



COMPANY: **Forward Sports, Ltd**
COUNTRY: **Pakistan**
ASSESSMENT DATE: **12/06/15**
MONITOR: **FLA Assessor Team (Turkey)**
PRODUCTS: **Other**
PROCESSES: **Other**
NUMBER OF WORKERS: **1300**
NUMBER OF WORKERS INTERVIEWED:
ASSESSMENT NUMBER: **AA0000001909**

FLA Comments

This report was submitted to the FLA and the FLA affiliated company by the assessor. Despite deadline reminders and extensions for submission of a corrective action plan, the FLA has not received a plan to address the risks and noncompliances raised in the report. Therefore, the report is posted in its current state and will be updated once a corrective action plan has been submitted to and reviewed by the FLA.

What's Included in this Report

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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.

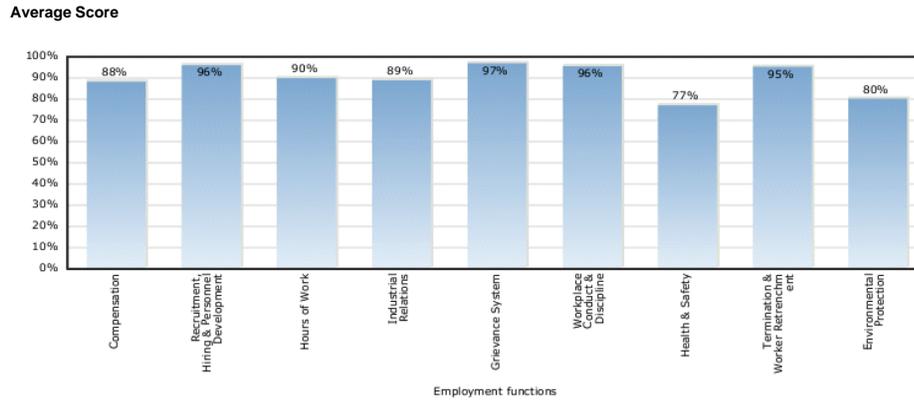
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that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

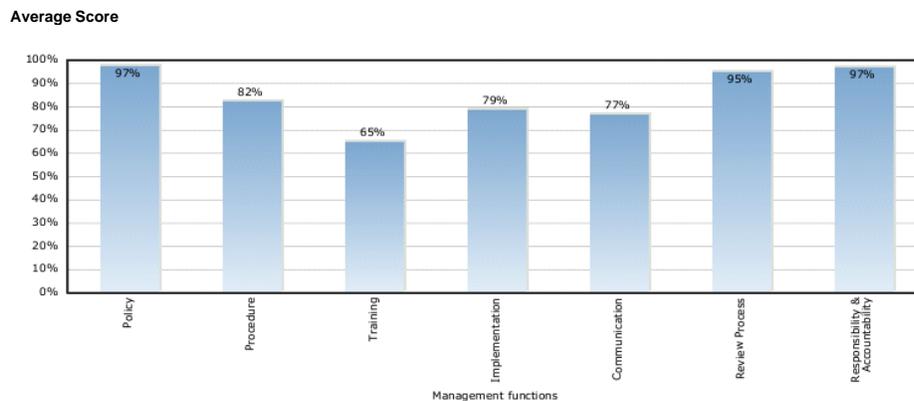
Score by Employment Function

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	100%	100%	100%	100%	100%	92.86%	92.31%	100%	100%
Procedure	87.5%	75%	77.78%	76.47%	100%	88.89%	95.24%	78.21%	81.25%
Responsibility & Accountability	100%	100%	100%	100%	91.75%	100%	91.75%	100%	100%
Review Process	100%	100%	100%	50%	100%	100%	100%	100%	100%
Training	92.31%	33.33%	66.67%	0%	66.67%	50%	66.67%	65.71%	37.5%
Implementation	93.53%	85.8%	86.36%	88%	95.45%	100%	100%	70.45%	56.47%
Communication	100%	87.5%	50%	50%	75%	100%	75%	75%	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	4	General Compliance Compensation Workers Awareness and Understanding of Compensation Calculation Basis for Overtime Payments Nonpayment of Incentives
Employment Relationship	7	General/Human Resource Management Systems Terms and Conditions/New Employee Orientation Terms and Conditions/Communication Terms and Conditions/Supervisor Training Industrial Relations Work Rules and Discipline Termination and Retrenchment/General Policies and Procedures
Hours of Work	2	Leave/Retaliation Protected Workers (Women and Young Workers)/Record Keeping
Health, Safety and Environment	10	General Compliance Health, Safety, and Environment Machinery Safety, Maintenance and Workers Training Ergonomics Sanitation in Workplace Facilities Drinking Water Childcare Facilities/Children on Premises Permits and Certificates Evacuation Requirements and Procedure Safety Equipment and First Aid Training Chemical Management and Training
Non-Discrimination	1	General Compliance Nondiscrimination

Findings and Action Plans

FINDING NO.1

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Until June 2015, factory management had been using short-term employment contracts (of one or two years) with workers

- instead of indefinite term contracts. However, this practice was eliminated as of June 2015.
2. Although there is a time recording system in place, the factory does not record the working hours of new hires for the first four to five days; only a manual record is kept, showing if a worker is present or not on a particular date.
 3. Fourteen percent (14%) of sampled workers had not yet received their employee old age benefit or social security cards from management.
 4. Fifty percent (50%) of interviewed workers mentioned that they had not yet received a copy of the appointment letter they had signed.

Local Law or Code Requirement

Standing Orders Ordinance 1968 Section 2 & Section 7 & Section 2A, ER.23, FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.8, ER.9, ER.22 and ER.23)

Root Causes

1. The factory provides insufficient training to Human Resource (HR) and Compliance teams, especially on local law and FLA Code and benchmark requirements.
2. Although there is an internal monitoring system in place, it is not effective.
3. Although there is a compliance staff member, the factory has provided him with very limited training opportunities so far. The factory does not carry out a training needs assessment to identify opportunities for training (e.g. auditing, communication, international standards, environmental protection).
4. There is no effective system in place for reviewing policies and procedures on a periodic basis; instead, factory management reviews them whenever they become aware of any changes in local laws and regulations.
5. Management representatives do not want to register new workers in the electronic time keeping system before they complete a weeklong trial period, as they see registration as an extra workload.
6. Since both the social security and old age benefit registration is done in a timely manner, management representatives do not see the late delivery of these cards as an issue.
7. Although the procedures are updated for changes in the local law, there are no guidelines for how these updates are implemented and monitored.
8. The compliance staff member is relatively new and although he is experienced, it is not clear if he directly reports to the general manager (GM) or has any authority over decision making processes on important topics like Recruitment & Hiring, Termination & Retrenchment, Hours of Work, Industrial Relations, Grievance System, Discipline, and Health, Safety & Environment.
9. There is a lack of knowledge on the FLA Code and benchmark requirements.
10. The issues have not been raised or identified during previous external audits.

Recommendations for Immediate Action

1. Maintain time records of all workers, including new hires, using the time recording system.

FINDING NO.2

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not properly keep records of the working hours of piece-rate workers. Furthermore, the factory compensates workers at regular rates for pieces produced beyond regular working hours, and not at the legally required premium rate.
2. The factory gives an attendance bonus (PKR 500 per month; USD 4.77) to workers in the stitching department but not to workers in other departments.
3. Pay slips are missing the payment date.
4. During the low season when there are fewer orders and not much work, the factory pays piece-rate workers in the stitching section less than the minimum wage (PKR 500 daily). This affected three workers within the last 12 months.
5. Ninety percent (90%) of interviewed workers do not know about the social security system, or the benefits (old age and social security benefits) under the system.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.23, Compensation Benchmarks C.1, C.5 and C.7; Nondiscrimination Benchmark ND.1)

Root Causes

1. The factory provides insufficient training to HR and Compliance teams, especially on local law and FLA Code and benchmark requirements.
2. Although there is an internal monitoring system in place, it is not effective.

3. The local law is not clear on the payment of the premium rate for piece-rate workers and the payment of bonuses.
4. Since only three workers have been affected by minimum wage violations, management overlooked the Legal Minimum Wage payment issue.
5. Although there is a compliance staff member, the factory has provided him only very limited training opportunities so far. The factory does not carry out a training needs assessment to identify training opportunities (e.g. auditing, communication, international standards, environmental protection).
6. There is not an effective system in place for reviewing policies and procedures on a periodic basis; instead, factory management reviews them whenever they become aware of any changes in local laws and regulations.
7. Although the procedures are updated for changes in the local law, there are no guidelines for how these updates are implemented and monitored.
8. The compliance staff member is relatively new and although he is experienced, it is not clear if he directly reports to the GM or has any authority over decision making processes on important topics like Recruitment & Hiring, Termination & Retrenchment, Hours of Work, Industrial Relations, Grievance System, Discipline, and Health, Safety & Environment.
9. There is a lack of knowledge on FLA Code and benchmark requirements.
10. The issues have not been raised or identified during previous external audits.

Recommendations for Immediate Action

1. Ensure that piece-rate workers receive at least 500 Rupees per day at all times, including during low season.
2. Ensure that time-in & -out records of piece-rate workers are properly kept and workers are compensated at premium rates for pieces produced beyond regular hours.
3. Ensure that the attendance bonus is provided to all workers in all departments.

FINDING NO.3

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Most of the sampled production workers (more than 60%) do not use the full amount of paid annual leave they are provided. Three workers have not used their annual leaves for three consecutive years. Worker interviews revealed that workers have requested this in order to receive extra compensation. Although this practice does not violate local law, it violates the FLA Code.
2. Overtime work is occasionally undocumented, mainly because of high production demands and management bypassing the procedure which requires overtime to be approved by the compliance representative (SEA).
3. Working-hours records do not contain the identification of pregnant and lactating women or workers under the age of 18.

Local Law or Code Requirement

Factories Act 1934 (49-B); FLA Workplace Code (Hours of Work Benchmarks HOW.5 and HOW.15)

Root Causes

1. The factory provides insufficient training to the HR and Compliance teams, especially on local law and FLA Code requirements.
2. Although there is an internal monitoring system in place, it is not effective.
3. Although there is a compliance staff member, the factory has provided him only very limited training opportunities so far. The factory does not carry out a training needs assessment to identify potential training opportunities (e.g. auditing, communication, international standards, environmental protection).
4. There is no effective system in place for reviewing policies and procedures on a periodic basis; instead, factory management reviews them whenever they become aware of any changes in local laws and regulations.
5. Although the procedures are updated for changes in the local law, there are no guidelines for how these updates are implemented and monitored.
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7. There is a lack of knowledge on FLA Code and benchmark requirements
8. The issues have not been raised or identified during previous external audits

Recommendations for Immediate Action

1. Ensure that workers are using their paid annual leaves in full even if workers ask for extra compensation instead of using their annual leaves.
2. Ensure all working hours and payment records are accurate and reflect actual working hours and payments.

3. Ensure that the Production Department properly follows the overtime approval process and all overtime work in the factory has been approved by the SEA representative.

FINDING NO.4

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Although there are meetings between workers and management representatives, these meetings are not held on a regular basis and there is no effective system in place to follow up on issues discussed during meetings (e.g. demands regarding lunch allowance, absenteeism, marriage bonus).

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

Root Causes

1. There is a lack of knowledge on FLA Code and benchmark requirements
2. Since there are elected worker representatives and meetings taking place, management does not believe having a detailed system with formal written procedures would be beneficial.
3. This issue has not been raised or identified during previous external audits.

FINDING NO.5

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not provide a secondary container for most of the chemicals stored in the production and chemical warehouse areas.
2. The factory stores most of the chemicals outside due to lack of warehouse space. As a result, some of the barrels have expanded or deformed because they are exposed to direct sunlight and precipitation.
3. Some of the Material Safety Data Sheets (MSDS) forms provided are not in line with international standards and do not include all 16 sections (For example, "Opp As Screen Printing Ink" has only 13 points without ingredients). Some sheets are without chemical composition (for example, "Opp As Retarder").
4. Some products currently in use contain hazardous chemicals that have highly adverse health effects and require special safety precautions (e.g., Koltex-10 Spray Adhesive which contains n-hexane and Euroflex 450 which contains Toluene).
5. The factory has not established and implemented steps to provide the appropriate Personal Protective Equipment (PPE). For example, the factory does not review MSDSs to identify the PPE needed, and therefore does not provide the appropriate PPE in the Thinner and Adhesive Implementation areas. Additionally, at the time of the assessment, most of the workers were not using PPE; during the walkthrough, only some wore the provided masks and none wore the provided gloves. Workers only had basic understanding on the proper use of PPE and were not adequately trained.
6. The fume hoods do not work efficiently in the gluing section, where there was chemical application, which adversely affects the air quality within the production area. Furthermore, there is no system in place to conduct periodic maintenance of these systems.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.7, HSE.9, HSE.10 and HSE13)

Root Causes

1. The factory provides insufficient training to Health, Safety & Environment and Compliance teams, especially on local law and FLA Code and benchmark requirements.
2. Although there is an internal monitoring system in place, it is not effective.
3. Although there is a compliance staff member, the factory has provided him only very limited training opportunities so far. The factory does not carry out a training needs assessment to identify training opportunities (e.g. auditing, communication,

- international standards, environmental protection).
4. There is not an effective system in place for reviewing policies and procedures on a periodic basis; instead, factory management reviews them whenever they become aware of any changes in local laws and regulations.
 5. Although the procedures are updated for changes in the local law, there are no guidelines for how these updates are implemented and monitored.
 6. Compliance staff is relatively new and although he is experienced, it is not clear if he directly reports to the GM or has any authority over decision making processes on important topics like Recruitment & Hiring, Termination & Retrenchment, Hours of Work, Industrial Relations, Grievance System, Discipline, and Health, Safety & Environment.
 7. Management has insufficient or superficial knowledge of local laws and regulations on Health, Safety & Environment in Pakistan.
 8. There is a lack of knowledge on the FLA Code and benchmark requirements.
 9. The issues have not been raised or identified during previous external audits.

Recommendations for Immediate Action

1. Ensure that all MSDS forms include all 16 sections.
2. Replace hazardous chemicals with less hazardous alternatives, whenever possible.
3. Conduct an assessment on the selection and use of PPE.

FINDING NO.6

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There is no automatic and centralized emergency alarm system in place but rather an independent fire alarm system for each building. Furthermore, there is no effective inspection and test system in place.
2. The factory internally refills empty fire extinguishers, as there is a dedicated section for this process. However, there are no trained personnel to do so, nor is the factory certified to refill its own fire extinguishers.
3. The factory burns solid waste around the factory buildings which is a fire risk.
4. The fire alarm panel in the building of the sister company was not active at the time of the assessment.
5. There is no fire alarm or fire detectors in the newly built warehouse building.
6. The fire alarm panel in the Thermal Bonding Unit was on "pre-alarm" mode because of a false alarm signal from Zone 1 in the same building, keeping the fire alarm from triggering. Furthermore, there are no fire alarm buttons on second floor of this building.
7. There are locks and padlocks on about 60% of the door handles on the emergency exit doors. Furthermore, some emergency doors are heavy sliding doors (e.g. in the canteen).
8. One emergency exit in the production area was locked, however management claimed that this was not an emergency exit anymore.
9. The emergency assembly areas are not marked.
10. One fire extinguisher near the compressor room was missing but was provided later during the assessment.
11. There are only two fire extinguishers in the motorbike parking area, which is insufficient for easy access.
12. There are some automatic fire extinguishers in the chemical warehouse area but no fire load calculations were made to verify if these fire extinguishers are enough for a potential fire.
13. There is no standard parking order for cars parked in the factory car park areas which could hinder evacuation and emergency vehicle access.
14. Fire alarm panels are not located in areas where 24-hour supervision is possible for the security guards.
15. The factory stores a large amount of flammable liquid in the fabric warehouse without the proper fire safety precautions.
16. Two firefighting buckets around the motorbike area and compressor room are empty and are used as waste bins.
17. At least two Liquefied Petroleum Gas (LPG) canisters (one in the kitchen and one in the compressor room) are rusted and corroded.
18. The LPG canisters around the compressor room is positioned upside-down, posing risk of fire.
19. Three LPG canisters are located next to the air tanks, which poses a risk of fire and/or explosion.
20. Cardboard boxes are not properly stored and block the aisles in some sections of the finished goods warehouse.
21. There are cardboard boxes stored in front of the electrical panels in the finished goods warehouse, which increases the risk of fire.
22. At fire pump section, there is no emergency illumination, the main suction and flow valves are not kept locked in an open position, and there are no handrails on the stairs.
23. The factory has not calculated the fire load to verify the capacity of the fire tank (100 tons) would be sufficient.
24. Fire drill logs do not include important details (e.g. attendance time, the department of the last person who arrived in the assembly area, problems observed during evacuation process). During the last two fire drills, in January and May, only a small group assembled in the assembly area and female workers did not participate.

Local Law or Code Requirement

Factories Act 1934 Section 33-C/14/53/25/29/49/53/33-L, Punjab Factories Rules 49 (1) (a); FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.5, and HSE.6)

Root Causes

1. The factory provides insufficient training to Health, Safety & Environment and Compliance teams, especially on local law and FLA Code and benchmark requirements.
2. Although there is an internal monitoring system in place, it is not effective.
3. Although there is a compliance staff member in place, the factory has provided him only very limited training opportunities so far. The factory does not carry out a training needs assessment to identify training opportunities (e.g. auditing, communication, international standards, environmental).
4. There is no effective system in place for reviewing policies and procedures on a periodic basis; instead, factory management reviews them whenever they become aware of any changes on local laws and regulations.
5. Although the procedures are updated for changes in the local law, there are no guidelines for how these updates are implemented and monitored.
6. The compliance staff member is relatively new and although he is experienced, it is not clear if he directly reports to the GM or has any authority over decision making processes on important topics like Recruitment & Hiring, Termination & Retrenchment, Hours of Work, Industrial Relations, Grievance System, Discipline, and Health, Safety & Environment.
7. Management has insufficient or superficial knowledge of local laws and regulations on Health, Safety & Environment in Pakistan.
8. There is a lack of knowledge on the FLA Code and benchmark requirements.
9. The issues have not been raised or identified during previous external audits.

Recommendations for Immediate Action

1. Train and certify personnel in charge of filling empty fire extinguishers; furthermore, ensure that equipment and materials are in line with local and international standards.
2. Cease burning solid waste around factory buildings.
3. Ensure that the fire alarm panel is in good working condition.
4. Place fire alarm buttons and detectors in newly built warehouse building and second floor of Thermal Bonding building.
5. Remove locks and padlocks on emergency exit doors and add outward-opening emergency exit doors on heavy sliding doors.
6. Provide signage leading to the emergency assembly areas and mark these areas for improved visibility.
7. Keep fire extinguishers in their marked positions.
8. Provide at least six fire extinguishers in the motorbike parking area.
9. Ensure fire alarm panels are connected to a main fire alarm panel which is located at security cabin.
10. Ensure that the LPG canisters are in good condition and properly fixed in their permanent locations away from any air tanks and compressors.
11. Move flammable liquid containers in the fabric warehouse building to the chemical warehouse area.
12. Remove cardboard boxes from the aisles in the finished goods warehouse and carton boxes from in front of the electrical panels.
13. Install emergency illumination and hand rails in the fire pump section. Ensure that main suction and flow valves are locked in the open position
14. Include details such as attendance time, problems observed, power cut, and arrival of last person in the assembly area in the fire drill log. Ensure that the evacuation time is properly documented and include more photos clearly showing all workers who are gathered in the emergency assembly areas.
15. Ensure that all aisles and emergency evacuation routes remain unobstructed at all times.

FINDING NO.7

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Ensure that there are enough fire extinguishers in the chemical warehouse and the capacity of the fire tank is sufficient for supplying the existing fire extinguishing system.
2. Regularly monitor the firefighting buckets.
3. Organize the car park areas and ensure parking is standardized for easy evacuation.
4. Conduct a training needs assessment to identify potential training opportunities for CSR and HR staff (e.g. auditing, communication, international standards, environmental protection) and provide where necessary.
5. Improve existing internal audit procedure to ensure that it includes all necessary guidance on, at a minimum: (a) Root Cause Analysis of the findings, (b) Necessary trainings and/or qualifications required for internal assessors, (c) Frequency and type of HQ and factory level assessments, and (d) CAP preparation and implementation
6. Implement a system to ensure that policies and procedures are reviewed on a periodic basis.
7. Ensure that any updates to procedures are reflected in guidelines for implementation and monitoring.

8. Improve training for the Health, Safety & Environment Committee and empower the Committee with responsibility over key issues.

Local Law or Code Requirement

Punjab Factories Rules 1978 section 65/66/67/74/71/73, Factories Act 1934 Section 33; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.13, and HSE.14)

Root Causes

1. The factory provides insufficient training to Health, Safety & Environment and Compliance teams, especially on local law and FLA Code and benchmark requirements.
2. Although there is an internal monitoring system in place, it is not effective.
3. Although there is a compliance staff member, the factory has provided him only very limited training opportunities so far. The factory does not carry out a training needs assessment to identify training opportunities (e.g. auditing, communication, international standards, environmental protection).
4. There is no effective system in place for reviewing policies and procedures on a periodic basis; instead, factory management reviews them whenever they become aware of any changes in local laws and regulations.
5. Although the procedures are updated for changes in the local law, there are no guidelines for how these updates are implemented and monitored.
6. The compliance staff member is relatively new and although he is experienced, it is not clear if he directly reports to the GM or has any authority over decision making processes on important topics like Recruitment & Hiring, Termination & Retrenchment, Hours of Work, Industrial Relations, Grievance System, Discipline, and Health, Safety, & Environment.
7. Management has insufficient or superficial knowledge of local laws and regulations on Health, Safety & Environment in Pakistan.
8. There is a lack of knowledge on the FLA Code and benchmark requirements.
9. The issues have not been raised or identified during previous external audits.

Recommendations for Immediate Action

1. Ensure that all production and maintenance machinery have the proper machine guards.
2. Immediately inform and warn the sister company about leaking and corroded air tank and ask for maintenance.
3. Provide functioning interlocks for the laser cutting machine and post warning signs with laser information.

FINDING NO.8

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is only partial grounding of some production machinery and most of the sockets do not have a grounding connection.
2. There were electrical cables fixed with tape throughout the production area.
3. Some electrical panels were not properly isolated and had other maintenance issues (e.g. covers opened, not properly grounded, etc.).
4. The factory has not provided all electrical panels with insulator mats. Furthermore, there is no documentation proving that the existing insulator mats are suitable.
5. According to the electrical engineer's declaration, there is one lightning rod within the factory, but it was not verified that its protective radius is enough for the entire factory.
6. Although there is a grounding measurement report in place, there was not any measurement carried out from machines' chassis and sockets; measurements were only carried out for the electrical panels.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment Benchmark HSE.13)

Root Causes

1. The factory provides insufficient training for the Health, Safety & Environment and Compliance teams, especially on local laws and FLA Code and benchmark requirements.
2. Although there is an internal monitoring system in place, it is not effective
3. Although there is a compliance staff member, the factory has provided him only very limited training opportunities him so far. The factory does not carry out a training needs assessment to identify training opportunities (e.g. auditing, communication, international standards, environmental protection).
4. There is no effective system in place for reviewing policies and procedures on a periodic basis; instead, factory management

- reviews them whenever they become aware of any changes in local laws and regulations.
5. Although the procedures are updated for changes in the local law, there are no guidelines for how these updates are implemented and monitored.
 6. The compliance staff member is relatively new and although he is experienced, it is not clear if he directly reports to the GM or has any authority over decision making processes on important topics like Recruitment & Hiring, Termination & Retrenchment, Hours of Work, Industrial Relations, Grievance System, Discipline, and Health, Safety & Environment.
 7. Management has insufficient knowledge superficial knowledge of local laws and regulations on Health, Safety & Environment in Pakistan.
 8. There is a lack of knowledge on the FLA Code and benchmark requirements.
 9. The issues have not been raised or identified during the previous external audits.

Recommendations for Immediate Action

1. Ensure that the grounding system covers all electrical systems in the factory.
2. Correctly repair or replace damaged electrical wires.
3. Provide all electrical panels and switchboards with proper isolation mats.
4. Provide all factory buildings, especially the chemical warehouse, with lightning rods.
5. Improve grounding measurement reports and take measurements from machine chassis and sockets in addition to the electrical panels.

FINDING NO.9

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Although there are no registered children in the childcare room, the room is located in the production building and is not entirely separated from the production area.
2. The factory does not have a system to regularly sanitize and clean the drinking water dispensers. As a result, most of the drinking water dispensers are not maintained or cleaned on a periodic basis and are rusted. Furthermore, some of the cups used for drinking water are in common use. The drinking water test report does not mention the locations from where water was sampled.
3. Some of the bathrooms in the factory are not clean or sanitized.
4. There are no labels for indicating the maximum carriage capacity of the shelves in the warehouse areas.
5. Although there are some heavy loads manually carried and transported by workers (e.g. latex rolls), the factory has not defined a limit for manual handling operations.
6. Factory management is planning to add one more floor to the canteen and warehouse building (which is currently one story) but there was no project plan related with this expansion proving that such an expansion would be safe.
7. The factory does not conduct semi-annual health checks of the workers, which is the legally defined time-period.
8. There are no handrails on the stairs in the warehouse area.
9. One handrail is missing on the stairs in the canteen building.
10. The cover of the septic tank has been removed which poses a risk of falling.
11. The factory does not provide caps for the sprinklers at the eye washing stations.
12. There was an open manhole cover and a tape-fixed electrical cable in front of the generator room.
13. There was medicine (anti-acid) in the production area.
14. The factory has not posted a maximum allowed height limit on the bridges or flyover pipelines for the trucks on factory premises.
15. Part of the fencing around the factory has been removed due to construction work. Furthermore, unauthorized accesses to the construction areas is not properly restricted with safety signs or barricade tape.
16. The chairs and stools are not adjustable to the workers' physical dimensions.
17. The factory does not provide anti-fatigue mats to standing workers
18. The factory does not take proactive steps to reduce stress or injury from repetitive motion.

Local Law or Code Requirement

Punjab Factories Rules 1978 section (33-F) 78/ 76 / (33-Q) 95 / Factories Act 1934 (25) / (33-D)/ (33-E); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.14 HSE.17, HSe.19, HSE.23, and HSE.27)

Root Causes

1. The factory provides insufficient training to Health, Safety & Environment and Compliance teams, especially on local laws and FLA Code and benchmark requirements.
2. Although there is an internal monitoring system in place, it is not effective.
3. Although there is a compliance staff member, the factory has provided him only very limited training opportunities so far. The factory does not carry out a training needs assessment to identify training opportunities (e.g. auditing, communication, international standards, environmental protection).
4. There is no effective system in place for reviewing policies and procedures on a periodic basis; instead, factory management

- reviews them whenever they become aware of any changes in local laws and regulations.
5. Although the procedures are updated for changes in the local law, there are no guidelines for how these updates are implemented and monitored.
 6. The compliance staff member is relatively new and although he is experienced, it is not clear if he directly reports to the GM or has any authority over decision making processes on important topics like Recruitment & Hiring, Termination & Retrenchment, Hours of Work, Industrial Relations, Grievance System, Discipline, and Health, Safety & Environment.
 7. Management has insufficient or superficial knowledge of local laws and regulations on Health, Safety & Environment in Pakistan.
 8. There is a lack of knowledge on the FLA Code and benchmark requirements.
 9. The issues have not been raised or identified during previous external audits.

Recommendations for Immediate Action

1. Consult a civil engineer and obtain a report before commencing construction on the addition of the canteen building.
2. Ensure that the childcare room is located in an area that is not connected to the production or the warehouse areas (e.g. the hospital building).
3. Ensure that there is a system in place for the regular sanitation of drinking water dispensers.
4. Eliminate the common use of drinking water cups.
5. Ensure that the drinking water test report includes the locations of sampled drinking water.

FINDING NO.10

ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is a practice of burning solid waste within the factory premises, which generates pollution.
2. The factory dumps hazardous and non-hazardous solid waste around factory buildings.
3. The factory does not provide a spill kit in the chemical warehouse area.
4. Solid waste is mixed in the waste storage areas.
5. There is a sewage leakage from a domestic wastewater pipe at one building of the sister company.
6. The diesel tank is missing a secondary container.
7. There is electrical waste stored outside.
8. There is oil contamination on the concrete in the motorbike parking area.
9. There is soil contamination from oil and chemical spills in different sections near the waste storage areas.
10. The compressors and air tanks dispense oil-contaminated water.
11. The solid waste handler (TUP) does not have the proper license.
12. The procedures do not include protections for workers who allege environmental violations.

Local Law or Code Requirement

Environmental Protection Act 1997 (16) & (6) (k), FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.4 and HSE.9)

Root Causes

1. The factory provides insufficient training to Health, Safety & Environment and Compliance teams, especially on local law and FLA Code and benchmark requirements.
2. Although there is an internal monitoring system in place, it is not effective.
3. Although there is a compliance staff member, the factory has provided him only very limited training opportunities so far. The factory does not carry out a training needs assessment to identify training opportunities (e.g. auditing, communication, international standards, environmental protection).
4. There is no effective system in place for reviewing policies and procedures on a periodic basis; instead, factory management reviews them whenever they become aware of any changes in local laws and regulations.
5. Although the procedures are updated for changes in the local law, there are no guidelines for how these updates are implemented and monitored.
6. The compliance staff member is relatively new and although he is experienced, it is not clear if he directly reports to the GM or has any authority over decision making processes on important topics like Recruitment & Hiring, Termination & Retrenchment, Hours of Work, Industrial Relations, Grievance System, Discipline and Health, Safety & Environment.
7. Management has insufficient or superficial knowledge of local laws and regulations on Health, Safety & Environment in Pakistan.
8. There is a lack of knowledge on FLA Code and benchmark requirements.
9. The issues have not been raised or identified during previous external audits.

Recommendations for Immediate Action

1. Cease the practice of burning solid waste and clean the solid waste – hazardous and non-hazardous – dumped around factory buildings –hazardous and nonhazardous-
2. Provide spill kits in the chemical warehouse area.
3. Repair the domestic wastewater pipe.
4. Provide a secondary container for the diesel tank.
5. Clean oil and soil contamination in the motorbike parking area and around the factory.
6. Prevent the compressors and air tanks from discharging oil-contaminated water.
7. Ensure all solid waste handlers have a valid license.

FINDING NO.11

COMMUNICATION & WORKER INVOLVEMENT (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not communicate the policies and procedures and their updates for the following Employment Functions to the general workforce: Wages & Benefits, Termination & Retrenchment, Grievance System, Environmental Protection, and Health & Safety.

Local Law or Code Requirement

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

Root Causes

1. There is a lack of awareness on the FLA Code and benchmark requirements for communication.
2. The issues have not been raised or identified during previous external audits.

FINDING NO.12

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not provide specific training for supervisors on the following employment functions: Recruitment, Hiring and Personnel Development; Termination and Retrenchment, Wages and Benefits, Hours of Work, Grievance System, Workplace Conduct & Discipline, Industrial Relations and Health and Safety, Environmental Protection. Moreover, no ongoing training is provided to the workers on Wages and Benefits or industrial Relations.

Local Law or Code Requirement

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

Root Causes

1. There is a lack of awareness on the FLA Code and benchmark requirements for supervisor training.