### Recommendations for Immediate Action

1. Conduct training sessions to ensure management awareness on Health & Safety procedures in factory.
2. Adjust workstations to fit worker needs.

### PREVIOUS FINDING NO.13

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

1. The wage statements (pay slips) issued to workers are in English and not in the local language.
2. Although the rate per piece is communicated verbally, the rate per piece is not displayed in areas where there is piece-rate work ongoing. However, the factory pays the differential amount if the piece-rate wage does not meet the minimum legal wage.
3. As per legal guidelines, Pension benefit contributions from the employer (5% of minimum wage) and employee (1% of minimum wage) are to be made and deposited with the concerned department. While the employer contribution is calculated based on the earlier minimum wage of PKR 8,000 (USD 77), the factory is deducting contributions from employees based on the current minimum wage of PKR 13,000 (USD 124). The total contribution being deposited is PKR 480 (USD 5) per employee (Employer contribution PKR 400 (USD 3.82) + employee contribution PKR 80 (USD 0.76)). Though PKR 80 (USD 0.76) is being deposited as the employee contribution, PKR 130 (USD 1.24) (1% of PKR 13000 (USD 1300)) is being deducted from wages towards this contribution.
4. The factory employs 32 workers (18 housekeeping workers, 12 security guards, and 2 canteen staff) who been hired through external contractors (service providers). The external contractors and not the factory pay wages to these workers. The factory does not monitor to ensure that the contractors are paying the legally defined wages.

#### Local Law or Code Requirement

The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, Section 2(G) 5; Employees' Old-age Benefits Act 1976; Minimum Wages for Unskilled Workers Ordinance 1969; FLA Workplace Code (Compensation Benchmarks C.10, C.13, C.14, and C.15)

#### Recommendations for Immediate Action

1. Ensure that wage slips are issued in the local language.
2. Post the rate per piece for all operations.
3. Ensure that calculations for contributions are made and deposited as per legal guidelines.
4. Immediately reimburse workers for the difference between the amount deducted from their paychecks (PKR130) for the pension and the amount deposited in the system (PKR 80).
5. Monitor to ensure that legally defined wages are being paid in a timely manner to all employees hired through contractors (service providers).

## VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

1. Finding Status (Remediated)

Explanation: The pay slips are now provided in local language.

2. Finding Status (Remediated)

Explanation: Piece rates are displayed. Workers' interviews confirmed that they are aware of piece rates.

3. Finding Status (Not Remediated)

Explanation: Facility is still deducting the EOBI contribution of employees on current wage i.e. PKR 150 (App. \$1) and submitting on the previous wage i.e. PKR 130 (app. \$0.80). [C.10]

Root Causes: The government body has yet to issue the notification for collecting contribution on the basis of current wage rate. The factory's view is that they deduct on current wage rate and whenever the notification is issued, they will adjust and pay the arrears if needed.

4. Finding Status (Not Remediated)

Explanation: Factory is not monitoring the records for payments of contractor workers in security, cleaning and canteen. The payment record of these workers was not available. [C.15]

Root Causes: Management does not think that they are responsible for this function.

#### Local Law or Code Requirement

The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, Section 2(G) 5; Employees' Old-age Benefits Act 1976; Minimum Wages for Unskilled Workers Ordinance 1969; FLA Workplace Code (Compensation Benchmarks C.10 and C.15)

#### Recommendations for Immediate Action

1. Ensure that calculations for contributions are made and deposited as per legal guidelines. Reimburse workers for the difference between the amount deducted from their paychecks (PKR150) for the pension and the amount deposited in the system (PKR 130).

2. Monitor to ensure that legally defined wages are being paid in a timely manner to all employees hired through contractors (service providers).

## PREVIOUS FINDING NO.14

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Compensation

#### Finding Explanation

1. The factory does not provide detailed information on Pension benefits and Provident Fund in the orientation program.

2. The factory does not record the date of payment on pay records. However, according to records and interviews with management and workers, there have been no delays in payment thus far.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.17)

### VERIFICATION RESULT

#### Finding Status

Partially Remediated

#### Remediation Details

1. Finding Status (Partially Remediated)

Explanation: Based on worker interviews, awareness on the provident fund and pension benefits through EOBI is limited. The factory provides basic information, like salary, working hours, probation period, and leaves. [ER.1]

Root Causes: Factory does not think it is important to provide all information as all of it is posted on notice boards.

2. Finding Status (Remediated)

Explanation: The date of payment is recorded on pay records.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

## PREVIOUS FINDING NO.15

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Hours of Work

#### Finding Explanation

1. The procedures on Hours of Work do not define the need to identify lactating and pregnant women and hence do not identify them with the goal of making special working hours provisions. However, overtime is entirely voluntary and pregnant women/nursing women can work or refuse overtime if they wish to.

#### Local Law or Code Requirement

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

## VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

1. Finding Status (Remediated)

Explanation: The Hours of Work Procedures have been updated to identify lactating and pregnant workers with the goal of making special working hours provisions.

### PREVIOUS FINDING NO.16

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Termination & Retrenchment

#### Finding Explanation

1. There are no written procedures on Termination & Retrenchment that provide information on methods for calculating payouts and the payment process. Additionally, there is no documentation or procedure in place for workers to understand calculation for termination payouts.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.19, Compensation Benchmark C.6)

## VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

1. Finding Status (Remediated)

Explanation: The factory has put termination and retrenchment procedures in place that provide information on methods for calculating payouts and the payment process. There is also a procedure in place for workers to understand calculation for termination payouts.

## New Findings and Action Plans

### NEW FINDING NO.1

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

1. Overtime hours in the security department are not compensated at a premium rate. The assessors were not provided with data for other contract workers. [C.7]
2. Bonus payments to workers are not made on a pro rata basis. Currently, the facility has pre-defined four categories i.e. 25%, 50%, 75% and 100% of gross salary for paying bonus to workers. For instance, a worker who has worked for the facility for eight months receives a 50% bonus when they should be receiving a 66% bonus. [ER.22, C.5]

#### Local Law or Code Requirement

The Sindh Terms of Employment (Standing Orders) Act, 2015; FLA Code and Benchmark (Employment Relationship Benchmark ER 22; Compensation Benchmarks C.5 and C.7)

#### Recommendations for Immediate Action

1. Correctly compensate security workers for overtime work as required by law. Records of payment should be maintained for contractor workers to make sure that they are compensated as per law.
2. Ensure bonus payments to workers are made on a pro rata basis, based on the employment length.

## NEW FINDING NO.2

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. None of the fire hydrant boxes contained nozzles. There are only two nozzles in the facility which are placed at the main gate. [HSE.1, HSE.5]
2. There is no dedicated backup generator for fire hydrant. [HSE.1, HSE.5]
3. There are two water coolers in the facility which supply drinking water for the entire facility. One water cooler did not have a water filter. The second water cooler has a water filter, but it is not changed at regular intervals. [HSE.23]
4. Health and Safety committee members are not aware of their function and responsibilities. They are not involved in decision-making. Although the factory has displayed photos and names on the production floors, non-members are not fully aware of member names. [HSE.1]

#### Local Law or Code Requirement

The Fire Safety Provisions, 2016 of the Building Code of Pakistan; The Sindh Factories Act, 2015; FLA Workplace Code (Health, Safety and Environment Benchmark HSE.1, HSE.5, HSE 23)

#### Recommendations for Immediate Action

1. Fire hydrant boxes should be placed with nozzles.
2. Fire hydrant should be provided with dedicated diesel generator to ensure its smooth operation in case of emergency.
3. Change water filter on regular basis and keep relevant record up to date.

## NEW FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. Working hours are excessive and beyond daily, weekly, and monthly legal limits. Approximately 50% of sampled workers worked for more than 60 hours/week at least once in the last six months. [HOW.1.1, HOW.1.3, HOW.8.1, HOW.8.3]

2. Weekly rest days are not ensured at certain occasions for workers due to excessive overtime during last six months. [HOW.2]

Local Law or Code Requirement

The Sindh Factories Act, 2015, Section 54; FLA Code and Benchmark (Hours of Work Benchmark HOW.1, HOW.2, HOW.8)