



COMPANY: **PVH Corp**
COUNTRY: **Bangladesh**
ASSESSMENT DATE: **11/30/15**
MONITOR: **T Group Solutions Pvt Ltd**
PRODUCTS: **Apparel**
PROCESSES: **Cut, Sew**
NUMBER OF WORKERS: **1749**
NUMBER OF WORKERS INTERVIEWED: **45**
ASSESSMENT NUMBER: **AA0000001920**

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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.

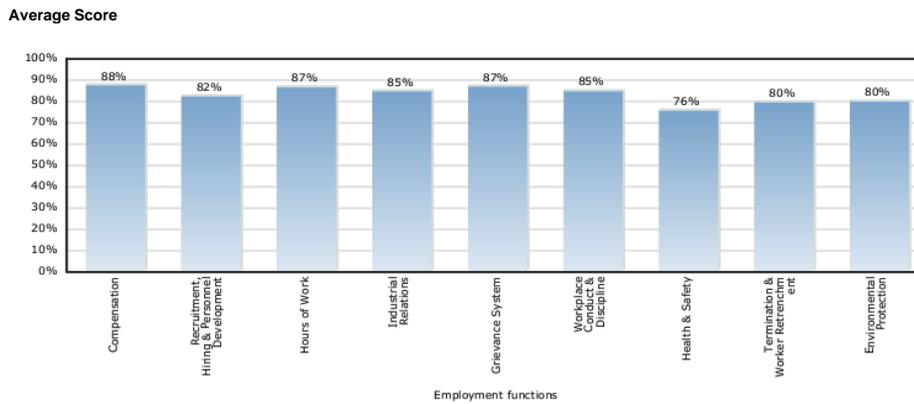
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that 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

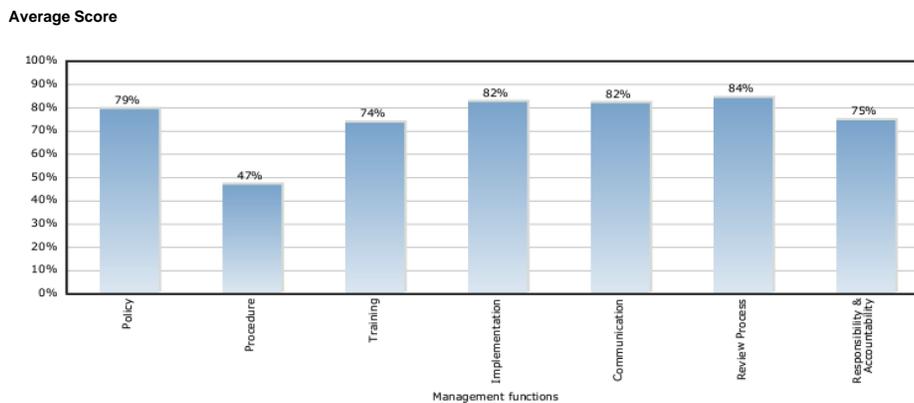
Score by Employment Function

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	66.71%	100%	100%	83.25%	91.67%	75%	87.5%	100%	100%
Procedure	72.33%	77.67%	75%	50%	100%	90%	41.67%	25.81%	0%
Responsibility & Accountability	70.75%	70.75%	80.5%	72.33%	79.25%	79.25%	70.75%	72.33%	72.33%
Review Process	100%	50%	100%	0%	100%	100%	50%	100%	100%
Training	69.23%	100%	100%	100%	33.33%	50%	33.33%	89.23%	66.67%
Implementation	85.86%	93.18%	80.65%	82.61%	83.33%	85.71%	88.89%	80.07%	66.5%
Communication	66.67%	100%	100%	100%	100%	83.33%	33.33%	100%	50%

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	2	General Compliance Compensation Voluntary Wage Deduction/Workers Access to Information
Employment Relationship	14	General/Human Resource Management Systems Terms and Conditions/New Employee Orientation Terms and Conditions/Communication Terms and Conditions/Supervisor Training Administration of Compensation/Termination Payouts General/Documentation and Inspection Administration of Hours/Production and Incentive Schemes Industrial Relations Work Rules and Discipline Skills Development/Management of Performance Reviews Recruitment and Hiring/Employment Decisions Skills Development/Promotion, Demotion and Job Reassignment Health, Safety, and Environmental Management System/Policies and Procedures Termination and Retrenchment/General Policies and Procedures
Freedom of Association and Collective Bargaining	7	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 Rights of Minority Unions and their Members
Hours of Work	4	General Compliance Hours of Work Meal and Rest Breaks Protected Workers (Women and Young Workers)/Record Keeping Forced Overtime/Exceptional Circumstances
Health, Safety and Environment	9	General Compliance Health, Safety, and Environment Protection Reproductive Health Machinery Safety, Maintenance and Workers Training Ergonomics Medical Facilities Childcare Facilities/Children on Premises Evacuation Requirements and Procedure Safety Equipment and First Aid Training Chemical Management and Training
Non-Discrimination	3	General Compliance Nondiscrimination Recruitment and Employment Practices/Job Advertisements, Job Descriptions and Evaluation Policies Protection and Accommodation of Pregnant Workers and New Mothers

Findings and Action Plans

FINDING NO.1

POLICIES & PROCEDURES (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not have written policies for the following Employment Functions: Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, and Grievance System.
2. The factory does not have complete procedures for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, and Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, ER.26, ER.27, ER.29, and ER.32)

COMPANY ACTION PLANS

1. Immediate action: The factory has adopted and implemented following policies: Factory's Code of Conduct , Non-disclosure Policy, Resigned and Termination policy, Final Settlement of Job Policy, Maternity Leave Benefit and Payment Policy, Bonus Policy, Policy on Misconduct, Hiring, Wages and Benefit, Leave, Termination & Retrenchment, Industrial Relationship; Freedom of Association, Workplace Conduct & Discipline, Working Hours, Compensation and Benefit, Overtime Policy, Child Labor, Forced labor, Harassment and Abuse, Discrimination, Employment Relationship, Women's Rights, Anti-bribery, Waste Handling and Disposal, PPE Use policy, Child Care Policy, Grievance Policy, Grievance Investigation Procedure, Emergency Action Plan, Human Trafficking policy, and Environmental Protection Policy. Additionally, factory management has obtained permission from concerned "Labor Department" on December 23, 2015 to adopt and implement those policies in the factory.

Sustainable action: Factory's head of compliance will monitor all related policies on an annual basis, recommend amendments as needed, and will ensure employees are aware of such policies.

Action plan status: In Progress

Planned completion date: 02/07/16

Progress update: 07/11/16 : Pending PVH Verification.

2. Immediate action: The factory has adopted and implemented following policies: Factory's Code of Conduct , Non-disclosure Policy, Resigned and Termination policy, Final Settlement of Job Policy, Maternity Leave Benefit and Payment Policy, Bonus Policy, Policy on Misconduct, hiring, Wages and Benefit, Leave, Termination & Retrenchment, Industrial Relationship; Freedom of Association, Workplace Conduct & Discipline, Working Hours, Compensation and Benefit, Overtime Policy, Child Labor, Forced labor, Harassment and Abuse, Discrimination, Employment Relationship, Women's Rights, Anti-bribery, Waste Handling and Disposal, PPE Use policy, Child Care Policy, Grievance Policy, Grievance Investigation Procedure, Emergency Action Plan, Human Trafficking policy, and Environmental Protection Policy. Additionally, factory management has obtained permission from concerned "Labor Department" on December 23, 2015 to adopt and implement those policies in the factory.

Sustainable action: Factory's head of compliance will monitor all related policies on an annual basis, recommend amendments as needed, and will ensure employees are aware of such policies.

Action plan status: In Progress

Planned completion date: 02/07/16

Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.2

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not provide specific training for relevant supervisors on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System.
2. The factory does not provide ongoing training for employees on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

1. Immediate action: The factory has adopted and implemented following policies: Factory's Code of Conduct , Non-disclosure Policy, Resigned and Termination policy, Final Settlement of Job Policy, Maternity Leave Benefit and Payment Policy, Bonus Policy, Policy on Misconduct, Hiring, Wages and Benefit, Leave, Termination & Retrenchment, Industrial Relationship; Freedom of Association, Workplace Conduct & Discipline, Working Hours, Compensation and Benefit, Overtime Policy, Child Labor, Forced labor, Harassment and Abuse, Discrimination, Employment Relationship, Women's Rights, Anti-bribery, Waste Handling and Disposal, PPE Use policy, Child Care Policy, Grievance Policy, Grievance Investigation Procedure, Emergency Action Plan, Human Trafficking policy, and Environmental Protection Policy. Additionally, factory management has obtained permission from concerned "Labor Department" on December 23, 2015 to adopt and implement those policies in the factory.

Sustainable action: Factory's head of compliance will monitor all related policies on an annual basis, recommend amendments as needed, and will ensure employees are aware of such policies.

Action plan status: In Progress

Planned completion date: 02/09/16

Progress update: 07/11/16 : Pending PVH verification.

2. Immediate action: HR and compliance personnel are in the process of conducting identified trainings.

Sustainable Action: Compliance and HR and departments will proactively work toward upskilling their teams. Periodic trainings and awareness-raising sessions will be conducted and tracked on employment practices. An annual training schedule will be created to ensure ongoing training is provided to all employees.

Action plan status: In Progress

Planned completion date: 02/09/16

Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.3

ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has not performed any environmental impact assessment.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

1. Immediate action: Factory management had conducted environmental impact assessment (EIA) in 2014. Records will be made more readily available for review.

Sustainable action: Factory will pursue action on environmental findings as required.

Action plan status: In Progress

Planned completion date: 02/24/16

Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.4

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. In the cutting section, the exit door from the 3rd exit is a sliding door that has to be pushed sideways and is at times kept closed to prevent strong breezes and dust from entering the cutting area, posing a potential safety risk in case of evacuation.
2. Some of the workstations are not properly designed for workstation comfort as they are not adjustable. Some workers sit on high stools and bend over the table to work. Some workers in the bundling section sit on hard benches with no backrests. Some workers in the sewing section sit on hard stools. In addition, the factory does not provide ergonomic training or ergonomic breaks.
3. One of the four cutting machine operators working on the band knife machine in the cutting section were operating the machine without mesh gloves. In addition, approximately 3% of the overlock machine operators were not using the provided respiratory masks to prevent them from breathing in floating fabric dust.
4. The emergency lights have low illumination levels and may not be effective in case of an emergency evacuation. Additionally, an emergency light is missing above the exit on the 3rd floor that connects to the cutting floor in the adjacent building.
5. Aisles and evacuation route markings are faded in all work areas except in the cutting section. Hanger stands with ironed shirts were seen placed on evacuation routes and walkways. This practice could hamper quick and easy evacuation in case of an emergency.
6. Most workstations in the sewing and finishing areas are congested. There are numerous instances of 2 to 4 workers working at one workstation in the sewing stations. At least 2 workers were seen working at single ironing stations. There is only approximately 11 inches of space between the ironing tables. In over 50% of work stations, workers were sitting back to back, which could hamper and cause injury during an emergency evacuation. In approximately 30% of workstations in the sewing section and in most workstations in the ironing section, workers were completely caged in their workstations. Access to passages from most work stations was blocked with bins, tables, and hanger stands. This practice could pose a risk for quick and easy evacuation and could also injure workers during the evacuation process.
7. Needle guards on 70% of sewing machines have been tampered with to be pushed upwards, and eye shields on 10% of the overlock machines were pushed upwards, resulting in them being ineffective.
8. There are no designated traffic lanes; walkways are marked for traffic and vehicle movement. There are no speed limits and load capacities marked on vehicles. The factory has not provided any reflectors and indicators in traffic movement areas.
9. Septic tanks, which are confined spaces, are not marked.
10. The factory has not posted safety instructions near machinery, in workers' languages.

Local Law or Code Requirement

Bangladesh Labor 2006, Section 62; Bangladesh Factories Rules 1979, Rule 39 and Section 40; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.5.1, HSE.14.1, and HSE.17.1)

Recommendations for Immediate Action

1. Replace the sliding exit door that has to be pushed sideways with doors that open in the direction of evacuation. Ensure that the doors are not locked during working hours.
2. Provide appropriate and adjustable work stations to reduce workers' risk of repetitive motion stress and bodily injury.
3. Provide the appropriate Personal Protective Equipment (PPE) to the cutting machine operators. Educate overlock machine operators on the use of eye shields. Monitor to ensure that the workers use PPE correctly. Train and regularly communicate workers on the requirement to use PPE.

4. Ensure that emergency lights are adequately illuminated and well maintained.
5. Clearly mark all aisles and evacuation route markings in all working areas. Ensure that faded markings are corrected on a regular basis.
6. Decongest the workstations in the sewing and finishing departments. Ensure that only one worker is at each station. If there is a need to have more than one worker in a workstation, provide adequate space. Keep paths from work areas to passages clear at all times for safe evacuation and remove any obstacles for a safe evacuation.
7. Educate workers on the proper use of needle guards and eye shields and monitor to ensure usage.
8. Mark traffic lanes clearly to prevent accidents. Communicate and train workers on the use of traffic lanes. Mark speed limits and load capacity on cargo vehicles. Install reflectors and indicators in areas where traffic moves about.
9. Mark confined spaces.
10. Post safety instructions near machinery in workers' languages.

COMPANY ACTION PLANS

1. Immediate action: Factory has removed sliding door from location in question.

Sustainable action: Factory management will ensure UL-certified fire-rated door at the location in question.

Action plan status: In Progress
Planned completion date: 02/17/16
Progress update: 07/11/16 : Pending PVH Verification.

2. Immediate Action: The factory will provide ergonomic breaks/exercises throughout the day.

Sustainable Action: Compliance team will monitor this issue on a daily basis and inform employees of appropriate practices when necessary. Additionally, the factory will work to replace high stool benches with adjustable seating with back rests.

Action plan status: In Progress
Planned completion date: 02/09/16
Progress update: 07/11/16 : Pending PVH Verification.

3. Immediate action: Factory has provided mesh gloves to all operators of cutting machines and mask to all overlock machine operators.

Sustainable action: Factory has begun conducting PPE training/awareness-raising on a weekly basis to all production staff.

Action plan status: In Progress
Planned completion date: 02/09/16
Progress update: 07/11/16 : Pending PVH Verification.

4. Immediate action: Factory Electrical department has changed the low illumination lights on exits and provided emergency light box in missing areas.

Sustainable action: Factory Electrical and Maintenance Departments met with compliance staff to understand them the requirement of lighting in various places of the production floors and importance of exit light boxes. Electrical team is now daily monitoring light levels and related issues on a daily basis.

Action plan status: In Progress
Planned completion date: 02/08/16
Progress update: 07/11/16 : Pending PVH Verification.

5. Immediate action: Factory Civil department has updated the aisle marking where necessary. Hanger stand has been adjusted accordingly.

Sustainable action: Factory management has instructed Civil department to monitor aisle markings and update as needed. Also, management instructed finishing manager prevent equipment from obstructing means of egress. Compliance team will monitor the production floors to address pathway markings and accessibility.

Action plan status: In Progress
Planned completion date: 02/27/16
Progress update: 07/11/16 : Pending PVH Verification.

6. HSE-6: DUPLICATE (FLA, PLEASE DELETE)

Action plan status: Planned
Planned completion date: 03/08/16

7. Immediate action: Factory has cleared congested areas.

Sustainable action: Factory has removed particular unusable material from production floor. Factory is currently working to develop a layout plan intended to further reduce congestion. General manager of administration has been assigned to address on this issue. The team is monitoring floor conditions on a daily basis and reporting to the respective head.

Action plan status: In Progress
Planned completion date: 03/08/16
Progress update: 07/11/16 : Pending PVH Verification.

8. Immediate action: Factory has provided appropriate needle guard to machine operators.

Sustainable action: Factory has implements a system to monitor machine guards for each machine on a daily basis. Compliance team will conduct awareness program to employees and weekly checks.

Action plan status: In Progress
Planned completion date: 02/13/16
Progress update: 07/11/16 : PVH to verify

9. Immediate action: The factory will mark speed limits and load capacity on vehicles as well as provide reflectors and indicators for all areas used by forklifts and other traffic.

Sustainable action: Factory will use an adjacent plot for vehicle traffic (shipment activities, wash vehicle, accessories vehicle, etc.), and original area will remain only as an employee exit passageway.

Action plan status: In Progress
Planned completion date: 02/15/16
Progress update: 07/11/16 : Pending PVH Verification.

10. Immediate action: Factory has appropriately marked the confined space area.

Sustainable action: Factory has identified all confined spaces in this factory and marked them as such with details. Factory has arrange a training program to maintenance staff regarding confined spaces. Factory has established a system to monitor all confined spaces monthly basis and will keep a record.

Action plan status: In Progress
Planned completion date: 02/06/16
Progress update: 07/11/16 : Pending PVH Verification.

11. Immediate action: Factory has posted safety instructions at all machinery areas.

Sustainable action: All mechanics and compliance team are instructed to confirm machinery safety instruction in native language to operators of each respective machine. Admin-GM leading the program to monitor on a daily basis and raise awareness to employees to follow the safety instructions over factory PA system.

Action plan status: In Progress
Planned completion date: 03/01/16
Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.5

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory procedures do not cover the following topics: measures to protect reproductive health of employees through minimizing exposure to workplace hazards, how workers can raise Health & Safety concerns, protection against retaliation for workers who raise health and safety concerns, steps for reporting death, injury, illness and other Health & Safety issues.
2. The factory does not train workers in proper load lifting techniques. There are no formalized trainings on ergonomics, although some posters have been posted on load lifting techniques in warehouse. The factory does not provide lifting belts to applicable workers.
3. The factory has not conducted any fire risk assessment.
4. The factory has not provided any formalized training to relevant workers on the safe use of diesel, waste oils, and fresh lubricating oil.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety, & Environment Benchmarks HSE.5, HSE.9, HSE.12, and HSE.17; Nondiscrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Provide eligible workers with lifting belts as proper Personal Protective Equipment PPE.

COMPANY ACTION PLANS

1. Immediate action: Factory has revised procedures accordingly.

Sustainable action: Factory management meanwhile established a Safety Committee, as stated in labor rules-2015, and those selected employees of the committee have been trained by an external third party on how to report on any injuries/accident/death or health & safety issues to the management. New policies and procedures are announced to all employees over the factory PA system.

Action plan status: In Progress

Planned completion date: 02/29/16

Progress update: 07/11/16 : Pending PVH Verification.

2. Immediate action: The training is being conducted and provision and use of lifting belts have included.

Sustainable action: Factory compliance department is conducting the training on ergonomics to all employees as well. Lifting belts have ensured to applicable workers. Necessary instructions and posters have been posted to inform about avoiding ergonomic injuries.

Action plan status: In Progress

Planned completion date: 03/06/16

Progress update: 07/11/16 : Pending PVH Verification.

3. Immediate action: Factory has conducted detailed fire risk assessment by internal team, and assessment has been performed by external party (Accord).

Sustainable action: Factory is under Accord safety assessment. Factory is actively working to minimize fire risk and following the requirements of Accord. Factory has appointed full-time fire expert who monitors and implements all Accord requirement. Compliance team also carries out daily inspections in this regard.

Action plan status: In Progress

Planned completion date: 02/14/16

Progress update: 07/11/16 : Pending PVH Verification.

4. Immediate action: The respective trainings are being conducted by the concerned departments to relevant employees.

Sustainable action: Factory has established an inventory of all hazardous material and monitoring system of such. Relevant employees are being trained periodically to handle hazardous materials. Maintenance in-charge has been assigned to monitor this issue.

Action plan status: In Progress

Planned completion date: 03/02/16

Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.6

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There are no written procedures for Personnel Development. There is no information available on raising or broadening skills in order to advance workers in their careers, the steps and requirements in the promotion, demotion and reassignment scheme, written outcomes of promotion, demotion and reassignment provided to workers.
2. The factory does not communicate the Recruitment, Hiring, & Personnel Development policies and procedures and their updates to the general workforce.
3. Workers do not sign their evaluation reports for workers from the quality department. Furthermore, the evaluator's name is missing on the evaluation forms.
4. The factory does not provide job descriptions for all positions. There are no written job descriptions available for persons responsible for Health & Safety, Environment, and managing disciplinary procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.2, ER.1.3, ER.29, and ER.30)

COMPANY ACTION PLANS

1. Immediate action: The procedure has been developed and implemented.

Sustainable action: Factory has revised and modified relevant procedure. Factory will adopt an effective HR system lead by HR head and will monitor such procedures on an annual basis.

Action plan status: In Progress

Planned completion date: 02/10/16

Progress update: 07/11/16 : Pending PVH Verification.

2. Immediate action: Compliance department has communicated such policies to the workforce.

Sustainable action: Monthly trainings will be carried out to HR & compliance teams. HR and compliance heads will announce all updates to their teams and conduct awareness-raising by posting on notice boards.

Action plan status: In Progress

Planned completion date: 03/05/16

Progress update: 07/11/16 : Pending PVH Verification.

3. Immediate action: Report has been signed by the quality department, evaluator and the worker.

Sustainable action: GM-administration has instructed all evaluators and concerned employees to sign reports simultaneously.

Action plan status: In Progress

Planned completion date: 02/08/16

Progress update: 07/11/16 : Pending PVH Verification.

4. Immediate action: Factory management is developing job responsibilities for all positions.

Sustainable action: Factory management is alerting respective employees when appointment letters are issued. Factory has already issued job responsibilities to those related to Health & Safety, Environment and those who are managing disciplinary procedures.

Action plan status: In Progress

Planned completion date: 03/12/16

Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.7

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not conduct a periodic review and update of the Wages & Benefits policies and procedures.
2. The factory does not update information on leaves in the service books, as required by law.
3. The policy on eligibility of attendance bonus states that the monthly attendance bonus is not applicable if any kind of leave is taken. This practice might discourage workers from availing casual or sick leave.

Local Law or Code Requirement

Bangladesh Labour Code 2006, Section 7(2); FLA Workplace Code (Employment Relationship Benchmark ER.1; Compensation Benchmarks C.1 and C.12)

Recommendations for Immediate Action

1. Update and maintain service books to provide accurate information on leave. Ensure that there are no policies and procedures which discourage workers from taking leaves that they are entitled to.

COMPANY ACTION PLANS

1. Immediate action: Factory has begun a review of the Wages & Benefits policies and procedures.

Sustainable action: Factory has established a system so that after six months all the policies related to wages and benefits will be reviewed by HR & Compliance heads and updated with necessary changes.

Action plan status: In Progress

Planned completion date: 03/09/16

Progress update: 07/11/16 : Pending PVH Verification.

2. Immediate action: Factory has updated information on leaves accordingly.

Sustainable action: HR department will actively work to enter leave data in service books. Compliance team will monitor this issue on monthly basis.

Action plan status: In Progress
Planned completion date: 03/15/16
Progress update: 07/11/16 : Pending PVH Verification.

3. Immediate Action: The factory has revised the policy and removed language stating that attendance bonuses would not be applicable if any type of leave has been taken. The new policy was adopted on December 23 2015 and was approved by the relevant labor authorities.

Sustainable action: HR department has revised the policy. Compliance team has created an awareness program for all employees to ensure better understanding.

Action plan status: In Progress
Planned completion date: 02/07/16
Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.8

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The Hours of Work policy quotes the legal requirements and does not specify the factory policy. The Hours of Work procedures do not cover the following topics: recording working hours, a definition of extraordinary business circumstances, trainings to be conducted, and special provisions for identifying pregnant/lactating women or any special category of workers.
2. The factory does not have a system in place to identify pregnant or lactating women.
3. As stated by the management, production planning and targets are calculated and set based on 10 hours of work per day. All workers work more than 60 hours a week, violating legal limits. A review of time records for March/July 2015 (nonpeak period) and August/October 2015 (peak period) revealed that 40 out of 45 sampled workers worked up to 12 to 14 hours a day and between 60 to a maximum of 64 hours per week during at least 2 weeks in each of the months reviewed
4. As stated by the management, the factory has no official written procedures on breaks. Thus, there is no official or clearly-defined break after the lunch break at 2.30pm although workers are free to take a break if they wish to. Since breaks are not clearly defined in the procedures, the factory violates local legal requirements that state that they have to provide 30 minutes after every time frame of 5.5 of continuous work of 1 hour after 6 hours of continuous work. There were instances where workers worked until 9pm, resulting in 6.30 hours of continuous work after the lunch break, which does not comply with legal requirements.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Sections 100, 101, and 102(2); FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.24; Hours of Work Benchmarks HOW.1, HOW.3, HOW.5, and HOW.8)

Recommendations for Immediate Action

1. Review the production plan, and ensure that production is planned and targets are set based on 8 regular hours of work.
2. Ensure that workers do not work more than the legally limits of 10 hours a day.
3. Ensure that workers do not work more than 60 hours per week.
4. Provide breaks as per legal requirements (30 minutes after 5.5 hours of continuous work or 1 hour after 6 hours of continuous work).
5. FLA affiliate Company's Sourcing and Social Compliance teams should: a) implement FLA Principles of Fair Labor and Responsible Sourcing and b) accordingly coordinate on the topics mentioned below to help the factory address its excessive hours issue:
 - a. How to provide better order forecasts to the factories;
 - b. Possible workshops/consultancy for the factory on how to improve productivity/quality;
 - c. Clear guidelines on how to extend shipment deadlines in case of contingencies;
 - d. Steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brand's Sourcing and Social Compliance teams);
 - e. Clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond

- regular working hours or during breaks;
- f. Clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

COMPANY ACTION PLANS

1. Immediate action: Factory has updated the working hours policy.

Sustainable action: Factory compliance head reviewed the policy of working hours and communicated it to employees. Factory ensured all types of benefit as stated in local law.

Action plan status: In Progress
Planned completion date: 03/19/16
Progress update: 07/07/16 : Pending PVH Verification.

2. Immediate action: Factory has implemented a system to identify pregnant or lactating women.

Sustainable action: Factory's compliance head reviewed the policy of working hours and accordingly informed employees. Regarding identifying of pregnant/lactating women, there is a list maintained and updated by medical doctors and nurse.

Action plan status: In Progress
Planned completion date: 02/07/16
Progress update: 07/07/16 : Pending PVH Verification.

3. Immediate action: Factory will reduce extra working hours gradually in each subsequent month.

Sustainable action: Factory CEO has instructed production head and IE head to make a proper production plan thus reducing extra working hours gradually in each successive month. HR department to track and report to CEO.

Action plan status: In Progress
Planned completion date: 03/06/16
Progress update: 07/07/16 : Pending PVH Verification.

4. Immediate action: HR department updated the policy and accordingly informed employees. Supervisors will also be trained on the new break policy.

Sustainable action: Factory management is providing 30 minutes break after every 5 hours per shift. Compliance head updated the policy and informed workers. HR department will monitor the issue on a weekly basis.

Action plan status: In Progress
Planned completion date: 02/23/16
Progress update: 07/07/16 : Pending PVH Verification.

FINDING NO.9

TERMINATION & RETRENCHMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There is no written policy and procedures for Retrenchment. The Factory Code of conduct states that in case of Termination, legal requirements will be followed; however, it does not provide the details of these legal requirements. The Termination & Retrenchment procedures do not define methods for calculating of terminal payouts.
2. The factory does not communicate the Termination & Retrenchment policies and procedures and their updates.
3. The factory does not conduct a periodic review and update of the Termination & Retrenchment policies and procedures.
4. The documents of workers who have received terminal dues have signatures that do not match with those on the wage records for previous months and on employment documents, indicating that the records and signatures might have been

falsified.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.19 and ER.32, Compensation Benchmark C.14)

Recommendations for Immediate Action

1. Ensure that all terminal dues are paid correctly and confirmed by the resigned worker. Ensure that all signatures are verified and identify the person who is giving the signature.

COMPANY ACTION PLANS

1. Immediate action: HR department personnel have updated the policy.

Sustainable action: Factory compliance head reviewed the policy and incorporated the legal requirements and conduct awareness-raising to all employees. HR department will monitor this issue on a monthly basis.

Action plan status: In Progress

Planned completion date: 02/15/16

Progress update: 07/11/16 : Pending PVH Verification.

2. Immediate action: HR department personnel have updated the policy.

Sustainable action: Factory compliance head reviewed the policy and incorporated the legal requirements and conduct awareness-raising to all employees. HR department will monitor this issue on a monthly basis.

Action plan status: In Progress

Planned completion date: 02/15/16

Progress update: 07/11/16 : Pending PVH Verification.

3. Immediate action: HR department personnel have updated the policy.

Sustainable action: Factory compliance head reviewed the policy and incorporated the legal requirements and conduct awareness-raising to all employees. HR department will monitor this issue on a periodic basis.

Action plan status: In Progress

Planned completion date: 02/15/16

Progress update: 07/11/16 : Pending PVH Verification.

4. Immediate Action: The factory will establish procedures to ensure that all workers sign their receipt of termination dues.

Sustainable Action: Management will conduct awareness-raising program to all employees. HR department will ensure the right payment is issued to the right person.

Action plan status: In Progress

Planned completion date: 03/21/16

Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.10

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The Industrial Relations & Freedom of Association procedures do not provide detailed information on the functioning of the Participation Committee (a joint worker-management committee), and they do not define factory systems for ensuring Industrial Relations & Freedom of Association.
2. The factory does not conduct a periodic review and update of the Industrial Relations & Freedom of Association policies and procedures.
3. The worker representative structure in the factory is not independent from management interference. The Participation committee is a joint worker-management committee where worker representatives are elected by workers and management representatives are elected by management; hence, management is involved with the functioning of the committee.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1; Freedom of Association Benchmarks FOA.10, FOA.11, FOA.12, FOA.13, FOA.14, and FOA.15)

COMPANY ACTION PLANS

1. Immediate action: "Freedom of Association" procedure has been revised and updated accordingly.

Sustainable action: Factory compliance head revised the policy and procedure of freedom of association and conducted awareness-raising to PC members as well to all employees. Monthly monitoring will be conducted by Compliance team and documentation of this issue will be maintained.

Action plan status: In Progress

Planned completion date: 03/27/16

Progress update: 07/11/16 : Pending PVH Verification.

2. Immediate action: "Freedom of Association" procedure has been revised and updated accordingly.

Sustainable action: Factory compliance head revised the policy and procedure of freedom of association and conducted awareness-raising to PC members as well to all employees.

Action plan status: In Progress

Planned completion date: 03/27/16

Progress update: 07/11/16 : Pending PVH Verification.

3. Immediate action: Factory will update the "Freedom of Association" procedure and will assist in creating a worker representative structure that is separate from management.

Sustainable action: Factory management will establish a system where the worker representative committee can work more independently and will conduct regular meetings with management to convey the issues discussed at the independent meetings.

Action plan status: In Progress

Planned completion date: 03/27/16

Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.11

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Grievances are only received verbally and addressed by management. The factory does not maintain any documentation on grievances.

2. The factory does not encourage workers to use the complaint/suggestion boxes, although the factory does not restrict workers either. These boxes are installed in the toilets. As stated by the management, the factory never receives any suggestions/complaints.
3. The Grievance System procedures do not cover the following topics: how grievances are to be prioritized and addressed, a system for communicating back to workers, and the need for periodic reviews of the Grievance System policy and procedures.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

1. Immediate action: HR Department is following the documentation on related to grievance system accordingly.

Sustainable action: Factory maintains a system of documentation and will record verbal accounts in order to ensure feedback to employees. GM-admin met with HR department personnel regarding this issue. Factory will keep a separate register to maintain log of written grievances and will provide feedback to workers accordingly.

Action plan status: In Progress

Planned completion date: 02/23/16

Progress update: 07/11/16 : Pending PVH Verification.

2. Immediate action: Factory has increased awareness and encouraged workers about the grievance channels.

Sustainable action: Factory has arranged weekly awareness-raising programs by the Compliance department.

Action plan status: In Progress

Planned completion date: 03/02/16

Progress update: 07/11/16 : Pending PVH Verification.

3. Immediate action: Factory revised the grievance policy and procedure.

Sustainable action: Factory compliance head has revised the grievance policy and procedure and begun awareness-raising program. Factory will provide feedback to workers based on priority of grievance. HR department will conduct periodic reviews of grievance channels.

Action plan status: In Progress

Planned completion date: 03/09/16

Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.12

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The signature of the male doctor on the picture of workers on a few age certificates did not match with the doctor's signature at the end of the certificate, indicating that the doctor's signature might have been falsified.
2. Workers are legally required to obtain an age estimation certificate based on a physical health examination by a doctor. This age estimation form completed by the doctor is kept in the workers' personnel files; however, the form has two invasive questions that violate workers' privacy and are improper in determining age. The two questions refer to the general growth of breasts and pubic hair as a factor for age verification. It cannot be guaranteed that the health examination is completed in a gender-sensitive manner. In addition, the age verification certificate, including information concerning the two inappropriate questions is publicly accessible for factory visitors and managerial staff.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Chapter II, Section 3, Subsections 2 and 3; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.2.1, ER.3, ER.10, and ER.22; Nondiscrimination Benchmarks ND.1 and ND.2.1)

Recommendations for Immediate Action

1. Ensure that age certificates are reviewed and signed properly by the respective doctor. Review the information requested in the age estimation form, and ensure that no information pertaining to privacy of workers is recorded.
2. Review the age estimation forms to ensure that do not violate workers' privacy and remove the two inappropriate questions from the age verification forms. Ensure that all health examinations are done in a gender-sensitive manner.

COMPANY ACTION PLANS

1. Immediate action: Document is signed by the factory doctor accordingly.

Sustainable action: GM-admin instructed the doctor to sign the document accordingly, not simply using her initials. Compliance team will monitor this issue on a monthly basis.

Action plan status: In Progress

Planned completion date: 02/08/16

Progress update: 07/11/16 : Pending PVH Verification.

2. Immediate Action: The factory has removed the two invasive questions from the age estimation form and a new form has been rolled out in accordance with local law. Additionally, the factory is in the process of implementing another means of age verification, namely, dental verification. Furthermore, personal medical records will not be shared with factory management or visitors.

Sustainable action: HR department and a medical team has been instructed by GM-admin, to follow the form of the new labor rules-2015, instead the older version. Compliance team will monitor this issue on a monthly basis.

Action plan status: In Progress

Planned completion date: 02/08/16

Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.13

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory's service rules (Workplace Conduct and employment standards) are not approved as required by law.
2. Although the factory does not have a combined policy on Workplace Conduct, there are separate policies on Discipline, Harassment, and Violence-free Workplace. Procedures define the various types of misconduct but do not explain what actions would be taken based on the differing types of misconduct.
3. Verbal warnings are given for indiscipline or production errors; however, the factory does not document these warnings.
4. The factory did not provide all workers with a copy of the workplace rules during orientation.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Chapter II, Section 3, Subsections 2 and 3; FLA Workplace Code (Workplace Conduct & Discipline Benchmarks ER.2, ER.15, and ER.27)

Recommendations for Immediate Action

1. Apply for and obtain approval of the factory service rules from the relevant government authorities.

COMPANY ACTION PLANS

1. Immediate action: Factory management has already received the approval on all factory policies of this factory by the director of labor.

Sustainable action: In 2015, Sep, labor rules, section-3, stated that if any owner who wishes to approval of the service rules, he can proceed but that this is not mandatory. However, factory compliance department gets the approval on all policies/procedure from the labor department.

Action plan status: In Progress

Planned completion date: 02/24/16

Progress update: 07/11/16 : Pending PVH Verification.

2. Immediate action: Factory already incorporated the discipline system for any misconduct based on the local law.

Sustainable action: Factory GM-admin, instructed HR department manager to follow disciplinary measures related to any misconduct with the appropriate policy, periodically update the policy, and inform employees accordingly.

Action plan status: In Progress

Planned completion date: 03/29/16

Progress update: 07/11/16 : Pending PVH Verification.

3. Immediate action: All verbal warnings are recorded accordingly.

Sustainable action: HR department manager is instructed by the factory GM-admin to maintain and properly monitor the system. Compliance team will follow this issue on a monthly basis.

Action plan status: In Progress

Planned completion date: 03/19/16

Progress update: 07/11/16 : Pending PVH Verification.

4. Immediate Action: The factory is providing handbooks, inclusive of all workplace rules, to all employees at the time of recruitment.

Sustainable Action: Factory management instructed the HR department to provide worker handbooks, inclusive of all workplace rules, to all employees at the time of recruitment and keep record of such instances. Compliance team will monitor this issue on a monthly basis. The factory will also provide training to all employees on workplace rules.

Action plan status: In Progress

Planned completion date: 02/01/16

Progress update: 07/11/16 : Pending PVH Verification.

FINDING NO.14

WORKER INTEGRATION (MACRO)

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 integrated nor consulted in decision-making processes.

Local Law or Code Requirement

COMPANY ACTION PLANS

1. Immediate action: Factory is beginning to implement this system.

Sustainable action: Factory management is meeting with all employees to discuss the integration process. Management is also discussing the issue with various committees in the factory before initiating actions. HR department will work together with the Worker-Management Participating Committee on this issue and will conduct a meeting with them on a monthly basis.

Action plan status: In Progress

Planned completion date: 04/30/16

Progress update: 07/11/16 : Pending PVH Verification.