



COMPANY: **Mainland Headwear Holdings Limited**
COUNTRY: **Bangladesh**
ASSESSMENT DATE: **11/11/14**
MONITOR: **ELEVATE Global Limited**
PRODUCTS: **Headwear**
PROCESSES: **Cut, Sew, Embroidery, Packing, Warehouse**
NUMBER OF WORKERS: **1000**
NUMBER OF WORKERS INTERVIEWED:
ASSESSMENT NUMBER: **AA0000000590**

FLA Comments

This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company, however the recommendations have not been agreed or incorporated by the company. The report is posted in its current state and is considered finalized. Updates on the progress of the corrective action will be posted when received by the company.

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Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

Glossary

De minimis: A de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of such facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

Facility performance: how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

Fair labor standards: the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

Employment life cycle: all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

Code violation: failure to meet standards outlined in the FLA Workplace Code of Conduct in the workplace implementation of employment or management functions.

Employment Functions: The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

Management functions: violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

Finding: indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

Finding type

- **Immediate action required:** discoveries or findings at the workplace that need immediate action because they not only constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to

the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

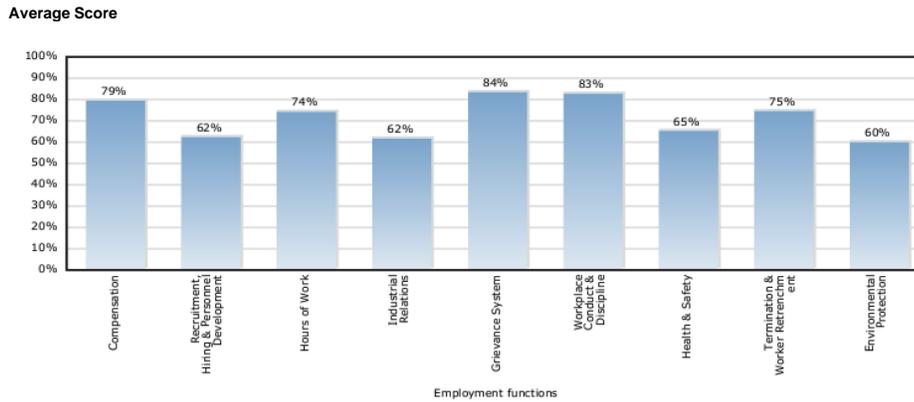
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection, but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

Factory Profile

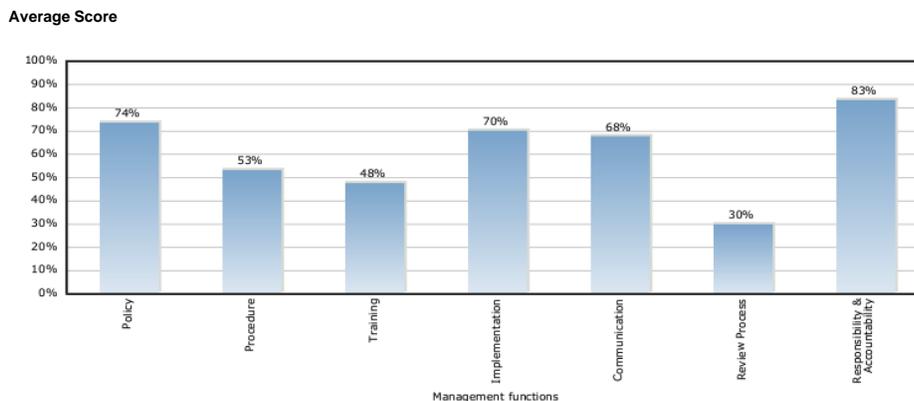
Score by Employment Function

Scores indicate a factory's performance related to a specific employment function based on an FLA assessment. A score of 100 percent indicates flawless operation of an employment function. A score of less than 100 percent indicates need for improvement.



Score by Management Function

Scores indicate a factory's performance related to a specific management function based on an assessment conducted for FLA by independent, accredited assessors. A score of 100 percent indicates flawless operation of a management function. A score of less than 100 percent indicates need for improvement.



Score Summary

Scores indicate the strength of management functions as they relate to different elements of the employment relationship (employment functions). For example (reading left to right), a score of 100 percent in the cell on the top left corner would indicate the existence of appropriate policies related to recruitment, hiring and personnel development.

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection
Policy	59.75%	77.27%	76.67%	81.25%	86.36%	82.14%	73.08%	75%	72.22%
Procedure	33.32%	75%	46.88%	0%	88.89%	68.75%	64.29%	55.15%	40%
Responsibility & Accountability	91.67%	87.5%	91.67%	50%	70.75%	62.5%	79.25%	83.33%	72.33%
Review Process	0%	50%	50%	0%	50%	50%	50%	33.33%	0%
Training	37.5%	33.33%	33.33%	0%	100%	90%	33.33%	49.67%	0%
Implementation	70.94%	82.27%	75.68%	41.67%	95.45%	100%	100%	68.92%	49.14%
Communication	66.67%	87.5%	60%	0%	75%	91.67%	62.5%	75%	0%

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element	Number of Violations	Violations
Compensation	4	Record Maintenance False Payroll Records Workers Awareness and Understanding of Compensation Training and Probation Wage
Employment Relationship	15	General/Human Resource Management Systems Terms and Conditions/New Employee Orientation Terms and Conditions/Communication Terms and Conditions/Supervisor Training General/Documentation and Inspection Administration of Fringe Benefits/Holidays, Leave, Legal Social Benefits and Bonuses Administration of Hours/Time Recording System Administration of Hours/Production and Incentive Schemes Industrial Relations Work Rules and Discipline Skills Development/Training Skills Development/Management of Performance Reviews Skills Development/Promotion, Demotion and Job Reassignment Health, Safety, and Environmental Management System/Policies and Procedures Termination and Retrenchment/General Policies and Procedures
Forced Labor	1	Freedom of Movement/Workers Ability to Terminate
Freedom of Association and Collective Bargaining	11	General Compliance Freedom of Association Employer Interference Employer Interference/Constitution, Elections, Administration, Activities and Programs Employer Interference/Registration Employer Interference/Favoritism Employer Interference/Police and Military Forces Facilities for Worker Representatives Right to Collective Bargaining/Exclusive Bargaining and Other Recognized Unions Right to Freely Associate Rights of Minority Unions and their Members Protection of Union Representatives
Hours of Work	6	Annual Leave Annual Leave/Determination Annual Leave/Restrictions Annual Leave/Wage Payments Protected Workers (Women and Young Workers)/Record Keeping Overtime/Calculation over Period Longer than One Week
Health, Safety and Environment	12	General Compliance Health, Safety, and Environment Chemical Management/Pregnant Women and Young Workers Protection Reproductive Health Machinery Safety, Maintenance and Workers Training Ergonomics Medical Facilities Document Maintenance/Workers Accessibility and Awareness Drinking Water Permits and Certificates Evacuation Requirements and Procedure Safety Equipment and First Aid Training Chemical Management and Training

Findings and Action Plans

FINDING NO.1

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Not all new employees receive orientation training. Only a few employees attend an orientation program during recruitment. Moreover, the orientation training does not cover the following Employment Functions: Recruitment, Hiring & Personnel Development, Workplace Conduct & Discipline, Industrial Relations, and Environmental Protection.
2. The factory does not provide ongoing training on the following Employment Functions: Recruitment & Hiring and Personnel

Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, and Environmental Protection. Moreover, the supervisors/relevant personnel do not receive any training on these Employment Functions.

Local Law or Code Requirement

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

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks, as this was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
2. There is no effective internal monitoring system in place at both the factory and HQ level.
3. These issues have not been raised during previous external audits.
4. The HR & Compliance team is not very experienced, and the factory has not provided any specific training for them on how to conduct a training-needs assessment.

FINDING NO.2

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There are no formal procedures on Recruitment, Hiring & Personnel Development; however, there are some practices that regulate recruitment processes for regular employees.
2. There is no mention in the factory's Recruitment & Hiring policy, or other relevant documents, of performance reviews that include steps and processes, demonstrate linkages to job grading, prohibit discrimination, provide written feedback, and comply with legal requirements.
3. There are no written job descriptions prepared for positions when personnel need to be hired; however, some job descriptions exist for a few positions.
4. The factory's Recruitment, Hiring & Personnel Development practices do not cover any process on steps and requirements in the promotion, demotion and reassignment scheme for the employees. Also, there is no written feedback on promotion, demotion, and reassignment provided to workers.
5. As there is no detailed promotion policy in place, and promotion is based on individual decisions by managerial staff, there is no way to confirm that the factory promotes workers in a fair and transparent way.
6. The factory does not have any system in place to make sure that all Recruitment, Hiring & Personnel Development policies and procedures are updated according to changes in local law/regulations, FLA code, or internal/external audit results.
7. The factory's Recruitment, Hiring & Personnel Development practices do not cover any process for broadening or raising skills in order to advance workers in their careers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.28, ER.29, ER.30, and ER.31)

Root Causes

1. There is no effective internal monitoring system in place at either the factory or HQ-level.
2. These issues have not been raised during previous external audits.
3. The factory's HR & Compliance team is not very experienced, and the factory does not provide any specific training to them on these issues.
4. There is no effective review system.
5. The management lacks awareness of the FLA Workplace Code & Benchmarks, as this was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
6. The factory has a poor management system, poor HR system, policies, and procedures, which do not include details on specific Employment Functions, including promotion, demotion, and job reassignment.

FINDING NO.3

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. During the assessment, compliance with wages, and benefits could not be verified due to following inconsistencies identified between documents provided by management and documents collected during the audit process:
 - a) Daily trimming record (QC check report) showed that the factory was open on October 31, 2014 and November 07, 2014 (weekly off day).
 - b) Daily label receiving record from store to embroidery section showed that the factory was open on June 20, 2014 (weekly off day).
 - c) Daily attendance record for the employee of embroidery section showed that the factory was open on March 28, 2014 (weekly off day).
 - d) Daily attendance record for the employee of embroidery section showed that factory runs from 20:00 to 8:00.
2. However, none of the weekly off day work and night shift work was reflected in the time and payment records provided by management.
3. According to the factory policy and practice on Recruitment & Hiring, probation for new workers is between three and six months, which exceeds the three-month limit as per the FLA benchmark.
4. As per factory practices, there is no provision to calculate and provide annual leave to the workers. Nor is there is a system in place to train workers on their annual leave rights.

Local Law or Code Requirement

Bangladesh Labor Law 2006, Section 117; FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.22, and ER.23; Hours of Work Benchmarks HOW.11, HOW.12, HOW.13, and HOW.14; Compensation Benchmarks C.3, C.5, and C.16)

Root Causes

1. Management lacks awareness of the FLA Workplace Code and Benchmarks, as this was the factory management's first exposure to the FLA Workplace Code and Benchmarks.
2. There are communication challenges between local managerial staff and HQ managerial staff; this assessment revealed that some local managers organized undocumented extra overtime work without the knowledge or consent of their Hong Kong partners.
3. Bangladesh's local law allows employers to have an extended probation period up to six months.
4. The management's experience on social compliance is limited, and management sees audits as a test they have to pass rather than an opportunity to identify and address areas of weakness. Therefore, the management prefers to hide or fake some information to "pass" the audit.
5. There is no effective internal monitoring system in place at both the factory and HQ-level.
6. These issues have not been raised during previous external audits.
7. The HR & Compliance team is not very experienced, and the factory did not provide any specific training to them on these issues.
8. The workers do not receive detailed training regarding their rights, such as local law requirements and how to use their annual leaves.

Recommendations for Immediate Action

1. Ensure that all legally required payroll documents, journals, and reports are available, complete, accurate, and up-to date. Provide all actual records to the auditors to enable verification of compliance related issues.
2. Do not use hidden or multiple payroll records in order to hide overtime, falsely demonstrate hourly wages, or for any other fraudulent reason. Maintain authentic and accurate payroll records.
3. Change factory policies and procedures so that the probation period for workers does not exceed three months, as per the FLA Benchmark.
4. Provide annual leave to all workers as legally required.

FINDING NO.4

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. During the assessment, compliance with working hours requirements (e.g., overtime limitations, one day off in every seven-day period, etc.) could not be verified due to the following inconsistencies identified between documents provided by management and documents collected during the audit process:
2. As per factory policy on Hours of Work, production planning, and working hour records the factory production plan always includes overtime, with 60 hours per week considered standard working time.
3. Although there are no written procedures in place, the factory has line-based production targets and an incentive system

that requires workers to often work overtime, beyond regular working hours.

4. The working hours records do not contain sections for identification of pregnant/lactating women.

Local Law or Code Requirement

Bangladesh Labor Law, Section 108, Article 1 and 2; FLA Workplace Code (Employment Relationship Benchmark ER.24, Hours of Work Benchmarks HOW. 5 and HOW.7)

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks, as this assessment was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
2. It is a common practice in Bangladesh for factories to use a 60-hour workweek as a regular workweek, and calculate production capacity accordingly.
3. Calculation of production capacity is not realistic; it does not follow international standards, such as time allowances for individual needs (restroom use, drinking water, etc.) and performance coefficient, performance reduction due to overtime work, etc.
4. Management has a limited understanding of efficiency, confined to production operations, rather than a holistic approach that includes energy and raw material efficiency, and increased quality targets.
5. There are no protections for special category of workers in the existing policies and procedures.

Recommendations for Immediate Action

1. Cease using a 60-hour workweek for production capacity calculations, and begin using a 48-hour workweek as the basis for production planning activities. Overtime should not be considered as a part of regular production capacity.
2. Carefully review production target calculations for production lines in order to make sure that they are realistic and do not require any overtime work to be met. Furthermore, include reasonable time allowances for workers in the time studies used for production target calculations. An international standard, like REFA, should be used for guidance.
3. Change factory policies and procedures to ensure that working hours and conditions for special category of workers are tracked and the necessary protections provided.

FINDING NO.5

TERMINATION & RETRENCHMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not have any written documents on retrenchment and there is no indication that the factory has a system in place for arranging consultation meetings with workers or worker/union representatives before reaching any final decisions on retrenchment.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.32)

Root Causes

1. Management lacks awareness of the FLA Workplace Code and Benchmarks, as this assessment was the factory management's first exposure to the FLA Workplace Code and Benchmarks.
2. It is not a common practice in Bangladesh for factories to have retrenchment procedures.
3. These issues have not been raised during previous external audits.

Recommendations for Immediate Action

FINDING NO.6

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is a worker representative worker structure, "Participation Committee," but it is controlled by the management. The Committee does not have the authority to arrange regular activities without management consent/interference. Furthermore, workers are not free to join the "Participation Committee" without management consent/interference. The functions/mandate of the Committee are unclear, and even the members of the Committee are unaware of their responsibilities.
2. There are no written procedures stating that management will comply with all relevant provisions under national laws, and provide special protection to workers and worker representatives engaged in union activities.
3. Management does not provide any office space or other facilities for the Participation Committee for the proper exercise of their functions, including access to workplaces.
4. The Participation Committee does not meet regularly with management. There is no dialogue mechanism in place between management and workers, and no such practice has been established in the factory.
5. The factory's existing Freedom of Association policies and procedures are missing the following items: Clear guidelines on how management will bargain with any union that has been recognized by law, or negotiation process to sign a CBA agreement with that union, and clear guidelines on how to ensure that unions are recognized as a bargaining agent of some or all of the workers in a facility and will have the means for defending the occupational interests of their members, including making representations on their behalf and representing them in cases of individual grievances, within limits established by applicable law.
6. There are no clear definitions, either in writing or informally, for responsible/accountable person(s) regarding industrial relations in all areas/departments within the factory.

Local Law or Code Requirement

Bangladesh Labor Law 2006, Section 205 and Section 207; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.25; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.7, FOA.10, FOA.11, FOA.12, FOA.13, and FOA.17)

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks, as this assessment was the factory management's first exposure to the FLA Workplace Code & Benchmarks
2. There is no effective internal monitoring system in place at both the factory and HQ level.
3. These issues have not been raised during previous external audits.
4. The factory has a poor management system, policies, and procedures that do not include details on specific training needs or a communication system for workers and managerial staff on Recruitment, Hiring & Personnel development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, or Environmental Protection. Additionally, the factory has not assigned responsible personnel to oversee employee trainings.
5. Industrial Relations is a relatively new concept for Bangladesh; therefore, the factory management does not have experience with this issue.

FINDING NO.7

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not have formal written procedures for regulating Workplace Conduct and Discipline; however, some documents and system are in place.
2. The system of Workplace Conduct and Discipline in place at the factory, does not include a third party witness during imposition and procedures for workers to appeal disciplinary action.
3. There are no clear definitions either informally, or in writing, of responsible/accountable person(s) for workplace conduct and discipline in all areas/departments within the factory.

Local Law or Code Requirement

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

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks, as this assessment was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
2. The factory has a poor Management system, a lack of awareness, and a poor documentation system. In addition, the factory's HR & Compliance team is not very experienced.
3. The management lacks knowledge regarding workplace conduct and discipline. Furthermore, there is a lack of communication between departments, procedural mistakes, and a lack of responsible personnel specifically assigned to the task, leading to these errors.

FINDING NO.8

HEALTH, SAFETY & ENVIRONMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There is no statement in the factory's Environmental Policy of the factory management's general support of energy and water efficiency, and a commitment to minimize impacts with respect to air emissions, waste, hazardous materials, and other applicable environmental risks in the factory areas. Nor has the management taken any significant initiative to reduce environmental impact in the factory areas.
2. The factory does not properly manage the environmental impact of its chemicals. Chemicals are kept in the spot removing room without secondary containment and labeling. Additionally, diesel drums are kept in an open space on the factory premises.
3. The factory's solid waste storage area is not properly secure and protected. Hazardous and non-hazardous solid waste is not segregated; nor is waste separated by recyclability.
4. The factory does not use authorized waste disposal service providers to dispose of its waste, as required by law. The factory sends all hazardous waste (e.g., medical waste mixed up with solid waste) to the dumping area on the factory's premises.
5. The factory has not conducted an air emission test, and does not have any appropriate sampling results that demonstrate that its air emissions meet government regulations or permit requirements.
6. The factory has not conducted appropriate sampling tests of ground water contamination that demonstrate that its groundwater contamination meets government regulations or permit requirements. Furthermore, the factory has not obtained groundwater use permission from the concerned authority.
7. The factory has not obtained any legally required environmental permits from the concerned authority.
8. Oil contaminated water is directly discharged from compressors and air tanks.
9. The factory septic tank overflows, and there is not an effective inspection procedure in place.

Local Law or Code Requirement

Bangladesh Labor Law 2006, Section 54, 351; The Factory Rules 1979, Section13; The Environment Conservation Act 1995, Section 9, 11, and 12; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.4, and HSE.9)

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks as this assessment was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
2. The factory has a poor chemical management system. Moreover, concerned employees are not aware of safe chemical handling, and the HR & Compliance team is not very experienced on HSE issues.
3. Factory management does not have the legal background knowledge of these issues.
4. Policies and procedures on environmental protection are not detailed regarding any efforts to reduce environmental pollution, minimize the environmental risks and impact in the factory premises and its surroundings, and update the relevant environmental permits.

Recommendations for Immediate Action

1. Ensure that all chemicals and hazardous substances are properly labeled and stored in secure and ventilated areas, and disposed of in a safe and legal manner.
2. Comply with all national laws, regulations, and procedures concerning health, safety, and environmental issues in the factory premises.
3. Only use authorized service providers to dispose of waste, as required by law.
4. Ensure that air emissions meet the appropriate government regulations or permit requirements.
5. Re-organize the solid waste area. Separate hazardous and nonhazardous, as well as recyclable and non-recyclable waste, and temporarily store it in solid waste areas in separate sections.
6. Conduct appropriate sampling tests for groundwater contamination that demonstrate the factory's groundwater contamination meets the appropriate governmental regulations or permit requirements. Furthermore, obtain groundwater use permits from the concerned authority.
7. Apply for and obtain all legally required permits and certificates related to health, safety, and environmental issues, such as those related to the purchase and storage of chemicals, air emissions, etc.
8. Stop directly discharging oil contaminated water from compressors and air tanks. Collect oil contaminated water and deliver it to an authorized waste handler.

FINDING NO.9

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Existing Health & Safety policies and procedures do not include guidelines that allow workers to raise health and safety concerns or protect workers who raise health and safety issues.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31)

Root Causes

1. Management lacks awareness of the FLA Workplace Code, as this assessment was the factory management's first exposure to the FLA code and benchmarks.
2. The factory has a poor management system, incomplete health and safety policy and procedures, and an inexperienced HR & Compliance team for the purpose of Health & Safety oversight.

FINDING NO.10

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There are missing needle guards on some lockstitch, overlock, and bartack machines. Furthermore, machines guards on the sewing machines are displaced, or not properly fixed in position.
2. The factory does not take proactive steps to reduce repetitive-motion stress/injuries, including ergonomic chairs, and anti-fatigue mats in the production floor.
3. The factory does not provide lifting belts to the workers at warehouse/loading-unloading/packing sections who are involved in lifting goods. Further, as per factory's training records review, relevant workers at warehouse/loading-unloading/packing sections are not trained in proper lifting techniques.

Local Law or Code Requirement

Bangladesh Labor Law 2006, Section- 63, FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.14 and HSE.17)

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks, as this assessment was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
2. The factory has a poor management system, a lack of awareness of Health & Safety issues, improper machine safety program, and a lack of proper training on machine safety.
3. There is an inadequate ergonomic program in place, and a lack of training on ergonomics.
4. Management has not assigned responsible employees to specifically oversee Health & Safety and HR & Compliance team is less experienced on certain Health & Safety issues.
5. There is no effective internal monitoring program.

Recommendations for Immediate Action

1. Ensure that all production machinery, equipment, and tools have proper guards, and are regularly maintained.
2. Train workers on proper lifting techniques, and provide necessary PPE, such as lifting belts.

FINDING NO.11

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The medical clinic is not in operation during all working hours, as the factory does not employ an adequate number of medical staff to be on duty. There is medical staff on duty during overtime hours of the day shift or during the entire night shift.
2. It was not possible to determine if the drinking water is safe for drinking, as the drinking water test results only include iron as a chemical risk factor. Additional chemical factors, like arsenic and lead, may affect the workers health, as well as bacteriologic factors.

Local Law or Code Requirement

Bangladesh Labor Law 2006, Section 55, 58, and 89; The Factory Rules 1979, Section 25; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.18 and HSE.23)

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks, as this assessment was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
2. The factory has a poor management system, a lack of awareness of Health & Safety issues, and poor Health & Safety policy regarding medical facilities.

Recommendations for Immediate Action

1. Ensure that an adequate number of medical staff are on duty during all working hours.
2. Ensure that safe and clean drinking water is provided to the workers at all times. Introduce more chemical parameters, like arsenic, along with other chemical and bacteriological factors to the drinking water safety tests.

FINDING NO.12

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There are inadequate policies and procedures regarding Fire Safety in place to reduce the fire risk in the factory premises. There is no system in place for assessing the potential fire risk within the premises on a regular basis.
2. The factory has arranged both internal and external fire training for the employees. However, an insufficient number of employees were trained on fire fighting issues. Furthermore, existing fire fighters are not properly trained on their duties and responsibilities, e.g. they could not distinguish between the different categories of fire extinguishers and their proper use, rescue procedures, etc.
3. The fire alarm panel has some manual switches on it, and there is no battery capacity calculation. Furthermore, the alarm zones are not marked on fire alarm panel for the second building. The fire alarm on the fourth floor was not operational during the fire alarm test.
4. There is no system in place for regularly testing the emergency alarm system and detectors.
5. The emergency assembly area is close to parking and shipment vehicles area, which might hinder safe evacuation area in case of an emergency.
6. No fire drills have been performed for the managerial staff dormitory.
7. The valves for the sprinkler system are not labeled, and zone valves are in the closed position. Many valves are placed right before sprinkler heads on the sprinkler system.
8. There have not been any pressure tests or pump tests for the sprinkler system.
9. There is no discharge system in many zones.
10. Electrical risk areas are not marked on the sprinkler protection zones.
11. The sprinkler pipes are haphazardly affixed with ropes and other temporary supports at the second building.

Local Law or Code Requirement

Bangladesh Labor Law 2006, Section 62, Bangladesh National Building Code 2012, Part 4; Bangladesh Labor Law 2006, section 57, 62 (7); FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks as this assessment was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
2. The factory has a poor management system, lack of awareness of fire safety issues, lack of monitoring system. There are no employees specifically assigned to the fire system management, while the factory has an inexperienced HR & Compliance team. In addition, the lack of a functioning fire safety system and missing fire safety tools and equipment all contribute to the shortcomings.
3. The factory has not assigned employees to the specific job of ensuring that there is a safe emergency assembly area.
4. There is no effective internal monitoring program.
5. Worker participation in ongoing Health, Safety & Environment issues is very limited due to the absence of elected worker representatives.

Recommendations for Immediate Action

1. Ensure that a sufficient number of workers are trained in fire fighting techniques.
2. Implement an effective, functioning, system to check fire safety risks within the premises on a continuous basis.
3. Activate the fire alarm on the fourth floor.
4. Ensure that a functioning fire alarm and smoke detector system with emergency power back-up is in place.
5. Remove manual switches on the fire alarm panel.
6. Regularly test the fire alarm system.
7. Perform fire drills at managerial staff dormitory on a periodic basis; document these drills.
8. Inspect and redesign the emergency assembly area in order to provide safe space and improve evacuation performance in case of an emergency.
9. Label sprinkler system valves, and ensure that zone valves kept in open position.
10. Perform pressure and pump tests for the sprinkler system on a periodic basis.
11. Remove unnecessary valves placed right before sprinkler heads on the sprinkler system. Ensure that that all main flow valves are kept in open position.
12. Provide a discharge system for all zones.
13. Mark electrical risk areas on the sprinkler protection zones and take necessary safety precautions.
14. Replace the temporary support provided for sprinkler lines at second building.

FINDING NO.13

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There is limited chemical safety training in place, and most of the concerned workers are unaware of chemical safety and risks associated with the chemicals.
2. There is no system and monitoring procedures in place at the factory to ensure that special categories of employees are not exposed to hazardous chemicals.

Local Law or Code Requirement

Bangladesh Labor Law 2006, section 77, 78, and 79; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.9, HSE.11, and HSE.12)

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks, as this assessment was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
2. The factory has a poor management system and lacks of a monitoring system. In addition, there are no employees specifically assigned to the chemical safety management.
3. There is no effective internal monitoring program.
4. Worker participation in ongoing Health, Safety & Environment issues is very limited due to the absence of elected worker representatives.
5. Policies and procedures do not contain information on specific and ongoing training for employees on chemical safety, and there is an improper communication system for employees on chemical safety.

Recommendations for Immediate Action

1. Take special precautions in order to protect special categories of workers from potential chemical exposure risks.

FINDING NO.14

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There is ongoing construction on the upper floors of the second building, but the area below was not fenced off against the possibility of falling material/debris.
2. The isolation tape contains asbestos.
3. Air guns are widely used for cleaning activities.
4. Ropes are being used, instead of rope ladders, for emergency evacuation.
5. The height of the wall under the windows in the first building is too short, and doesn't provide sufficient protection to the workers against the risk of falling.
6. There is no restricted access for the elevator shaft in the second building.
7. There is confusion over the terms of "maintenance" and "test", for pressure vessels and lifting equipment; although there are maintenance records, there is not a system in place to perform periodic pressure or lifting tests.

Local Law or Code Requirement

1. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.13 and HSE.14)

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks, as this assessment was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
2. The factory has a poor management system, lack of awareness of fire safety issues, and lack of monitoring system. In addition, there are no employees specifically assigned to the fire system management, while the factory has inexperienced HR & Compliance team and a lack of a functioning fire safety system with fire safety tools and equipment.
3. There is no effective internal monitoring program in place.
4. Worker participation on ongoing Health, Safety & Environment issues is very limited due to the absence of elected worker representatives

Recommendations for Immediate Action

1. Restrict access to the construction area.
2. Cease using isolation tape containing asbestos.
3. Do not use air guns for cleaning activities.
4. Replace ropes with rope ladders for emergency evacuation.
5. Increase the height of the wall under the windows to provide sufficient protection to workers against risk of falling.
6. Restrict access to the elevator shaft at the second building.
7. Train the maintenance team on the difference between "maintenance" and "test". A test procedure should be prepared and implemented for all high-risk machinery/equipment, such as pressure vessels and lifting equipment.

FINDING NO.15

REVIEW PROCESS (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not have a system to periodically review its policies and procedures, and their implementation, for any of the Employment Functions.

Local Law or Code Requirement

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks, as this assessment was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
2. The factory has a poor management system, a poor HR system, and an inexperienced HR & Compliance team.

Recommendations for Immediate Action

1. Employers should implement a regular review process for policies, procedures, and their implementation in a consultative manner, and amend them when warranted. Policies and procedures should be regularly communicated to the workforce.
2. Develop, maintain, and regularly review and update all written industrial relations and Freedom of Association policies and procedures, at the very least, aimed at complying with legal minimum standards, regulations, and procedures.
3. Develop, maintain, and regularly review and update all written Health & Safety policies and procedures, at the very least, aimed at complying with legal minimum standards, regulations, and procedures.

FINDING NO.16

WORKER INTEGRATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically nor consulted in the decision-making process.
2. Although some limited practices are in place through the notice boards, there is no formal communication system regarding policies, procedures, and their updates in place for the general workforce on the following Employment Functions: Compensation, Hours of Work, Termination & Retrenchment, Workplace Conduct & Discipline, Industrial Relations, and Environmental Protection.
3. The factory does not have a process to frequently communicate the grievance system and its updates to the general workforce.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, and ER.32; Compensation Benchmark C.17)

Root Causes

1. Management lacks awareness of the FLA Workplace Code & Benchmarks, as this assessment was the factory management's first exposure to the FLA Workplace Code & Benchmarks.
2. The factory has a poor management system, a poor HR system, and inexperienced HR & Compliance team.
3. The factory's policies and procedures do not contain a communication process for any of the Employment Functions.