



**COMPANY: Delta Galil Industries Ltd.**  
**COUNTRY: Egypt**  
**ASSESSMENT DATE: 11/15/15**  
**MONITOR: FLA Assessor Team (Turkey)**  
**PRODUCTS: Apparel**  
**PROCESSES: Cut, Sew, Packing, Knitting**  
**NUMBER OF WORKERS: 2898**  
**NUMBER OF WORKERS INTERVIEWED: 50**  
**ASSESSMENT NUMBER: AA0000001915**

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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.

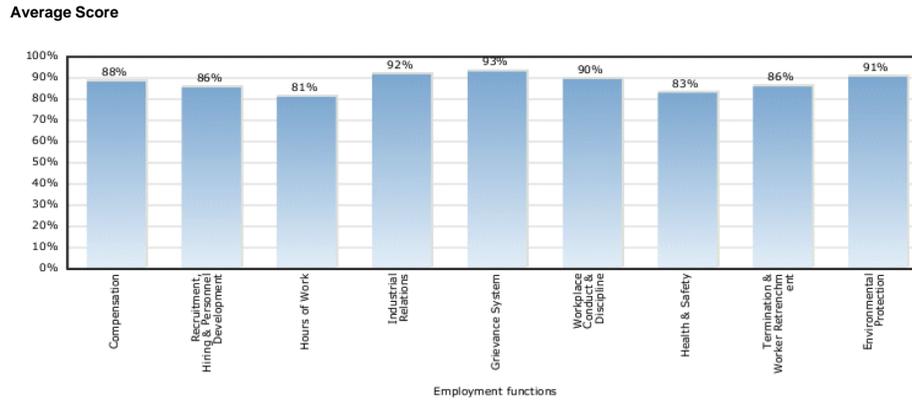
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that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

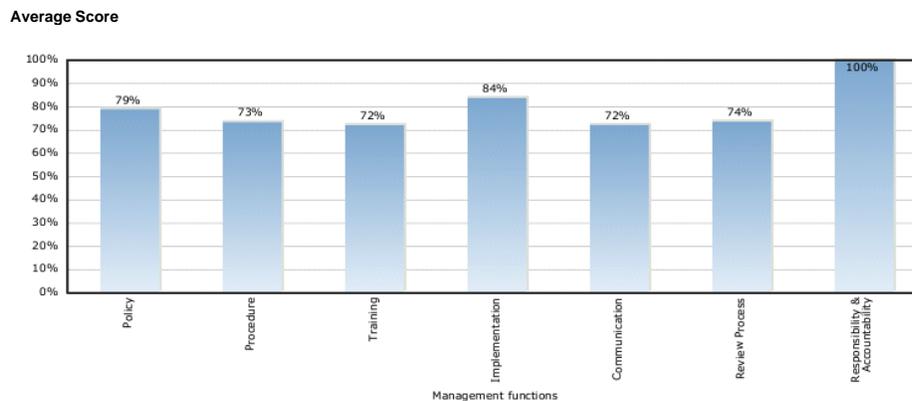
## Score by Employment Function

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	62.5%	75%	80%	75%	80%	92.86%	100%	90%	88.89%
Procedure	52.13%	75%	41.18%	0%	88.89%	88.89%	66.67%	80%	88.24%
Responsibility & Accountability	100%	100%	100%	100%	100%	100%	100%	100%	100%
Review Process	50%	100%	100%	0%	50%	50%	100%	66.67%	100%
Training	85.71%	100%	100%	0%	33.33%	80%	33.33%	73.33%	50%
Implementation	84.55%	85.13%	80%	95.83%	100%	79.17%	88.89%	80.67%	85.8%
Communication	100%	100%	50%	100%	100%	83.33%	25%	77.5%	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	1	Calculation Basis for Overtime Payments
Child Labor	1	Employment of Young Workers
Employment Relationship	11	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 Industrial Relations Work Rules and Discipline 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
Harassment and Abuse	4	General Compliance Harassment or Abuse Discipline/Verbal Abuse Discipline/Psychological Abuse Violence/Harassment or Abuse
Hours of Work	7	Annual Leave/Determination Annual Leave/Restrictions Leave/Retaliation Protected Workers (Women and Young Workers)/Record Keeping Maintenance of Reasonable Levels of Staff Overtime/Calculation over Period Longer than One Week Forced Overtime/Exceptional Circumstances
Health, Safety and Environment	5	General Compliance Health, Safety, and Environment Machinery Safety, Maintenance and Workers Training Toilets/Restrictions Dormitory Facilities Evacuation Requirements and Procedure
Non-Discrimination	1	General Compliance Nondiscrimination

## Findings and Action Plans

### FINDING NO.1

### RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

## FINDING TYPE: Immediate Action Required

### Finding Explanation

1. The factory employs migrant workers from Bangladesh. There are currently 179 Bangladeshi workers in the facility and those workers work in a different building near the main building of the factory. However, 90 of them neither have visas nor work permits. While the assessors have not found any evidence of human trafficking, these workers are working in Egypt illegally. In addition, the factory does not provide any of the migrant workers with the legally mandated social insurance.
2. During the 3-month probation period, the factory does not pay workers any overtime premiums and does not register them with the Social Security Bureau. The factory only pays for the hospital expenses of the workers when they get sick during the probationary period.
3. Job application forms ask for personal information, such as marital status, religion, and status of military service, which can potentially lead to discriminatory hiring practices.
4. The current number of disabled workers does not meet the legal requirement that the disabled workers constitute at least 5% of the total workforce. There are currently 25 disabled workers employed by the facility; the factory needs to hire 42 more disabled workers to meet the legal requirement, based on the total number of workers.

### Local Law or Code Requirement

Rehabilitation Law 1982, Article 49; Egyptian Constitution, Articles 28 and 40; Egyptian Labor Law, Article 28; Social Insurance Law, No: 135, 2010; FLA Workplace Code (Employment Relationship Benchmarks ER.3 and ER.14; Compensation Benchmark C.10)

### Root Causes

1. For registered migrant workers in Egypt, the employers are responsible for visa application fee, work permit fee and social security contributions. In addition, once the factory applies for registration for the migrant workers not previously registered in line with legal requirements, 1 million EGP will be charged as a monetary fine. As a result of these cost implications, the factory has not registered the migrant workers.
2. Since the factory is not sure whether the workers continue working beyond the probation period, management does not want to register workers with social security and begin paying the legally mandated premiums.
3. The factory does not pay probationary workers the overtime premium rate to decrease production costs.
4. Management was not aware that the information requested on the job application form could lead to discrimination.
5. There is a lack of detailed procedures on Recruitment and Hiring, such as eliminating all possible discrimination during the job application process, registering the workers for social insurance, a prohibition against charging introduction fees, and a prohibition of illegal or unnecessary/improper medical/pregnancy testing.
6. Regarding disabled workers, the factory is in communication with a governmental manpower agency to meet the quota; however, this agency has not directed many disabled candidates to the factory.
7. The hiring procedures do not mention any special categories of workers, including disabled workers, or the legal requirements for the hiring of special categories of workers.
8. There is no internal audit/review system to ensure that Recruitment and Hiring practices are in compliance with the legal requirements and FLA Benchmarks.
9. Management lacks awareness of the FLA's Workplace Code and Benchmarks.
10. These issues have not been brought to factory management's attention during previous external audits.

### Recommendations for Immediate Action

1. Ensure that all migrant workers have the required visas and work permits and that they are registered for social insurance as soon as they start to work in the facility.
2. Ensure that all local workers are registered for social insurance at the time of recruitment. Provide all workers overtime premiums and social insurance once they start working at the factory regardless of the probation period.
3. Revise the job application forms removing discriminatory personal questions.

## COMPANY ACTION PLANS

1. 1. Work visas will be obtained for the Bengali workers who do not yet have a visa, no matter what the cost 2. The Bengali workers will be asked to sign the contract that applies to local workers in order to eliminate any possible discrimination between the Egyptian and the Bengali workers The social insurance is a long process in Egypt and when the company insured the worker, we are doing it retroactively from the hire date. See attach application form. We sent letter to the manpower to compete our 5% of disabled person but they didn't answer untill now. We will send them again another letter. The factory contacted the Ministry, asking them that we need 75 disabled workers to complete our percentage but they didn't give us any plan.

**Action plan status:** Completed

**Planned**

**completion date:** 04/30/16

**date:**

**Progress update:** 01/31/17 : On request to renegotiate a new contract some Bengali workers stopped working as a protest. When management insisted that the contracts be renegotiated most of the Bengali workers resigned. About 30 went back to Bangladesh while the others remained in Egypt. All payments due to the resigned workers were paid. The travel costs for those that returned to BD were paid by Delta. All workers who remained with Delta after signing new contracts now have work visas. The Bengali workers were moved out of the residence building where they were living. Delta assisted in finding apartments for the workers according to their preference. The cost is paid by Delta.

**Completion date:** 04/19/16

## FINDING NO.2

### RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

**FINDING TYPE:** Sustainable Improvement Required

#### Finding Explanation

1. Although the factory has implemented a performance evaluation system for some sections, such as the sewing and quality departments, it does not have a policy and procedures for Personnel Development and a performance review system.
2. Although the factory gives a detailed orientation training, it does not provide workers with written documentation that substantiates all the issues covered in orientation.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.15, ER.29, and ER.30)

#### Root Causes

1. Management lacks awareness of FLA Workplace Code and Benchmarks.
2. These issues have not been brought to the factory management's attention during previous external audits.

### COMPANY ACTION PLANS

1. We will finish this process within one month.

**Action plan status:** In Progress

**Planned completion date:** 09/01/16

**Progress update:** 01/31/17 : We will create a Policy and Procedures for Personnel Development and a performance review system until the 1st of September. Workers will be provided with written documentation.

## FINDING NO.3

### COMPENSATION

**FINDING TYPE:** Immediate Action Required

#### Finding Explanation

1. The factory imposes undue restrictions on workers' use of annual leave. If workers use their annual leave, which they are legally entitled to, the factory deducts the attendance bonus. The bonus is given as an incentive for workers to encourage full attendance; however, this practice suggests that the deduction is a disciplinary measure against annual leave.

### Local Law or Code Requirement

Egyptian Labor Law, Article 47; FLA Workplace Code (Hours of Work Benchmarks HOW.12, HOW.13, and HOW.15)

### Root Causes

1. The factory considers the attendance bonus an incentive system to encourage full attendance.
2. There are no detailed written procedures on bonuses and their implementation pertaining to annual leave.
3. Management lacks awareness of the FLA Workplace Code and Benchmarks.
4. There is no internal audit/review system to make sure that all implementations are in compliance with the legal requirements and the FLA Benchmarks.
5. These issues have not been brought to factory management's attention during previous external audits.

### Recommendations for Immediate Action

1. Ensure that the factory does not impose undue restrictions on workers' annual leave by deducting the attendance bonus.

## COMPANY ACTION PLANS

1. we will review our annual leaves and bonus practices. We increased the attendance bonus to be 200 L.E instead of 50 i.e. This is done for the worker not to be absent. If the worker needs annual vacation it will be deducted from the bonus as this bonus was given to the workers to encourage them to come to work the whole month. See attach new announcement.

<b>Action plan status:</b>	Completed
<b>Planned completion date:</b>	01/31/16
<b>Progress update:</b>	01/31/17 : we updated our policies on bonuses.
<b>Completion date:</b>	01/19/16

## FINDING NO.4

### COMPENSATION

#### FINDING TYPE: Immediate Action Required

#### Finding Explanation

1. The factory calculates the hourly rates for overtime premiums by dividing the monthly basic salary by 200 for the local workers (based on a 200 hours of work per month); however, this rate is 210 for the migrant workers. The discrepancy in the rates for overtime premiums shows a discrimination against migrant workers since they receive an smaller amount in overtime premium than local workers for the same work.

### Local Law or Code Requirement

Egyptian Labor Law, Article 35; FLA Workplace Code (Compensation Benchmarks C.1 and C.7; Nondiscrimination Benchmarks ND.1 and ND.3)

### Root Causes

1. Since the factory provides dormitory and food allowances to migrant workers, the factory management considers it fair to pay these workers a lower hourly rate than local workers who do not receive these benefits.
2. There are no detailed written policies and procedures on Wages & Benefits in the factory covering local and migrant workers.
3. Management lacks awareness of the FLA Workplace Code and Benchmarks.
4. These issues have not been brought to the factory management's attention during previous external audits.

### Recommendations for Immediate Action

1. Ensure that the hourly overtime rates are calculated the same way for all workers.

## COMPANY ACTION PLANS

1. All the workers will receive the same OT rate

**Action plan status:** Completed

**Planned completion date:** 08/31/16

**Progress update:** 01/31/17 : The hourly rates for overtime premiums are calculated by dividing the monthly basic salary by 200 for all the workers, no matter local or migrant.

**Completion date:** 07/01/16

## FINDING NO.5

### COMPENSATION

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. The factory calculates the severance payments based on the basic monthly salary; however, the workers receive more than the basic salary when efficiency and attendance bonuses are included. While the average basic monthly salary is 700 EGP (USD 89), the actual total amount that the workers are paid is on average 1300 LE (USD 166). The factory makes severance payments to workers on the basis of the basic salary without adding the bonuses.
2. According to document review and management interviews, the factory gives loans to the workers; however, the monthly amount withheld to repay the loans is more than 10% of the wage, which violates the local law.

##### Local Law or Code Requirement

Egyptian Labor Law, Article 43; FLA Workplace Code (Compensation Benchmarks C.5 and C.11; Employment Relationship Benchmark ER.19)

##### Root Causes

1. There are no detailed written policies and procedures on Wages & Benefits in the factory for production workers.
2. Management lacks awareness of the FLA Workplace Code and Benchmarks.
3. These issues have not been brought to the factory management's attention during previous external audits.

##### Recommendations for Immediate Action

1. Ensure that the calculations for severance payments are based on the actual amount, instead of just the basic salary.
2. Ensure that the loan repayment does not exceed 10% of the worker's monthly wage.

## COMPANY ACTION PLANS

1. The bonuses have been added to the gross salary.  
The repay of the loans has been reduced to 10% as per local law.

**Action plan status:** Completed

**Planned completion date:** 08/01/16

**Progress update:** 01/31/17 : The bonuses have been added to the gross salary. The repay of the loans has been reduced to 10% as per local law.

**Completion date:** 08/01/16

## FINDING NO.6

### COMPENSATION

## FINDING TYPE: Immediate Action Required

### Finding Explanation

1. The factory operates on a 48-hour regular work week, which is in violation of the Prime Minister's decree on free trade zones, that factories in free trade zones should operate on a 42-hour regular work week. The factory does not pay workers overtime premium for the extra 6 hours at 135% of the regular rate.

### Local Law or Code Requirement

Prime Minister Decision for Free Zones (24.03.1998), Article 91; Egyptian Labor Law, Article 85; FLA Workplace Code (Compensation Benchmark C.7)

### Root Causes

1. It is a common practice for the factories located in this Free Trade Zone to ignore this decree. The local authorities have not enforced it, either.
2. These issues have not been brought to factory management's attention during previous external audits.

### Recommendations for Immediate Action

1. In the case that the factory continues to operate on a 48-hour workweek instead of 42, ensure that extra 6 hours are paid as at the overtime premium rate. The overtime rate should be 135% of the regular rate during daytime work, and 170% during night-time work.

## COMPANY ACTION PLANS

1. -Starting from January 2016 there is announcement mail was sent to announce there is no Saturday as normal day ( 3 hours are calculated as normal hours).  
Now the weekly working days without 1 hour break is 8.5 hours per day X 5 days = 42 hours weekly so we are complaint with the law.

<b>Action plan status:</b>	Completed
<b>Planned completion date:</b>	01/01/16
<b>Progress update:</b>	01/31/17 : -Starting from January 2016 there is announcement mail was sent to announce there is no Saturday as normal day ( 3 hours are calculated as normal hours). Now the weekly working days without 1 hour break is 8.5 hours per day X 5 days = 42 hours weekly so we are complaint with the law.
<b>Completion date:</b>	01/01/16

## FINDING NO.7

### HOURS OF WORK

## FINDING TYPE: Immediate Action Required

### Finding Explanation

1. There are currently 16 local and 46 migrant young workers in the facility, who work 9 hours a day like the other workers, including daily overtime. By law, young workers should not work more than 6 hours a day. Moreover, they work one hour of overtime, when needed, which is also in violation of the local law.
2. The factory's total daily working hours (regular + overtime hours) exceeded the legal limit of 10 hours in October, September, August, and July 2015. From a sample of 20 workers, 9 exceeded the legal limit, with maximum working time of 13 hours.

3. In October 2015, 1 out of 20; in August 2015, 2 out of 20 and in May 2015, 1 out of 2 sampled workers worked without a 24-hour rest period in a 7-day period, resulting in 13 consecutive days of work.
4. Workers pregnant for more than 6 months work 9 hours daily. However, the legal daily limit is 8 hours for pregnant workers, starting from the 6<sup>th</sup> month of their pregnancy.
5. The factory regularly implements overtime work for migrant workers. Although the weekly workdays are Sunday to Thursday, the factory arranges for more than 48 working hours a week (an additional overtime of 6 hours for a total of 54 hours), including work on Saturday.
6. The working hours recording system does not contain any identification method for pregnant and young workers.
7. The factory does not inform workers in writing that they can refuse overtime without facing negative consequence. Nor does the factory notify workers in advance about changes in the rest days.

#### Local Law or Code Requirement

Egyptian Labor Law, Articles 80, 82, 83, 101; Egyptian Law 126, 2008, Provision of the Child Law, Article 70; FLA Workplace Code (Employment Relationship Benchmark ER.14; Child Labor Benchmark CL.4; Hours of Work Benchmarks HOW.1, HOW.4, HOW.5, HOW.6, HOW.7, and HOW.8)

#### Root Causes

1. There are no defined limits in the factory regarding the working hours of special categories of workers.
2. Migrant workers are more vulnerable to excessive working hours as their stay in the country is dependent on their employment.
3. There is a lack of robust, close communication between the factory and the buyers regarding order placements and capacity.
4. Management lacks awareness of the FLA's Workplace Code, Compliance Benchmarks, and the Principles of Fair Labor & Responsible Production.
5. The factory does not have detailed Hours of Work policy and procedures.
6. The Hours of Work procedures include a maximum of 10 daily hours total, in keeping with the local law. However, this procedure has not been implemented.
7. There is no internal audit/review system to ensure that all policies are compliant with local law and the FLA Workplace Code and Benchmarks.
8. These issues have not been brought to the factory management's attention during previous external audits.

#### Recommendations for Immediate Action

1. Limit young workers' and pregnant workers' working hours to 6 hours a day and 8 hours a day respectively, as required by law.
2. Implement a system to ensure that all overtime hours performed in the factory are within the legal limits.
3. Ensure that the total daily working hours (regular + overtime) do not exceed 10 hours.
4. Ensure that all workers have 1 day off in each 7-day period.
5. Ensure that migrant workers' weekly working hours are the same as the local workers'.

### COMPANY ACTION PLANS

1. We are planning to issue an announcement on working days. We will prepare a doc to be signed by the workers showing their approval on OT We have only 8 workers that are 17 years and they are sewers not work in hazards jobs and they are working 8.5 hours per day like the others as they finished their school at 17 years. For the pregnant workers we are providing them 3 months maternity leave and leave one hour early for two years from the birth date of the baby.

<b>Action plan status:</b>	Completed
<b>Planned completion date:</b>	01/01/16
<b>Progress update:</b>	01/31/17 : Starting from January 2016 an announcement mail was sent to announce there is no Saturday as normal day ( 3 hours are calculated as normal hours). Now the weekly working days without 1 hour break is 8.5 hours per day X 5 days = 42 hours weekly so we are compliant with the law. The OT is voluntary and the workers have to agree by signing the attached doc.
<b>Completion date:</b>	01/01/16

## FINDING NO.8

### 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.
2. The factory does not communicate its Termination & Retrenchment policy and procedures to the workers. The factory does not arrange consultation meetings with workers or worker representatives before management reaches any final decisions on layoffs.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25.2, and ER.32; Compensation Benchmark C.17)

### Root Causes

1. The management does not recognize the benefits of worker integration.
2. The management lacks awareness of the FLA Workplace Code and Benchmarks.
3. These issues have not been brought to factory management's attention during previous external audits.

### Recommendations for Immediate Action

1. Establish a system for integrating workers into the process of revising procedures and for receiving the workers' input into different facets of factory's operations.
2. Ensure that the Termination & Retrenchment policy and procedures are communicated to the workforce.

## COMPANY ACTION PLANS

1. The termination and retrenchment policy is communicated with each department manger and the company gave the termination workers 2 or 3 months notice according to the Egyptian labor law. The law indicates that the worker should have a notice period of 2 or 3 months. The company, with the worker approval, payed the workers for this period and they left the company on same day in order to let the worker to have the chance to search for another job. It is benefit for the worker to have his monthly salary without working these months and benefit for the work environment same time. Workers are consulted and give their feedback on creation, implementation and updating the factory policies and procedures.

**Action plan status:** Completed

**Planned completion date:** 08/01/16

**Progress update:** 01/31/17 : The termination and retrenchment policy is communicated with each department manger and the company gave the termination workers 2 or 3 months notice according to the Egyptian labor law.

**Completion date:** 08/01/16

## FINDING NO.9

## GRIEVANCE SYSTEM

## FINDING TYPE: Sustainable Improvement Required

### Finding Explanation

1. The factory has placed suggestion boxes at the entrance of the production areas and the cafeteria instead of in places that would ensure confidentiality, such as the dressing rooms or restrooms. Therefore, workers do not use the suggestion boxes effectively and there are no records of grievances lodged through the boxes on file.
2. There is no grievance policy and the existing procedures that manage the grievance system do not include a direct settlement of the grievance by the worker and the immediate supervisor; however in practice, these procedures are implemented.
3. The 'Employee complaints instructions' document includes a hotline number for conveying grievances; however, the hotline was not functional when the assessors called the number.

4. The factory does not review and update its procedures on Grievance System.

#### Local Law or Code Requirement

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

#### Root Causes

1. Neither workers nor worker representatives are trained on the current grievance system and are not well informed about: a) how to use the suggestion boxes and b) what the next steps are.
2. Grievance procedures do not cover protecting the anonymity of the workers when using the suggestion boxes. There is a lack of management awareness that the complaint boxes should be placed in a location that will ensure workers' anonymity.
3. The factory does not provide ongoing trainings on the current grievance procedures to the workers, and the workers are not aware that the suggestion boxes can be an effective way to convey their grievances. Procedures are posted on the bulletin boards, but this is not sufficient to raise awareness.
4. Management believes that the current open door policy is effective enough for workers to share their problems and suggestions. Management was not aware that multiple grievance mechanisms need to be in place to have a functioning grievance systems so that workers can choose a mechanism they feel most comfortable using.
5. Management lacks awareness of the FLA Workplace Code and Compliance Benchmarks, and the Principles of Fair Labor & Responsible Production.

### COMPANY ACTION PLANS

1. We will update the grievance procedures. This regulation was distributed to all workers.

**Action plan status:** Completed

**Planned completion date:** 08/31/16

**Progress update:** 01/31/17 : Updated the grievance procedures with all the channels and it is distributed to all workers hard copy in Arabic to make sure that everyone is aware of it.

**Completion date:** 07/25/16

### FINDING NO.10

#### WORKPLACE CONDUCT & DISCIPLINE

#### FINDING TYPE: Immediate Action Required

#### Finding Explanation

1. Although the factory provided trainings on Harassment/Abuse issues to all supervisors in the past (2012 and 2015), and there is an anti-abuse policy in place, some supervisors still use an improper form of punishment whereby they make the workers who did not come to work the previous day to wait standing in front of their offices for 30-40 minutes in order to humiliate them. Based on FLA benchmarks, this practice constitutes a form of physical and psychological abuse.
2. The factory locks the restroom doors for the last 45 minutes of work time between 4:30 PM and 5:15 PM. According to management, workers hang out at the restrooms before the end of the workday.
3. The factory imposes monetary fines in the form of bonus deductions . For example, the workplace rules stipulate that 5 hours of bonus pay will be deducted for not wearing a uniform and 10 hours of bonus pay for leaving the production line without permission.
4. The factory communicates workplace rules to workers during orientation; however, the factory does not provide workers with a copy of the workplace rules.
5. There is no procedure for employees to appeal disciplinary actions taken against them.
6. The factory does not periodically review and update its policy and procedures on Workplace Conduct & Discipline.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, and ER.27; Harassment or Abuse Benchmarks H/A.1, H/A.5, H/A.6, and H/A.8; Health, Safety & Environment Benchmark HSE.21)

#### Root Causes

1. Management has not effectively monitored improper punishment and abuse issues after the creation of and training on the anti-abuse policy.
2. The anti-abuse policy does not cover how workers can convey such issues to management.
3. Workplace rules do not include any statement related to the Harassment/Abuse guidelines of the factory.
4. There is no on-going training for all employees on disciplinary procedures, the anti-abuse policy, and workplace rules of the factory.
5. The factory experiences a productivity decrease at the end of the day. The factory's solution to address the decrease in productivity was to restrict workers' movement by locking the bathroom doors during the last 45 minutes of the day.
6. The local law allows factories to make deductions to maintain disciplinary actions and the management does not know that monetary deductions violate the FLA Compliance Benchmarks. Management does not consider the deductions as monetary fines since they are not taken from the salaries but from the bonuses.
7. Management lacks awareness of the FLA Workplace Code and Benchmarks.
8. These issues have not been brought to the factory management's attention during previous external audits.

#### Recommendations for Immediate Action

1. Investigate the supervisors' practice of forcing workers to wait standing in front of their offices and create strict guidelines for the management personnel and supervisors to cease any kind of physical and psychological harassment/abuse in the factory.
2. Cease the practice of locking the restroom doors of the factory during the last 45 minutes of working time and ensure that there are no restrictions on the use of going to restrooms at any time in the factory.
3. Cease the practice of imposing monetary fines as deductions from the bonuses to maintain discipline in the factory.

### COMPANY ACTION PLANS

1. We will have a meeting with the management on disciplinary issues. As the company policy, there are no penalties for the workers, there are disciplinary rules on some issues and they are communicated to the workers by trainings and by posting the policy near the time clock machines in order to be visible for them. See attached photos for the posted disciplinary rules and the procedures written in the policy. See attached Policy. "the factory participates in the ILO Export's Project. The ILO Export's Project is designed to help exporting companies, create leverage through the application of decent work agenda, the program include set of training modules for management, middle management and workers that corresponds to the national/international standards and responds to the industrial challenges, it also supports the companies in creating an enabling environment and sound industrial relations. As part of the training program, the factory managers and supervisors are trained also on using positive incentives and non-monetary penalties to ensure discipline. Nevertheless, on ILO's advice, for the time being, the monetary fines are deducted from the bonus (which is performance based) and not from the basic salary. The workplace rules are posted on boards all over the factory, showed on the internal TV screens and sent to managers by e-mail to be used in training the workers. The workers can appeal disciplinary actions. "

<b>Action plan status:</b>	Completed
<b>Planned completion date:</b>	01/31/16
<b>Progress update:</b>	01/31/17 : The Abuse meeting that took place with Shaun CEO, HR director and the factory Managers and all supervisors for not punishing the workers waiting standing in front of their offices and the toilet doors are opened during the last 45 minutes and this was confirmed in the last 3 audits that took place as there is no complaint from these two issues. Also the compliance team is checking this by asking the workers and everything is ok.
<b>Completion date:</b>	01/29/16

## FINDING NO.11

### HEALTH & SAFETY

#### FINDING TYPE: Immediate Action Required

#### Finding Explanation

1. Materials are stacked on top of each other without a shelf system in Warehouse 1 near the knitting section. This poses risk of materials falling down and causing injury.

2. There is an area in the fabric warehouse that poses risk of falling from height. There was no sign or protective chain at the time of the facility tour.
3. One of the steel gloves for a worker in the cutting section has holes.
4. The fabric spreading machine has a stopping sensor; however, this sensor was not adequately sensitive, posing risk of injury.
5. 30% of the lockstitch and overlock machines do not have eye and finger guards and workers do not use (they have displaced or removed) the machine guards for the machines that do have them.
6. The forklift in the fabric warehouse does not have warning lights.
7. The cables of the backup power source for the computers were oozing out of the electrical panel. In addition, the cover of the switchbox was open. (Note: Both issues were fixed during the assessment.)
8. There are no anti-fatigue mats for workers who work standing to reduce fatigue caused by standing for long periods on a hard surface. The factory does not provide ergonomic training or ergonomic breaks, either.

#### Local Law or Code Requirement

1. Egyptian Labor Law 12/2003, Book 5, Articles 209, 217, and 219; FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1, HSE.7, HSE.8, HSE.14, and HSE.17)

#### Root Causes

1. The factory does not have a risk assessment covering fall protection, safe storage systems, and Health and Safety-related hazards.
2. The Health and Safety procedures and instructions do not cover safe storage, machine guards, and ergonomics.
3. The Health and Safety procedures do not cover how workers can raise health and safety concerns/grievances and protection against retaliation for workers who raise health and safety concerns.
4. The factory has not identified training needs related to Health and Safety issues with worker involvement.
5. The Health and Safety Committee does not conduct detailed internal audits on a periodic basis in every section including the electrical room.
6. Management lacks awareness of the FLA Workplace Code and Compliance Benchmarks.
7. These issues have never been brought to the attention of factory management during previous external audits.

#### Recommendations for Immediate Action

1. Ensure that product boxes and fabrics are not stacked too high; otherwise provide a shelf system for safe storage.
2. Provide protective chains and signs for areas that pose a risk of falling.
3. Provide proper and new steel gloves for the workers working in the cutting section.
4. Provide warning lights for the forklift for traffic and vehicle safety.
5. Ensure that all sewing machines have protective eye and finger guards and that all workers use them properly.
6. Ensure that all cables are properly stowed and the covers of the switchboxes and electric panels are kept closed.

### COMPANY ACTION PLANS

1. We will correct all the issues related to workers protection by end of July 2016 We renewed this store during the audit time and we put the shelves and everything is in place and secured. See attach photo. The workers of the fabric WH are trained on using the chain while there is no loading for their safety. See attach training and protective sign. The Mechanic increase the sensor for the machine and the safety officer is checking it each two weeks. The gloves are checked monthly by the compliance team to check their condition, all the workers have good gloves. All the machines are equipped with the eye & finger guard and there are instructions put on the machines and on site awareness training were given to the workers. See attach photos. The compliance officer is checking the alarm for the forklift daily in the daily tour.

**Action plan status:** Completed

**Planned completion date:** 07/31/16

**Progress update:** 01/31/17 : All the issues have been completed

**Completion date:** 07/21/16

#### FINDING NO.12

#### HEALTH & SAFETY

**FINDING TYPE:** Immediate Action Required

## Finding Explanation

1. One of the emergency exits in the sewing section (DELTA 1-2) was locked at the time of the assessment, and another one has a doorsill which poses risk of tripping.
2. The main door of the factory is a sliding door that opens directly to the assembly point, and it was not open at the time of the assessment.
3. The evacuation aisle outside of the buildings, which goes to the assembly point through the main door, has an uneven surface, which poses risk of tripping.
4. One of the emergency exits in the warehouse near the knitting section was obstructed by pipes and a pallet truck. Also, the door is a sliding door with a sill.
5. The fire extinguishers in the knitting section were not mounted on the wall, but were placed on the ground and were in their nylon covers. The fire extinguishers in the accessories warehouse were also in their nylon covers. Additionally, one of the extinguishers in the warehouse near the knitting section was mounted too high, above 150 cm, which makes it difficult to reach in case of fire emergency.
6. There is a sliding platform for the hasps running along the emergency evacuation aisle in the knitting section. It might hinder evacuation in case of an emergency.
7. The evacuation map in the warehouse is placed too high, and the 'You Are Here' mark was not easily visible or comprehensible. (Note: This was fixed during the assessment.) Also, the emergency assembly point is not labelled on any of the evacuation maps.
8. Some emergency evacuation aisles were obstructed with fabric rolls and goods in the cutting, packing, and sewing sections, including the Bengali workers' sewing section.
9. The main emergency exit door in the cutting section is a sliding door, instead of a door that opens outwards. Also, the fire hose near (left of) that door is connected to the water source, which is located on the other side (right of) of the door. The hose which runs along the door poses the risk of tripping.
10. Both the Final Warehouse 2 and the sewing section (a separate building) for Bengali workers have sliding doors for one of their emergency exits.
11. The emergency exit in the Accessories Warehouse is a sliding door used also for loading, and there are stairs on the right side of the door leading to the ground level. The door was obstructed with goods and loading truck at the time of the assessment.
12. The emergency exits in the main canteen and the rest area of Bengali workers were obstructed with tables and chairs.
13. Fire extinguishers were blocked by product boxes in the Final Warehouse and the Bengali workers' sewing section.
14. The emergency exit door was locked with a glass lock in the Final Warehouse, which can be broken in case of emergency. Also, an emergency exit was designed with the same glass lock in the second floor of the building where the Bengali workers work.
15. The emergency evacuation aisle that goes to the door with the glass lock in the Final Warehouse is separated with an iron pipe and highly stacked product boxes, which prevent visibility of both the aisle and the door. Moreover, there are too many unused materials, such as chairs, table legs, and iron pieces, placed past the door on the walkway that goes to the assembly point.
16. The fire alarm button located between the switchboard and the door in the Packing Section is not adequately visible. One of the fire alarm buttons in the Bengali workers' sewing section has no sign indicating its location.
17. One of the emergency exits in the building (floor 1) where Bengali workers work was obstructed by boxes and a pallet truck (forklift). Moreover, boxes and pallets are placed on the evacuation aisle that leads to the assembly area.
18. The emergency exit door in the fabric warehouse has a sill, and the door opens to an area approximately 60cm above the ground, which poses risk of falling. Moreover, there is no sign guiding people to turn right for the main emergency evacuation route and stairs.
19. There are no external emergency stairs as a secondary emergency exit for the dormitory building (5 floors), where approximately 60 Bengali workers live.
20. There are no fire extinguishers in the dormitory.

## Local Law or Code Requirement

Egyptian Labor Law 12/2003, Book 5, Article 214; FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1, HSE.5, and HSE.25)

## Root Causes

1. The factory does not have a risk assessment that covers identifying, evaluating, and correcting fire hazards.
2. The factory management did not commission a fire risk assessment by a third party expert.
3. The Health and Safety procedures do not include detailed precautions on fire risks since the risks have not been identified.
4. The factory does not identify fire safety training needs of the workers, focusing on obstruction of the exits and evacuation routes, with worker involvement.
5. The Health and Safety procedures do not cover channels for workers to raise health and safety concerns and protection against retaliation for workers who raise health and safety concerns.
6. The Health and Safety Committee is not conducting detailed internal audits on a periodic basis focusing on fire safety risks.
7. Based on management interview, glass locks are installed for prevention against theft by outsiders.
8. These issues have never been brought to the attention of factory management during previous external audits.

## Recommendations for Immediate Action

1. Ensure that all emergency exits are kept unlocked at all times. Cease the use of glass or breakable locks.
2. Ensure that all emergency exit doors open outwards with a push-bar system and do not have sills.
3. Level the evacuation roads so as to get rid of uneven surfaces.
4. Clear the emergency exits and evacuation aisles of all blockages.
5. Remove or relocate the sliding platform from the evacuation route in the knitting section.
6. Mount all fire extinguishers (max 12 kg) at a proper level (max 90 cm from the ground) and remove all nylon bags for easy access.
7. Ensure that all fire hoses are located next to the water source.
8. Label the emergency assembly point on all evacuation maps and ensure that 'you are here' signs are understandable. Also relocate the maps to a proper height for easy reading.
9. Ensure that all emergency exit doors and evacuation aisles are easily visible and evacuation instructions are easily noticeable.
10. Ensure that all fire alarm buttons are easily visible and accessible.
11. Provide a proper chain and sign for the fabric warehouse emergency exit to prevent people from falling and being misled in case of emergency.
12. Provide emergency stairs and fire extinguishers for the Bengali workers' dormitory building.

## COMPANY ACTION PLANS

1. We will correct all the findings. All our sliding doors are opened and hooked by a hook and in each one there is an emergency exit. See attached photos. All the emergency exits are free from any obstacles and this is checked daily during the daily tour. Also all the evacuation maps are marked with drawing not writing only the place, see attached photo. All the extinguishers are put on the walls in the knitting section and not covered all the time.

<b>Action plan status:</b>	In Progress
<b>Planned completion date:</b>	08/31/16
<b>Progress update:</b>	01/31/17 : Pls. see attached proofs of closing of some issues. We do not have a dormitory, so all the points related to dormitory are not relevant. We corrected all the evacuation maps, showing the place of the assembly point.

2. pls. see attached proofs of closing of all corrective actions. See above Delta comments in row 6. The Bengali production section is closed and the workers merged with the Egyptian ones. The workers in the sections that have emergency glass are trained how to break the glass and all the emergency doors are equipped with a push bar.

<b>Action plan status:</b>	Completed
<b>Planned completion date:</b>	08/02/16
<b>Progress update:</b>	01/31/17 : pls. see attached proofs of closing of all corrective actions.
<b>Completion date:</b>	08/02/16

## FINDING NO.13

### HEALTH & SAFETY

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. The Material Safety Data Sheet (MSDS) of Tri Chloro Ethylene AI (2. solvent of Acetone) has no CAS (Chemical Abstract Service) code and does not include the 16 sections covering all hazard details.

##### Local Law or Code Requirement

Egyptian Labor Law 12/2003, Book 5, Article 211; FLA Workplace Code (Health, Safety, & Environmental Benchmarks HSE.1 and HSE.10)

##### Root Causes

1. The factory does not have a risk assessment covering chemical risks and safety.
2. Neither the Health and Safety committee members nor management are aware of the correct MSDS form types, contents, and

- their importance.
3. The Health and Safety Committee does not conduct detailed internal audits on a periodic basis focusing on chemical safety.

#### Recommendations for Immediate Action

1. Create an inventory for the chemicals in the factory and provide proper Material Safety Data Sheets (MSDS) for each chemical. Post the Material Safety Data Sheets (MSDS) for all chemicals and hazardous substances used in the workplace at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.
2. All MSDS forms should include, at a minimum, the information listed below:
  - a. Product and Company Identification
  - b. Hazards Identification
  - c. Composition, Information on Ingredients
  - d. First Aid Measures
  - e. Fire Fighting Measures
  - f. Accidental Release Measures
  - g. Handling And Storage
  - h. Exposure Controls, Personal Protection
  - i. Physical And Chemical Properties
  - j. Stability And Reactivity
  - k. Toxicological Information
  - l. Ecological Information
  - m. Disposal Considerations
  - n. Transport Information
  - o. Regulatory Information
  - p. Other Information

#### COMPANY ACTION PLANS

1. The compliance team communicate with the purchasing department to bring the correct MSDS for any new chemical .Also the health and safety officer trained the workers on the new MSDS and the PPE's,attach training attendance list.

**Action plan status:** Completed

**Planned completion date:** 07/31/16

**Progress update:** 01/31/17 : The updated MSDS for Tri Chloro Ethylene is available. Kindly see attached

**Completion date:** 05/05/16

#### FINDING NO.14

#### HEALTH & SAFETY

#### FINDING TYPE: Sustainable Improvement Required

#### Finding Explanation

1. The Health & Safety procedures do not cover channels for workers to raise health and safety concerns and protection against retaliation for workers who raise health and safety concerns.
2. The factory does not review its Health & Safety program on a periodic basis.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1 and ER.31)

#### Root Causes

1. Since management has an open door policy, they think the workers can convey any concerns related to Health and Safety.
2. Management lacks awareness of the FLA's Workplace Code and Benchmarks.

## COMPANY ACTION PLANS

1. We will ammend our H&S procedure

**Action plan status:** Completed

**Planned completion date:** 06/30/16

**Progress update:** 01/31/17 : Pls. see attached the new amended procedure

**Completion date:** 06/01/16

## FINDING NO.15

### ENVIRONMENTAL PROTECTION

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. The oil-contaminated water that comes out of the dryer and compressor is directly discharged into the outside environment, which is damaging to the soil.
2. The factory wastes are not stored in one designated area. While they are generally separated according to their types, the wastes are stored everywhere such as in front of the exit doors, between the buildings, and along the evacuation aisles leading to the assembly area.
3. There were empty thinner cans in the designated area for nylon and plastic bag storage. In addition, there were empty oil barrels lying around in the compressor room and generator room.
4. The environment policy of the factory does not include a statement 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
5. The factory does not have formal procedures on Environmental Protection, including protections for workers who allege environmental violations.

##### Local Law or Code Requirement

Egyptian Labor Law 12/2003, Book 5, Article 211/C and E, FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environmental Benchmark HSE.1)

##### Root Causes

1. The factory does not have detailed procedures that include all environmental risks in the factory, such as discharged oil-contaminated water, oil barrels and thinner cans.
2. The factory has not conducted a detailed risk assessment regarding environmental protection.
3. These issues have never been brought to the attention of factory management during previous external audits either supplier or brand audits.
4. Management lacks awareness of FLA's Workplace Code & Compliance Benchmarks.

##### Recommendations for Immediate Action

1. Collect the contaminated water that comes out of the dryer and compressor in barrels, and have it disposed by an authorized third party waste collection service.
2. Store all wastes in designated areas according to their types.
3. Segregate all kind of wastes in separate places such as thinner cans and nylon bags, and store them properly

## COMPANY ACTION PLANS

1. we will correct all the environmental findings

**Action plan status:** Completed

**Planned completion date:** 07/31/16

**Progress update:** 01/31/17 : the oil and water in front of the dryer and compresor were cleaned. the waste is removed immediatly and not stored in front of the doors.

## FINDING NO.16

### TRAINING (MACRO)

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

1. The factory does not provide supervisors with training on Termination & Retrenchment, Grievance System, and Industrial Relations.
2. The factory does not provide workers with on-going trainings on Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.17; Health, Safety & Environmental Benchmarks HSE.6, HSE.8, HSE.9, and HSE.14)

##### Root Causes

1. There is no study conducted with the involvement of the workforce on the training needs to identify gaps.
2. There is not a comprehensive internal audit system to ensure compliance with local laws/regulations and FLA Workplace Code & Compliance Benchmarks.
3. Management lacks awareness of FLA's Workplace Code, Compliance Benchmarks, and Principles of Fair Labor & Responsible Production.
4. These issues have not been brought to attention of the factory management during previous external audits.

### COMPANY ACTION PLANS

1. All the workers are on-going trained on Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.

**Action plan status:** Completed

**Planned completion date:** 07/31/16

**Progress update:** 01/31/17 : The factory provides training to all the workers on Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.

**Completion date:** 07/31/16

## FINDING NO.17

### INDUSTRIAL RELATIONS

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

1. The factory does not have a written policy or procedures on Industrial Relations & Freedom of Association. Consequently, the factory does not review and update its policy and procedures on Industrial Relations & Freedom of Association.

##### Local Law or Code Requirement

Root Causes

1. Based on management review, since there is no unionisation in the factory, the management did not feel the need to create Industrial Relations & Freedom of Association policy and procedures.
2. Management lacks awareness of FLA's Workplace Code, Compliance Benchmarks, and Principles of Fair Labor & Responsible Production.

**COMPANY ACTION PLANS**

1. we will prepare a policy/procedure on industrial relations and freedom of association.

**Action plan status:** In Progress

**Planned completion date:** 09/30/16

**Progress update:** 01/31/17 : we will prepare a policy/procedure on industrial relations and freedom of association by end of September.

**FINDING NO.18**

**REVIEW PROCESS (MACRO)**

**FINDING TYPE:** Sustainable Improvement Required

Finding Explanation

1. The factory has a review system for the existing policy and procedures; however, the revisions are tracked on an Excel document, instead of being filed in the same folder as the documents under review. Therefore, it was difficult for the assessment to verify whether the policies and procedures were properly reviewed and revised.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.3)

Root Causes

1. The factory finds it easier to track the revisions using an Excel chart.
2. Management lacks awareness of FLA Workplace Code and Benchmarks.
3. These issues have not been brought to the factory management's attention during previous external audits.

**COMPANY ACTION PLANS**

1. We will review and revise all the policies and and will file in the same folder.

**Action plan status:** Completed

**Planned completion date:** 08/31/16

**Progress update:** 01/31/17 : All the Policies and Procedures have been reviewed and revised and the revised version has been filed in the same folder as the initial docs. are.

**Completion date:** 07/01/16