



## Verification Assessment

COMPANIES: Lakeshirts, Inc.

COUNTRY: India

ASSESSMENT DATE: 12/28/18

ASSESSOR: Insync Global

PRODUCTS: Apparel

NUMBER OF WORKERS: 240

## FLA Comments

Chapter IV- Licenses (4), Elevators and Lifts Act, 2002; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.15, ER.17, and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.3, HSE.5, HSE.6, HSE.7, HSE.13, HSE.14, and HSE.17)

## 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

#### IMMEDIATE ACTION REQUIRED

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

##### Finding Explanation

1. Employees are hired with a probation period of six months before they are granted full employment.  
2. The factory has hired five external temporary workers who are not officially employed at the factory. The five workers are called in to work in the knitting on rest days and holidays, as additional manpower is required to operate all the knitting machines. Payment for these workers is calculated as a daily wage; however, the temporary workers are paid once a month for the number of days worked. These five temporary workers are not included in the official employee rolls; thus, there are no employment documentation for these workers, such as personnel files, pay roll documents, time sheets, and employment contracts. In addition, the five temporary workers do not receive any legal benefits. This practice of hiring unofficial temporary workers for rest days and holidays is a violation of local law. Therefore, terms of employment conditions, payment of the legal minimum wage, overtime compensation, and Hours of Work could not be verified. Additionally, the factory does not maintain employment documentation for these off roll workers; therefore, the assessor could not verify terms and conditions of the unofficial employees.

##### Local Law or Code Requirement

Industrial employment standing orders rules 1946 for classification of workmen; FLA Workplace Code (Compensation Benchmark C.3; Employment Relationship Benchmarks ER.2, ER.4, and ER.11)

##### Recommendations for Immediate Action

1. Revise the policies and procedures to ensure that workers are not hired for a probation period higher than three months.
2. Maintain employment documentation for all workers. Ensure that all workers are registered as official workers at the factory, including payroll records, time records and employment contracts. In addition, ensure that all workers are provided with all legally required benefits.

#### VERIFICATION RESULT

##### Finding Status

Remediated

##### Remediation Details

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

Explanation: The factory's probation period is three months long, but can be extended an additional three months if desired. In practice,

workers' probation periods are always six months long. [C.3]

Root Causes: Management stated that the probation period is extended for all workers because they do not reach the required skill level within three months.

2. Finding Status (Remediated)

Explanation: The factory does not employ temporary workers.

#### Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmark C.3)

#### Recommendations for Immediate Action

1. Cease the practice of extending workers' probation periods. Restrict the probation periods to no longer than three months.

## COMPANY ACTION PLANS

Action Plan no 1.

#### Description

1. During the appoint order, it is clearly mentioned that the workers probation period is only three months and find attached the proof of two worker's appointment letter in which the date is mentioned for 3 months and also mentioned that after three months their job will turn permanent.

## PREVIOUS FINDING NO.2

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Grievance System

#### Finding Explanation

1. The only grievance/suggestion box is not confidential, since it is installed near the main entrance of the factory building, and remains under constant watch by the security staff.

2. Workers' committee meeting minutes are documented; however, the grievance register mentions "No grievances reported". Factory management sometimes provides information on the functioning of the Worker's committees to the workforce in an informal manner.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.25.2)

## VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

1. Finding Status (Remediated)

Explanation: The suggestion boxes are located near the restrooms and can be used in a confidential manner.

2. Finding Status (Remediated)

Explanation: Some grievances pertaining to the lack of water in the toilets are recorded in the grievance register, along with the steps taken to address these grievances. However, management still does not formally communicate information regarding the Grievance System with the general workforce, and workers are not aware of the formal mechanisms for submitting grievances. Workers verbally report their grievances directly to the factory Director when the Director visits the production areas each day. [ER.1, ER.25]

Root Causes: The Director interacts with workers on a daily basis, so workers do not use the formal channels for submitting grievances (i.e. the suggestion boxes and the Grievance Committee).

#### Local Law or Code Requirement

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

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

1. The factory is following grievances procedure as per the policy apart from the direct one to one personal contact with the Director.
2. The attached procedure and policy for grievances addressed to workers for their awareness to make them easy to clear their grievances.

## PREVIOUS FINDING NO.3

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Termination & Retrenchment

#### Finding Explanation

1. Management does not issue any notices to workers if they remain absent from work without authorization for a period of more than eight days. As stated by the management, in case of a workers' wish to discontinue employment, he/she stops reporting for work. Workers do not provide any resignation letters. In all such cases, workers are taken off the factory rolls without following the legal procedure of sending them "show cause notices" prior to termination. However, their termination dues are processed and paid correctly.
2. The factory does not have any written procedures for the calculation of termination payouts, timelines for payouts, communication to workers, and payment methods (e.g. cash, check or bank transfer of funds into bank account of employee).
3. The factory's termination policy requires workers to give one month's notice before leaving employment, whereas there is no such condition laid down for managerial staff before resignation. This violates the fundamental right of employees (equality before law) as guaranteed under Constitution of India, article 14.
4. The factory does not have procedures on layoffs for special circumstances, such as low production periods. When there is not enough production, the workers in respective departments are asked to remain absent from work. These workers are not paid for this time.

#### Local Law or Code Requirement

Industrial Disputes act 1947: Section 25 and Industrial Employment (standing orders) act & rules 1946; Constitution of India, Article 14; FLA Workplace Code (Employment Relationship Benchmark ER.19)

#### Recommendations for Immediate Action

1. <!--[endif]-->Issue notices to workers as legally required, in cases where they are absent without authorization for a period more than eight days.
2. <!--[endif]-->Ensure that the termination policy applies equally to all workers and management without possible favoritism or discrimination regarding job function.
3. <!--[endif]-->Termination should be initiated only as a last remedy. Establish mechanisms to avoid lay offs in special circumstances, such as low production periods.
4. <!--[endif]-->Follow legal procedures on termination of employment. Ensure that resignation letters are obtained from employees who resign, and maintain these letters in personnel files.

### VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

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

Explanation: Management does not issue "show cause notices" to workers who are absent from work without authorization for a period of more than eight days, as legally required. Instead, workers are removed from the factory rolls without notice. According to management, if a worker wishes to resign, he/she stops reporting for work. Workers do not provide resignation letters. In addition, the factory did not provide assessors with any documentation to indicate that termination dues are paid correctly. Management stated that they do not maintain records of payments made. [ER.1, ER.2, ER.19, ER.32, C.14, C.15]

Root Causes:

1. Management is not aware of the procedures that they are legally required to follow prior to terminating workers' employment.

2. The factory did not hire a full-time HR staff member until ten days prior to the assessment.

#### 2. Finding Status (Remediated)

Explanation: The factory does not have any written procedures for the calculation of termination payouts, timelines for payouts, the communication of Termination procedures to workers, or termination payout payment methods (e.g. cash, check, or a transfer of funds into the worker's bank account). [ER.1, ER.19]

Root Causes: Management lacks awareness and understanding of the FLA Workplace Code and Benchmarks.

#### 3. Finding Status (Remediated)

Explanation: The factory did not provide assessors with a written policy on Termination. [ER.1, ER.32]

Root Causes:

1. Management stated that they do not have a written policy on Termination.

2. Management is not aware of the procedures that they are legally required to follow prior to terminating workers' employment.

3. The factory did not hire a full-time HR staff member until ten days prior to the assessment and a consultant had been handling most of the HR requirements.

#### 4. Finding Status (Remediated)

Explanation: The factory does not have procedures on layoffs for special circumstances, such as low production periods. When production volumes are low, workers are asked to remain absent from work and are not paid for this time. There was no documentation available to verify this practice. [ER.1, ER.19, ER.32]

Root Causes: The factory does not implement local legal requirements or the FLA Benchmarks.

#### Local Law or Code Requirement

Section 25, Industrial Disputes Act, 1947; Section 12(3), Industrial Employment (Standing Orders) Central Rules, 1946; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.19, and ER.32; Compensation Benchmarks C.14 and C.15)

#### Recommendations for Immediate Action

1. Issue "show cause notices" to workers before terminating their employment, as legally required. Obtain resignation letters from workers who resign, and maintain these letters in workers' personnel files.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. As per the assessment, and regulations, we will issue show cause notices to workers who take leave for more than 8 days through postal intimation directly to them. Also to follow the procedures and the policies, factory appointed full time HR already.

2. The factory is following the written procedures and make workers aware of the same and the Termination Policy and Procedure attached for your kind reference.

3. The Policy and the procedures attached for your kind reference. [\[JS3\]](#)

The facility always run normal working days and there is not peak, low season and also there is no LAY OFF so far.

## PREVIOUS FINDING NO.4

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

1. Unused leave, for resigning workers, is paid with termination dues within 20 days after leaving employment. This does not meet legal requirements, stating that unused leave should be paid within 48 hours of resignation or termination.,

2. Although workers are allowed to use earned leave, used leave is not paid along with monthly wages. The compensation for collected leave is accumulated and paid during the festival season. This does not meet legal requirements, as earned leave can only be accumulated for up to 30 days. This practice results in workers losing earnings, as wages for unused leave are paid at the last wage rate.

- Therefore, if there is any revision of wages, the worker would have earned extra, had the unused leaves been accumulated up to 30 days.
3. There are inconsistencies between the factory time records and pay slips from September 2015 to November 2015, and electricity meter readings logs for the same period. Review of the log book revealed that electricity was consumed on rest days and national holidays (September 20 & 27, October 2, 4, 11, 18 & 25, and Nov 1, 8, 15, 22 & 29th, 2015); however, factory time records show that the factory was closed on these dates. Management stated that the knitting department worked on these rest days and national holidays; however, they do not maintain official time records for work done on rest days and national holidays.
  4. Any worker who works on a rest day or holiday is given a full days wage at the normal single rate instead of the legally required double rate for work performed on rest days or holidays. If the worker works overtime the worker is given overtime wages at twice the rate of regular wages. These wages are paid in cash. Payment vouchers for these payments were shared and reviewed. The document reflects the payment dates, amount paid, and the worker's signature. However, no information on number of hours worked is provided.
  5. The factory does not maintain any records on Hours of Work for work on rest days and holidays in order to avoid being legally penalized for not paying overtime compensation for work done on rest days and holidays, as per legal requirements. The pay slips only reflect the number of shifts, with one shift being equal to 8 hours. In absence of time records, hours worked on these rest days and national holidays, the accuracy of wages paid to workers could not be verified. Review of the payment vouchers reflect that wages for work done on Oct 2, 2015 (National holiday) was paid at twice the normal wage, whereas wages for work done on weekly rest days from Sep, Oct, and Nov 2015 were paid at the normal wage. The amounts reflected in these vouchers do not match the payment practices stated by the management. Management could not explain the calculation for wages paid for these rest days. Interviewed workers denied working on rest days and holidays.
  6. Factory pays overtime compensation for work done on rest days (for regular hours) at the normal wage violating legal requirements that state that overtime hours should be compensated at twice the rate of the normal wage.
  7. Workers are not informed about the overtime wage rate (orally or in writing) prior to working overtime. There has been no communication of policies & procedures to employees.

#### Local Law or Code Requirement

Factories Act 1948, Section 79(3) (1) and Section 79(5); The Payment of Wages Act 1936, Section 13A; Minimum wages central rules, 1950, Rule 23(4); Factories Act 1948, Section 59; FLA Workplace Code (Hours of Work Benchmarks HOW.11, HOW.14, and HOW.19; Employment Relationship Benchmark ER.22; Compensation Benchmark C.1, C.5, C.6, C.7, C.8, C.14, and C.15)

#### Recommendations for Immediate Action

1. Ensure that wages for unused leave are paid within 48 hours of resignation or termination.,
2. Pay leave along with monthly wages, in cases where it is applied for and used by employees. In cases where employees do not use the leave, it should be accumulated for up to 30 days.,
3. Maintain accurate and complete time and pay records, including Hours of Work on rest days and holidays and overtime. Ensure that all records reflect actual working hours and compensation for all employees, including temporary workers.
4. Pay overtime at twice the rate of normal wages for work done on rest days and holidays, as per legal requirements. Retroactively reimburse workers for non paid overtime over the last 12 months. Regularly train and communicate workers on overtime payments and their legally entitled overtime compensation.

## VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

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

Explanation: The factory could not provide any record of the payment of termination dues. As a result, assessors could not verify that dues are paid in a timely manner. [ER.2, ER.18, C.4, C.14, C.15]

Root Causes: Management is not aware of the FLA Benchmarks or the related local laws.

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

Explanation: Workers are no longer allowed to use their annual leave. The factory compensates workers for their unused annual leave during the festival period each year along with bonus payments. This practice does not comply with legal requirements, which state that up to 30 days of unused annual leave can be accumulated and used the next year. This practice could also reduce workers' earnings, as unused leave payments are based on the workers' current wage rate. If a worker's wages were to increase in the next year, that worker would be paid more for the unused annual leave that they had accumulated than they would have been the year before. The practice of compensating workers for unused leave also discourages workers from taking leave. [ER.18, ER.22, HOW.1, HOW.11, HOW.12, HOW.13, C.1, C.4, C.5]

Root Causes:

1. This practice follows factory policy.
2. Management is not aware of the FLA Benchmarks or the related local laws.



### 3. Finding Status (Remediated)

Explanation: According to interviews with workers and management and a review of the electricity meter readings, time cards, and pay slips, workers do not work on rest days or national holidays.

### 4. Finding Status (Remediated)

Explanation: According to interviews with workers and management and a review of the electricity meter readings, time cards, and pay slips, workers do not work on rest days or national holidays.

### 5. Finding Status (Remediated)

Explanation: According to interviews with workers and management and a review of the electricity meter readings, time cards, and pay slips, workers do not work on rest days or national holidays.

### 6. Finding Status (Remediated)

Explanation: According to interviews with workers and management and a review of the electricity meter readings, time cards, and pay slips, workers do not work on rest days or national holidays.

### 7. Finding Status (Remediated)

Explanation: Information regarding the overtime wage rate is included in the appointment letters signed by new workers. In addition, the overtime policies and procedures are posted on the notice board in the local language.

### Local Law or Code Requirement

Section 79(4), the Factories Act, Act No.63 of 1948; FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.18, and ER.22; Hours of Work Benchmarks HOW.1, HOW.11, HOW.12, and HOW.13; Compensation Benchmarks C.1, C.4, C.5, C.14, and C.15)

### Recommendations for Immediate Action

1. Pay termination dues to resigned or terminated workers within 48 hours of resignation or termination.
2. Encourage workers to use their annual leave. If workers do not use their leave, apply up to 30 days of unused annual leave to the next year.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory will maintain and update records for the termination dues paid to workers if any termination of employees as such there is no termination[JS1]
2. Annual leave to workers will be paid as per the Law and not to accumulate till the festival period as per the general practice of the land.

## PREVIOUS FINDING NO.5

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Hours of Work

#### Finding Explanation

1. There are inconsistencies between the time records and pay roll records for September 2015 to November 2015, and electricity meter readings logs for the same period. Review of logbook revealed that electricity was consumed on rest days and national holidays (September 20 & 27, October 2, 4, 11, 18, and 25, and Nov 1,8,15,22, and 29 of 2015); however, factory time records show that the factory was closed on these dates. Management stated that the knitting department worked on these rest days and national holidays; however, they do not maintain official time records for work done on rest days and national holidays in order to avoid being penalized for not paying overtime compensation for work performed on rest days and holidays. In absence of time records, Hours of Work on these rest days/national holidays could not be verified.
2. Review of cash slips (to compensate hours worked on rest days & holiday) for nine workers in the knitting sections for Sept, Oct, and Nov 2015, showed that these workers from the knitting section worked on 13 rest days. Out of the nine workers, four of them were permanent full time workers on payroll while the other five were illegal temporary workers that were not registered on the factory's payroll. The four regular permanent workers worked during the weekdays as well as on the 13 rest days without a rest day in every

seven day period, resulting in 13 days continuous day of work. The records for the four permanent workers do not contain the exact dates when work was performed; however, it is clear from the review that workers have worked on rest days and that no compensatory time off has been provided in lieu of the rest days.

#### Local Law or Code Requirement

Section 13A (1) of The Payment of Wages Act, 1936; Factories act 1948 Section 52; FLA Workplace Code (Hours of Work Benchmarks, HOW.1 and HOW.5; Employment Relationship Benchmarks ER.2 and ER.23)

#### Recommendations for Immediate Action

1. Maintain accurate time records and share them with assessors. Ensure that all Hours of Work, including Hours of Work on rest days and holidays and overtime are accurately recorded in one time sheet and accurately compensated, as per legal requirements.
2. Ensure that at least one rest day is provided in every seven day period.

## VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

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

Explanation: According to interviews with workers and management and a review of the electricity meter readings, time cards, and pay slips, workers do not work on rest days or national holidays.

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

Explanation: According to interviews with workers and management and a review of the electricity meter readings, time cards, and pay slips, workers do not work on rest days or national holidays.

## PREVIOUS FINDING NO.6

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Fire extinguishers are partially blocked by raw materials in two places in the knitting section.
2. There are no illuminated exit signs throughout the factory.
3. Although there is a fire alarm in the knitting section that can generate sound, it is ineffective since knitting workers use earplugs as Personal Protective Equipment PPE due to high noise levels. The factory has no visual flashing strobe fire alarm required to draw attention of workers.
4. Evacuation route markings are faded in some work areas, such as the sewing and finishing section at the first and second floor.
5. Ear plugs are not issued as proper Personal Protective Equipment to any of the knitting operators.
6. The factory has not implemented a Lock out/Tag out system.
7. The factory has not implemented any traffic and vehicle management system, such as lane and pathway marking, speed limit marking, speed breakers, indicators, and reflectors. Vehicles come to deliver and pick up cargo on the factory premises.
8. Hard stools are provided for workers with sitting jobs, such as tailors and over lock operators. This can cause stress injuries.
9. The factory has not conducted an asbestos exposure assessment. In addition, asbestos sheets have been used in the roofing of the cutting section (3rd floor). The factory does not post any signs to mark areas with asbestos exposure.
10. There is no handrail on one of the two fixed ladders installed on the 3rd floor, which are used to climb up to the open area above the 3rd floor, and on the ladder used to reach the water tank installed above the reverse osmosis plant.
11. 10% of 60 sewing machines do not have needle guards, and for another 10% of machines these guards were tempered by, operators who has pushed them upwards. This has made these guards ineffective in providing finger protection.
12. There are no secondary containers provided for the two barrels containing machine oil (for lubricating knitting machines) stored in the room attached to power generator. Additionally, there are no labels for their contents, and no spill response kit has been provided



in this area to mop up spills.

13. First aid certificates (for the 6 employees trained in first aid) expired on April 22, 2013, and have not been renewed. Currently there are no employees who hold a valid first aid certificate.

14. Factory does not have a system to ensure contractor safety, even though external machine mechanics and electricians are called for repairs and maintenance of sewing/knitting machines on a regular basis. There are no in house electricians and machine mechanics.

#### Local Law or Code Requirement

Factories act Section 38(1) & (2), Section 7(A)(2 B), Section 32, Section 45(3); FLA Workplace Code (Health, Safety & Environment, Benchmarks HSE.5, HSE.14, and HSE.17)

#### Recommendations for Immediate Action

1. <!--[endif]-->Remove obstructions from fire extinguishers. Ensure that all fire extinguishers are free of obstructions at all times.
2. <!--[endif]-->Install illuminated exit signs above all exits, and install a visual fire alarm in the knitting section.
3. <!--[endif]-->Mark evacuation routes in the sewing & finishing section on the first and second floor.
4. <!--[endif]-->Provide earplugs to all knitting operators.
5. <!--[endif]-->Implement a Lock out/Tag out system.
6. <!--[endif]-->Implement a traffic and vehicle management system.
7. <!--[endif]-->Conduct an asbestos exposure assessment, and take corrective measures based on the hazards identified in the report. Post signs in areas of asbestos exposure to inform workers about potential safety hazards.
8. <!--[endif]-->Provided handrails on all ladders.
9. <!--[endif]-->Install needle guards on all sewing machines, and ensure that operators do not tamper with them.
10. <!--[endif]-->Provide secondary containers for the two machine oil barrels, properly label the barrels, and provide a spill response kit.
11. <!--[endif]-->Conduct first aid training for an adequate number of employees, and renew their valid certification.
12. <!--[endif]-->Introduce a system for contractor safety, prepare a safety manual is prepared, and only allow these contractors in the factory after providing the appropriate tools, PPE, and safety training.

## VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

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

Explanation: The fire extinguishers in the knitting section are still blocked by fabric and machines. [HSE.6]

Root Causes: There is a lack of training, awareness, and monitoring in the factory.

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

Explanation: There is an illuminated exit sign installed above the main exit that all work areas can access. However, there are no illuminated exit signs installed above the other exits. There are two to three exits in each work area. [HSE.5]

Root Causes: Management does not understand the importance of having illuminated exit signs.

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

Explanation: There is still no visual fire alarm installed in the knitting section. [HSE.5]

Root Causes: Management does not understand the importance of having visual alarms in areas where workers use ear plugs.

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

Explanation: The evacuation routes are prominently marked in the sewing and finishing sections on the first and second floor.

##### 5. Finding Status (Remediated)

Explanation: Ear plugs are provided to the knitting machine operators.

##### 6. Finding Status (Remediated)

Explanation: The factory has still not implemented a lockout-tagout (LOTO) system. [HSE.14]  
Root Causes: Management does not understand the importance or purpose of a LOTO system.

7. Finding Status (Remediated)

Explanation: Trucks use a loading bay located near the main gate and this gate is not used by workers. There is no movement of vehicles inside the factory compound.

8. Finding Status (Remediated)

Explanation: Hard stools are still provided for workers with sitting jobs, such as tailors and over lock operators. This can cause stress injuries. [HSE.17]  
Root Causes: Management does not understand ergonomics.

9. Finding Status (Not Remediated)

Explanation: The factory has still not conducted an asbestos exposure assessment. In addition, asbestos sheets are used in the roofing of the cutting section on the third floor and the factory has not posted any signs to warn workers of potential asbestos exposure. A few of the sheets have cracks in them. [HSE.1]  
Root Causes: Management does not understand the risks associated with the use of asbestos or what they are required to do to prevent asbestos exposure.

10. Finding Status (Remediated)

Explanation: Handrails were installed the fixed ladder on the third floor and on the ladder used to reach the water tank installed above the reverse osmosis plant.

11. Finding Status (Remediated)

Explanation: All of the sewing machines have needle guards. However, the needle guards on 90% of the sewing machines have been pushed upwards, rendering them ineffective in providing finger protection. [HSE.14]  
Root Causes: There is a lack of training and monitoring in the factory.

12. Finding Status (Remediated)

Explanation: Assessors did not observe any barrels of machine oil stored in the factory.  
Root Causes: Management does not understand the requirement to provide secondary containment and spill response kits.

13. Finding Status (Remediated)

Explanation: Currently five factory employees are trained in first aid procedures and hold valid certificates.

14. Finding Status (Remediated)

Explanation: The factory does not have a system to ensure contractor safety, even though external machine mechanics and electricians are called for repairs and maintenance of the sewing and knitting machines on a regular basis. There are no in-house electricians or machine mechanics. [ER.1, ER.31, HSE.14]  
Root Causes:  
1. Management does not understand the FLA requirements regarding the safety measures to be taken for contractors.

Local Law or Code Requirement

Section 38 and 45, the Factories Act, Act No. 63 of 1948; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6, HSE.9, HSE.14, and HSE.17)

Recommendations for Immediate Action

1. Remove obstructions from in front of fire extinguishers in the knitting section. Rearrange the knitting section if necessary. Regularly check to ensure that all fire extinguishers are free of obstructions at all times.
2. Install illuminated exit signs above all exits,
3. Install a visual fire alarm in the knitting section.
4. Implement a lockout-tagout system.
5. Conduct an asbestos exposure assessment, and take corrective measures based on the hazards identified in the report. Post signs in areas where asbestos is present to inform workers about the potential safety hazards.
6. Install needle guards on all sewing machines and ensure that operators do not tamper with them. Provide training so workers understand the risks.
7. Provide secondary containment with adequate capacity for oil barrels. Provide a spill response kit.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The blocked area of fire extinguishers in the knitting section cleared and advised to maintain the same always. Photo attached for proof.
2. Illuminated exit sign installed in the main exit and other exits and photo attached for proof.
3. Visual fire alarm installed in the knitting section and photo attached for proof.
6. Factory implemented lockout-tag out system and photo attached for proof.
8. Factory provided comfortable stools to workers and also ergonomic training to workers.
9. ASBESTOS - This is civil construction work and we will remove the asbestos and need more time to clear. Progress update: \*The workplace was shifted and the area is empty and the cutting section was transferred to a new building. However, we will remove the asbestos and the civil work will take a minimum of 6 months.
11. Checked and confirmed that all needle guard in all sewing machines are proper to use.
14. Permanent machine mechanic and permanent electrician appointed already.

## PREVIOUS FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. The factory does not have policies on Personnel development and performance reviews. Performance reviews are not conducted for any employees. Instead, factory management pays employees based on the applicable minimum wage.,
2. Furthermore, policies do not address recruitment channels, use of agents in hiring process, use of sub contractors, training, personnel development, and documentation. Procedures do not provide information on performance reviews, about raising or broadening skills of workers in order to advance in their careers, on steps and requirements in the promotion, demotion and reassignment scheme.
3. Written procedures do not provide information on written outcomes of promotion, demotion and reassignment provided to workers. No training is provided for supervisors and employees on on going basis on Recruitment, Hiring & Personnel Development. A written job description is only available for the HR manager, who has been designated as the management representative through a letter by factory management. There are no written job descriptions for any other positions.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, ER.28, ER.29, and ER.30)

### VERIFICATION RESULT

##### Finding Status

Remediated

##### Remediation Details

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

Explanation: The factory does not have policies on Personnel Development or performance reviews. Performance reviews are not conducted for any employees. Instead, factory management pays employees based on the applicable minimum wage. [ER.1, ER.28, ER.29, ER.30]

Root Causes:

1. Management lacks awareness of the FLA Benchmarks.
2. The factory does not have a policy on Personnel Development and workers are not promoted.

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

Explanation: The factory's policies do not address recruitment channels, the use of recruitment agents in the Hiring process, the use of

sub-contractors, training, Personnel Development, or documentation. The procedures do not provide information on performance reviews, about raising or broadening skills of workers in order to advance in their careers, or the steps and requirements in the promotion, demotion and reassignment scheme. [ER.1, ER.7, ER.28, ER.29, ER.30]

Root Causes:

1. Management is not aware that the FLA Benchmarks require them to have written procedures
2. Management is not involved in understanding the FLA requirements or the importance of having formally defined procedures. Instead, they follow the advice of a consultant who lacks knowledge regarding procedures.

### 3. Finding Status (Remediated)

Explanation: The factory does not have procedures that provide the written outcomes of promotion, demotion and reassignment decisions to workers. No ongoing training is provided to the supervisors and workers regarding Recruitment, Hiring & Personnel Development. There are no written job descriptions for any other positions. [ER.1, ER.15, ER.17, ER.28, ER.30]

Root Causes:

1. The factory does not promote workers.
2. Recruitment is handled directly by the Director and Supervisors are not involved.
3. Management does not review or understand the assessment findings. A consultant was made responsible for addressing all recommendations, however, it appears that the consultant had no knowledge of procedures.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.7, ER.15, ER.17, ER.28, ER.29, and ER.30)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory is following the policy for personnel development and the same is attached for your kind reference
2. Policy for recruitment channel is in practice.
3. Factory noted till date they have not promoted, demoted or terminated anybody, they have attached office memo

## PREVIOUS FINDING NO.8

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Training (Macro)

#### Finding Explanation

1. The factory does not provide any training to supervisors and employees on Recruitment, Hiring & Personnel Development, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Compensation, Grievance System, and Environmental Protection.
2. Workers do not receive written documentation of the issues covered in the orientation.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16, and ER.17)

## VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

1. Finding Status (Remediated)

Explanation: The factory does not provide any training to supervisors or workers on the following Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; Grievance System; and Environmental Protection. [ER.1, ER.15, ER.17, ER.25, ER.27, ER.28]

Root Causes:

1. Management lacks understanding of the FLA Benchmarks.
2. Management does not intend to have defined procedures or involve the supervisors in the Employment Functions.

2. Finding Status (Remediated)

Explanation: Workers do not receive written documentation of the issues covered during orientation. [ER.15]

Root Causes: New workers do not receive orientation training at all.

#### Local Law or Code Requirement

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

## COMPANY ACTION PLANS

Action Plan no 1.

#### Description

1. The factory provided training to supervisors and workers
2. We have given orientation to workers and the same was documented for your kind reference.

## PREVIOUS FINDING NO.9

## SUSTAINABLE IMPROVEMENT REQUIRED

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

#### Finding Explanation

The factory does not have formal and documented communication for the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, Freedom of Association, Hours of Work, Workplace Conduct & Discipline, Compensation, Grievance System, and Health & Safety. There has been no communication of policy & procedures to employees. Policy was drafted on Feb 9, 2013 and has not reviewed/updated since.

The worker integration component is missing across all Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Health and Safety, and Environmental Protection. 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.16, ER. 17, ER.19, ER.29, ER.30, and ER.32; Compensation Benchmark C.17)

## VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

1. Finding Status (Remediated)

Explanation: The factory does not have a formal and documented communication process for the following Employment Functions: Recruitment, Hiring & Personnel Development; Termination & Retrenchment; Industrial Relations; Hours of Work; Workplace Conduct &

Discipline; Compensation; Grievance System; and Health & Safety. The policies and procedures have not been communicated to workers. In addition, the policies are dated April 2, 2018 and there is no evidence that they are periodically reviewed and updated. [ER.1, ER.16, ER.25, ER.27, ER.29, ER.30, ER.31, C.17]

Root Causes: Management lacks awareness and understanding of the FLA Benchmarks.

## 2. Finding Status (Remediated)

Explanation: 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, ER.25]

Root Causes: Management lacks awareness and understanding of the FLA Benchmarks.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, ER.29, ER.30, and ER.31; Compensation Benchmark C.17)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory provided training to supervisors and workers.

2. All workers are integrated in the workers committee meeting and their valuable feedbacks mentioned in the minutes of the meeting.

#### Company Action Plan Update

1. Completed

2. Completed see attached

## PREVIOUS FINDING NO.10

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Review Process (Macro)

#### Finding Explanation

1. The factory has not reviewed/updated its policies and procedures according to local law and FLA benchmarks for the following Employment Functions: Recruitment, Hiring & Personnel Development, Industrial Relations, Termination & Retrenchment, Workplace Conduct & Discipline, Compensation, Grievance System, Health & Safety, and Hours of Work. These policies were all originally drafted in February 2013.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, and ER.30)

## VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

### 1. Finding Status (Remediated)

Explanation: The factory has not reviewed or updated its policies for the following Employment Functions since April 2, 2018: Recruitment, Hiring & Personnel Development; Industrial Relations; Termination & Retrenchment; Workplace Conduct & Discipline; Compensation; Grievance System; Health & Safety; and Hours of Work. There are no written procedures on any of the Employment Functions except for some procedures on the Grievance System. [ER.1, ER.7, ER.19, ER.23, ER.25, ER.27, ER.28, ER.29, ER.30, ER.31, HSE.5]



Root Causes: Management lacks awareness and understanding of the FLA Benchmarks.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.7, ER.19, ER.23, ER.25, ER.27, ER.28, ER.29, ER.30, and ER.31; Health, Safety & Environment Benchmark HSE.5)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

The facility has reviewed and updated their policies for the missing employment functions. Management now understands the FLA Benchmarks

## PREVIOUS FINDING NO.11

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

1. The factory does not have a policy on Workplace Conduct & Discipline; however, there are written disciplinary procedures. There is no provision for appeal in the written disciplinary procedures, or in certified standing orders (approved guidelines from government department on management functions). Additionally, the disciplinary procedures do not include a third party witness during the imposition of disciplinary measures. The factory has approved guidelines from the required government department, which are posted at main notice board in the local language.
2. The factory does not provide an employee manual, including workplace conduct rules.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.16, ER.25, and ER.27)

## VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

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

Explanation: The factory has a written policy on Workplace Conduct & Discipline, but no procedures. The factory has guidelines approved by the required government department, which are posted on the main notice board in the local language. These guidelines include an appeal process and require the presence of a third-party witness during the imposition of disciplinary actions. However, there are no procedures that include the types of misconduct and disciplinary action that would be initiated according to misconduct. [ER.1, ER.27]

Root Causes: Management lacks awareness and understanding of the FLA Benchmarks.

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

Explanation: The factory does not provide workers with an employee manual that includes the workplace conduct rules. [ER.1, ER.16, ER.25, ER.27]

Root Causes: Management lacks awareness and understanding of the FLA Benchmarks.

#### Local Law or Code Requirement

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

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. To date there is no situation factory faced for the misconduct and if so we will follow the guidelines of the government department.
2. The Employee manual was provided and attached for your kind reference

## PREVIOUS FINDING NO.12

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. There are no policies and procedures on Environmental Protection. The factory has a wastewater policy, which mainly details wastewater treatment methods and the effluent treatment plant requirements. This does not match with factory practices, as factory does not generate any industrial wastewater (which require effluent treatment plant). Additionally, the factory does not have a sewage treatment plant to treat the sewage generated from toilets in the factory. Furthermore, the factory does not have any written documentation of the environmental protection program.
2. The factory has not conducted an environmental impact assessment. All waste is disposed to the public authority (municipal corporation), including hazardous waste (non functional fluorescent lights).

##### Local Law or Code Requirement

Rule 4 (1) of The hazardous Waste Management and Handling Rules, 1989; FLA Workplace Code (Employment Relationship, Benchmarks ER.1 and ER.17; Health, Safety & Environment Benchmark HSE.1)

### VERIFICATION RESULT

##### Finding Status

Remediated

##### Remediation Details

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

1. Explanation: The factory has a written policy but no written procedures on Environmental Protection. The factory does not have any written documentation of its Environmental Protection program. Furthermore, the factory's wastewater policy, which mainly details wastewater treatment methods and the effluent treatment plant requirements, does not match with factory practices. The factory does not generate any industrial wastewater which would require the use of an effluent treatment plant. Additionally, The factory does not have a sewage treatment plant to treat the sewage generated from toilets in the factory. [ER.1, ER.2, ER.31, HSE.1, HSE.5]

Root Causes: Management lacks awareness and understanding of the FLA Benchmarks.

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

Explanation: The factory still has not conducted an environmental impact assessment. However, all waste is now disposed of via authorized waste handlers. [ER.31]

Root Causes: Management does not understand the importance of conducting an environmental impact assessment.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.31; Health, Safety & Environment Benchmark HSE.5)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Factory written policy on the environmental protection. The waste sewage generated from toilets in the factory usually disposed through government mobile units.

2. For e waste and waste oil disposal, agreement for the same attached.

## PREVIOUS FINDING NO.13

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory's procedures on Health & Safety do not contain measures to protect reproductive health of its employees (by minimizing workplace hazards), and do not include protection against retaliation for workers who raise Health & Safety concerns. Furthermore, the procedures do not contain information on what employees should do in case of an injury, and steps for reporting death, injury, illness and other Health & Safety issues.
2. The factory does not provide any ergonomic training or ergonomic breaks. Workers in the packing section are not provided with required lifting belts (packed cartons for loading with a maximum lift range from 20 to 30 kg. However, workers are not trained on lifting techniques.
3. There is no training on duties in case of an emergency like earthquakes, natural disasters, or civil unrest. There is no ongoing training on Health & Safety, except fire safety trainings. The factory has not conducted any training on ergonomics.
4. Other than a fire safety training, no other efforts are made to minimize workplace hazards, such as a fire risk assessment as per FLA benchmarks, such an identification of fire hazards, and electrical certification of its equipment to ensure safe working conditions.
5. Log books maintained by first aid workers only record injuries, but not illnesses.
6. The factory does not make lift inspection certificates available to the workforce, as legally required.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.3, HSE.5, HSE.12, and HSE.17; Nondiscrimination Benchmark ND. 8)

##### Recommendations for Immediate Action

1. <!--[endif]-->Provide workers with lifting belts as proper PPE.
2. <!--[endif]-->Post the legally required lift inspection certificates and make them available to the workforce.

### VERIFICATION RESULT

##### Finding Status

Remediated

##### Remediation Details

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

Explanation: The factory did not provide the assessors with any written procedures on Health & Safety because the factory did not have a responsible person to monitor HR practices. [ER.1, ER.31]

Root Causes: Management does not understand that they are required to have written procedures and they did not have a person responsible to monitor HR practices.

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

Explanation: The factory does not provide workers any ergonomic training or ergonomic breaks. Workers in the packing section who lift loads up to 30 kg are not provided with the required lifting belts and are not trained on proper lifting techniques. [ER.1, HSE.7, HSE.17]

Root Causes: Management lacks awareness and understanding of ergonomics.

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

Explanation: Workers are not trained on their duties in case of an emergency such as an earthquake, natural disaster, or civil unrest. There is no ongoing training on Health & Safety, except for fire safety training. There is no training on ergonomics. [ER.1, ER.15, ER.17, HSE.5, HSE.6]

Root Causes: Management does not intend to implement the FLA Benchmarks.

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

Explanation: Other than providing fire safety training, no other efforts are made to minimize workplace hazards. The factory has not conducted a fire risk assessment to identify fire hazards or conducted an electrical certification of its equipment to ensure safe working

conditions. [HSE.5, HSE.13, HSE.14]

Root Causes: Management does not intend to implement the FLA Benchmarks.

#### 5. Finding Status (Remediated)

Explanation: The log books maintained by the first aid workers only record injuries, not illnesses. [ER.2, HSE.3]

Root Causes: Management lacks awareness of the FLA Benchmarks.

#### 6. Finding Status (Remediated)

Explanation: The elevator inspection certificates are not posted near the elevators as legally required. [HSE.1, HSE.2]

Root Causes: Management lacks awareness of the local law.

#### Local Law or Code Requirement

Chapter IV- Licenses (4), Elevators and Lifts Act, 2002; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.15, ER.17, and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.3, HSE.5, HSE.6, HSE.7, HSE.13, HSE.14, and HSE.17)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory maintaining written procedures on Health & Safety and HR appointed for responsibility and the policy and procedures attached for your reference.
2. Ergonomic training given to workers and the training record attached and policy attached for your reference.
3. Emergency training given to all workers and the record attached for reference
4. Risk assessment control plan attached for your reference.
5. The log books for illnesses maintained and the same was attached for your reference.
6. The elevator inspection certificate posted near the elevators and photo attached for evidence.

## New Findings and Action Plans

### NEW FINDING NO.1

## SUSTAINABLE IMPROVEMENT REQUIRED

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

#### Finding Explanation

1. The factory does not train workers or supervisors on the FLA affiliate's Workplace Code of Conduct. [ER.1, ER.15]
2. Sewing machine operators, checkers, and cutters undergo a skills test at the time of Hiring. However, the factory does not maintain any documentation of these tests. Instead, the supervisors conduct the tests and report the results to the Managing Director. [ER.2]
3. The factory does not have a formal system in place for promotions. Instead, the Managing Director interacts with workers and supervisors and based on the supervisors' feedback regarding the workers, wage raises are provided to workers. [ER.29]
4. New workers do not receive orientation training. [ER.1, ER.15]
5. None of the 55 workers hired on December 17-18, 2018 received appointment letters. The factory had proof of employment in personnel files but a few of these letters were not signed by workers. [ER.2]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.15, and ER.29)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. <!--[endif]-->Attached, the FLA COC training details.
2. They are following the inter office memo format attached for your reference and for reports by the supervisors conduct the test to submit the same to Managing Director.
3. The same inter office memo format will be used to report to the Managing Director for the recommendations to consider the promotions.
2. <!--[endif]-->The orientation training given and the same attached for your reference.

One sample of personal file attached for your reference for the proof of appointment letter given and for the signed documents for each worker

## NEW FINDING NO.2

## IMMEDIATE ACTION REQUIRED

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

#### Finding Explanation

1. The factory did not maintain copies of the employment documents (e.g. proof of age documentation and nomination forms for legally mandated benefits) for 12 of the 55 workers hired on December 17-18, 2018. None of these workers appeared to be underage workers. [ER.1, ER.2, ER.4, C.14]
2. The employment documents for 43 out of 55 new workers hired on December 17-18, 2018 were incomplete. The appointment letters on file were not signed by management or the workers and did not include information regarding the workers' wages. In addition, the nomination forms for nominees to receive dues (wages, gratuities, and social security) in the case of the worker's death were not signed were not signed by the workers. Most of these new workers who were interviewed by assessors were not aware of the terms of their employment, the wages they would receive each month, or the deductions that would be made from their wages. None were aware of the legally mandated benefits that they are entitled to, including leave and bonuses. [ER.1, ER.2, C.1, C.14, C.17]

#### Local Law or Code Requirement

Schedule 1-B, Rule 1, Industrial Employment (Standing Orders) Central Rules, 1946; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.4; Compensation Benchmarks C.14 and C.17)

#### Recommendations for Immediate Action

<!--[endif]-->Obtain proof of age documentation and completed nomination forms for the workers hired on December 17-18, 2018. Maintain copies of these documents. In the future, ensure that complete documentation is maintained for all new workers.

<!--[endif]-->Revise the 43 new workers' appointment letters to include information about the workers' wages. Then have the letters signed by management and the workers. In addition, ensure that the workers all sign the nomination forms that are on file. In the future, ensure that all new workers' employment documents are complete.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. For the evidence of maintaining copies of employment documents for the 12 workers hired on Dec 17 – 18 , one personal file

enclosed for your reference.

2. Regarding this point the same attached personal file is evidencing like nominee, employment details, deductions, wages etc.

- a. Find attached a personal file which includes all the details for: Age proof, nomination forms, legal benefits, employment details, signed employment letter by the management, wages details, deductions

## NEW FINDING NO.3

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. The factory does not provide pay slips to workers. [C.1, C.13]
2. The factory does pay out termination dues within 48 hours of termination as legally required. Wages earned prior to the termination of employment are paid on the payday of the month after the date of termination. In addition, management stated that resigned workers are told to collect their bonuses in October, regardless of the date of termination. However, assessors could not find any evidence that the factory communicated this to any resigned workers. This could be a sign that resigned workers do not receive their bonuses. [C.1, C.4, ER.18, ER.19, ER.22]
3. The factory compensates workers for their unused annual leave during the festival period (usually in October). This practice does not comply with local law, which states that unused annual leave does not need to be paid out every year. Instead, up to 30 days of unused annual leave can be added to the leave allowed to a worker in the following year. By paying workers for unused annual leave, the factory is also depriving workers of social security contributions (employer and employee) and medical benefits, as these deductions are not applicable to unused leave payments. [HOW.1, HOW.11, C.1]
4. The factory deducts contributions to the Provident Fund (social security) and Employee State Insurance Scheme (medical benefits) from workers' wages each month. However, the factory could not provide assessors with the account numbers for the accounts where these contributions are deposited. Management stated that the payments are handled by their consultant, so the related documentation is not maintained in the factory office. As a result, assessors could not confirm that the workers' Provident Fund and Employee State Insurance Scheme contributions are actually deposited into the workers' individual accounts. [ER.2, C.10]
5. Assessors did not find any records of workers taking paid sick leave. Management stated that instead of going to the state hospital and taking sick leave, workers choose to take unpaid leave if they are sick. This statement is not convincing as workers would likely want to receive wages while sick and the fact that the workers' account numbers are not available could be an indicator that the workers are not provided sick leave benefits. [HOW.1, HOW.16]

##### Local Law or Code Requirement

The Minimum Wages (Central) Rules, 1950, Chapter IV, Rule 26(2); Industrial Employment (Standing Orders) Central Rules, 1946, Section 13(3); The Factories Act, Act No. 63 of 1948, Chapter VIII, Section 79(3); The Employees Provident Fund Act, 1952, Section 3; The Employees State Insurance Act, 1948; FLA Workplace Code (Employment Relation Benchmarks ER.1, ER.18, ER.19, and ER.22; Compensation Benchmarks C.1, C.4, and C.13; Hours of Work Benchmark HOW.1, HOW.11, HOW.16)

##### Recommendations for Immediate Action

1. <!--[endif]-->Provide pay slips to workers.
2. <!--[endif]-->Pay out termination dues (including wages and bonuses) within 48 hours of the termination of employment as legally required.
3. <!--[endif]-->Do not use the practice of paying workers for unused annual leave to deprive workers of social security contributions and medical benefits.
4. <!--[endif]-->Have payment and financial information available for assessors to confirm that the workers' contributions are actually deposited into the workers' individual accounts.
5. <!--[endif]-->Ensure that workers are aware of, able to, and feel comfortable taking their legally provided sick leave.

### COMPANY ACTION PLANS



## Action Plan no 1.

### Description

1. Pay slip provided to all workers and pay slip of 6 workers of various department attached for your kind reference.
2. At present there is no employee was terminated and we will follow the legal procedure for dues within 48 hours. Also we will make the workers for the awareness for following the procedures for termination and resignations
3. As per the advice and recommendations, we will not pay during the festival period as a practice of the general procedure of the land, but to pay them here after as per the rule comply with.
4. Sample of pass book for the evidence of PF contribution paid for an employee who works with us since 2013.
5. The management provided ESI benefits for all employees but willingly they are avoiding for availing this benefit for want of local well known hospitals where they attached closely with family like family doctor as a general mentality here. However, the management will conduct an awareness program for utilizing this benefit for each employee. Management will issue FORM 37 of ESI benefit to avail if an employee approach us for sick leave and wages benefit.

## NEW FINDING NO.4

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. According to a review of workers' time records and management interviews, workers do not work overtime at all. However, most workers interviewed by assessors confirmed that they work overtime and are paid for all overtime hours worked. Assessors were not able to confirm if the figure quoted by workers was the overtime premium rate. The payroll records do not reflect any overtime payments. [ER.2, ER.23, C.5, C.13, C.14, C.16]
2. Several workers appeared to be coached to conceal information regarding their hire date and their working hours. For example, one employee had one identification number that indicated that she was hired during the week of the assessment. However, this same employee had a different identification number for time records and employment documents, which stated that she was hired in April 2017. These discrepancies were found in the records of all five sampled workers. Management stated that these discrepancies were due to mistakes made by the consultant responsible for managing HR practices. [ER.2, ER.23]
3. The factory does not maintain records of workers' leave as legally required. [ER.2, ER.23, HOW.1]
4. The four security guards employed by the factory do not use the electronic time recording system used by all other workers. Instead, they use manual time cards which reflect their shift times, not their actual hours of work. In addition, only the time cards for February 2018 were provided for review; management stated that they do not have time cards for the months after February 2018. [ER.2, ER.23]
5. At 4:00 PM on the first day of the assessment, assessors reviewed the factory's time recording software. The software showed that all workers were absent that day when in fact 80 workers were present. Management stated that the data from the time recording machines is copied onto a pen drive each day and then uploaded onto the office computer. When asked to transfer the data to the computer to test the system, management stated that they did not have a pen drive to copy the data. Based on interviews with management and workers as well as a review of the time recording system, assessors could not confirm the accuracy and reliability of the system. It appears that data from the time recording machines is edited to conceal working hours. [ER.2, ER.23]
6. Workers are not permitted to use their paid annual leave and there is no formal system for workers to request leave. Currently, supervisors verbally permit workers to take leave and the workers' wages for the days they are absent are deducted from their paychecks. [ER.1, HOW.11]

##### Local Law or Code Requirement

Factories Act 1948, Chapter VIII section 79; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.23; Compensation Benchmarks C.5, C.13, C.14, C.16; Hours of Work Benchmarks HOW.1 and HOW.11).

##### Recommendations for Immediate Action

<!--[endif-->Maintain accurate time records and employment documents and make these records available to assessors upon request.

<!--[endif-->Do not coach workers to conceal information from assessors.

<!--[endif]-->Ensure that all workers, including the security guards, use the electronic time recording system.

<!--[endif]-->Do not edit the data from the time recording machines in order to conceal working hours.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The facility have not done any overtime till December 2018 an if future if any overtime done will be recorded as per the law and compliance and the same records will be provided for assessor for verification.
2. Markers the notification of the assessor for maintaining the time record and employee details. We found that the punching machine software corruption made all these mesh up and we are going to install new machine for the same. Also we appointed full time HR person to follow the procedures regularly and timely.
3. The factory will maintain the leave record hereafter.
4. We make the security guards to use the time card and the same was in practice and find attached the card for an evidence.
5. As stated in Point NO:2, it was due to time recording machine software corruption and the damage in channels right from the entrance connected to the computer erected in 3rd floor where office is situated. This was corrected and we found that it is working properly.
6. Management is not restricting any worker for any reason always. We make all the workers aware of paid annual leave and ask them to avail upon their requirement at any time.

## NEW FINDING NO.5

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Industrial Relations

#### Finding Explanation

1. Worker representatives are nominated by management. In addition, workers must raise their hands to vote on their worker representatives, which does not constitute a confidential election. [FOA.10, FOA.11]

#### Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.10 and FOA.11)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. We have conducted election on 22.01.19 for the representatives as per the regulation and find attached the photos for evidencing the same.

## NEW FINDING NO.6

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

1. The penal consequences for the harassment of women in the workplace are not posted as legally required. [ER.16, ER.27, H/A.1, H/A.9]
2. The factory does not document the disciplinary actions taken against workers. As a result, workers do not sign records of disciplinary actions taken against them, either. [ER.2, ER.27]

#### Local Law or Code Requirement

Section 19, Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, Act No. 14 of 2013; FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.16, and ER.27; Harassment or Abuse Benchmarks H/A.1 and H/A.9)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Find attached the photo of the notice board displaying the PENAL CONSEQUENCES FOR THE WOMEN HARASSMENT and all the workers are aware of it.
2. As of now, there is no incident make the management to take disciplinary action against employees. In case it occurs in future, we will mark it in the record and keep the same

## NEW FINDING NO.7

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Grievance System

#### Finding Explanation

1. The factory's Internal Complaints Committee was not formed according to legal guidelines:
  - a. The Committee is called the Anti-Harassment Committee instead of the Internal Complaints Committee;
  - b. There is no member from a non-governmental organization (NGO) committed to women's rights present during the Committee meetings; and
  - c. The factory has not designated a woman employed at a senior level in the factory to be the Presiding Officer of the Committee. [H/A.1, H/A.9]
2. Workers submit their grievances directly to the factory's Director who addresses the grievances verbally. As a result, the factory does not maintain a log of workers' grievances. [ER.2, ER.25]

#### Local Law or Code Requirement

Sections 4(1) and 4(2), Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, Act No. 14 of 2013; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.25; Harassment or Abuse Benchmarks H/A.1 and H/A.9)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. a. The factory already having the Internal Complaints Committee but it was locally names as ANTI HARASSMENT COMMITTEE and we will change it as INTERNAL COMPLAINTS COMMITTEE and we have treated both as same

- b. We attached herewith the NGO rep agreement for the Internal Complaints Committee and it is in practice.
  - c. In the same attachment the details of the designated woman employed is for your kind reference.
2. Our MD is having personal touch with each of the worker feel free to inform him about whatever they feel in the work place and he is ready at any time to help and clear the difficulties or any suggestions to improve the peace of mind to work. Apart from this view, we are having the log of grievances and find attached the same for your kind reference

## NEW FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory does not keep photographs of the fire drills in the fire drill logs.[HSE.1, HSE.5]
2. Although there are fire drill logs, the workers interviewed were not aware that any fire drills had been conducted. [HSE.1, HSE.5]
3. Yarn and fabric cartons are stored haphazardly on the third floor of the factory. There are no defined rows or aisles. This could impede the evacuation process in the event of a fire. [HSE.1, HSE.5]
4. There are no emergency lights installed on any of the staircase landings in the factory. [HSE.1, HSE.5]
5. The fire extinguishers in the sewing sections are blocked by fabric and machines. [HSE.6]

##### Local Law or Code Requirement

Section 38, the Factories Act, Act No.63 of 1948; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.6)

##### Recommendations for Immediate Action

1. <!--[endif]-->Maintain photographs of the evacuation drills along with the evacuation logs.
2. <!--[endif]-->Conduct fire drills at least annually. Ensure that all workers participate in the fire drills and are aware of the evacuation procedures.
3. <!--[endif]-->Rearrange the materials located on the third floor so that they are stored in an organized manner with defined rows and aisles.
4. <!--[endif]-->Install industrial emergency lights on the staircase landings.
5. <!--[endif]-->Clear the obstructions from in front of the fire extinguishers in the sewing sections. Rearrange the sewing section if necessary. Regularly check to ensure that the fire extinguishers remain clear at all times.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Find attached the Photographs of the fire drills conducted.
2. The facility make all the workers regarding the drills conducted.
3. The yarn and fabric stored in the third floor was cleared and find attached the photo evidencing the same.

4. The emergency lights installed in all the stair case landing and attached the photos for your kind reference.
5. The blockage of the fire extinguisher in the sewing section was cleared and find attached the photo of the same for your kind reference.

## NEW FINDING NO.9

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. At the time of the assessment, the workers in the knitting department workers were not using the ear plugs they were provided. [HSE.8]
2. At the time of the assessment, the overlock machine operators had pushed aside the eye shields on the machines. [HSE.14]
3. There are no signs posted to indicate whether the elevators are for cargo or passengers. The elevator load capacity and safety instructions are not posted either. [HSE.1, HSE.14]
4. The factory does not provide the ironing workers with rubber mats to prevent electrocution. [HSE.7]

##### Local Law or Code Requirement

Section 28(c), the Factories Act, Act No.63 of 1948; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.8, and HSE.14)

##### Recommendations for Immediate Action

1. <!--[endif]-->Train knitting workers on the use of ear plugs. Monitor to ensure compliance.
2. <!--[endif]-->Train overlock machine operators on the use of eye shields. Monitor to ensure compliance.
3. <!--[endif]-->Post signs next to the elevators indicating the following:
  - a. <!--[endif]-->The purpose of the elevators (cargo or passenger use);
  - b. <!--[endif]-->The load capacity; and
  - c. <!--[endif]-->Instructions regarding the safe use of the elevators.
4. <!--[endif]-->Provide rubber mats to the ironing workers to prevent electrocution.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. The workers in the knitting department were provided with the ear plug and we make them to use the same during their work and the photo attached herewith for your kind reference.
2. The over lock machine operators are provided with the eye shields and we instruct them all to use while working. Photo of the same attached for your kind reference.
3. The signs posted for the usage of elevators and photo attached herewith for your kind reference.
4. We provide the rubber mats for all the ironing workers during their work to prevent electrocution and find attached the photo for your kind reference.

## NEW FINDING NO.10

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. One of the drinking water points in the factory is located outside the women's restroom on the second floor. According to local law, the drinking water point must be located at least 20 feet away from the restroom. [HSE.1, HSE.19, HSE.23]
2. The factory only provides one steel drinking cup for workers to share. This practice is not hygienic. [HSE.23]
3. Spit stains are visible in the men's restrooms. [HSE.19, HSE.20]
4. There is water leaking from the faucets in the men's restrooms. [HSE.19]
5. There is no soap and or way to dry hands in the restrooms. [HSE.19, HSE.20]

##### Local Law or Code Requirement

Section 18, The Factories Act, Act No.63 of 1948; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.19, HSE.20, and HSE.23)

##### Recommendations for Immediate Action

1. <!--[endif]-->Move the drinking water point to a location 20 feet away from the restroom.
2. <!--[endif]-->Provide enough drinking water cups so that workers do not have to share.
3. <!--[endif]-->Regularly clean the men's restroom.
4. <!--[endif]-->Provide soap and a way to dry hands in the restrooms.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Find attached the Photographs of the drinking water point moved away which was nearer to the women's restroom.
2. The facility removed the steel drinking cup and provided the use and through cups to maintain the hygiene practices.
3. Split stains removed in the men's restroom and photo attached for your reference.
4. The water leakage in the men's restrooms was rectified and the photo attached for your reference.
5. Soap and way to dry hands in the restroom provided and find attached the photo for the same

## NEW FINDING NO.11

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation



1. There are no gloves in the first aid kits. [HSE.1, HSE.6, HSE.18]
2. There are no spill response kits in the diesel storage areas. [HSE.6]
3. The factory's crèche does not comply with legal requirements. There are no attached restrooms and no beds in the crèche. There is no crèche attendant either. In addition, there are never any children in the crèche. [HSE.1, HSE.27]
4. The factory was not able to provide assessors with the competency certificate of the engineer who issued the factory's stability certificate. [ER.2, HSE.1]
5. Secondary containment has been provided for the two barrels of diesel oil (for power generators machines) stored in the power generator room. However, the capacity of the secondary containers is inadequate to contain leaks. The diesel barrels are labeled. A spill response kit has not been provided in the power generator room to mop up spills. [HSE.6, HSE.9]

#### Local Law or Code Requirement

Sections 2(5), 45, and 48, The Factories Act, Act No.63 of 1948; FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety & Environment Benchmarks HSE.1, HSE.6, HSE.9, HSE.18, and HSE.27)

#### Recommendations for Immediate Action

1. <!--[endif]-->Stock the first aid kits with gloves. Regularly inspect the first aid kits and restock them if necessary.
2. <!--[endif]-->Provide spill response kits for the diesel storage areas.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Hand gloves provided in the first aid kit and photo attached for your reference.
2. See Attached
3. We have the crèche attendant and attached the copy of the letter for the same and also the restroom not attached but just adjacent restroom is there and find attached the photo for your kind reference.
4. See Attached Documents
5. In Progress