



FAIR LABOR  
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: PVH Corp  
COUNTRY: Bangladesh  
ASSESSMENT DATE: 05/18/16  
ASSESSOR: Insync Global  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 5190

## 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.

## 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	Violations
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## Findings and Action Plans

### FINDING NO.1

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

The building structure was inspected by ACCORD, an independent agency, on April 1, 2014. However, no separate assessment was conducted by BGMEA (Bangladesh Garment Manufacturers Association) which issues a certificate of stability that is considered valid by the government.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2.1)

##### Recommendations for Immediate Action

Obtain the legally mandated certificate of stability.

#### COMPANY ACTION PLANS

1. Immediate Action: It is the factory's understanding that BGMEA does not have an inspection procedure or the authority to certify building safety. The factory has consulted with RAJUK, the governmental body for structural concerns, and has filed an approved plan and other documents accordingly.

Sustainable Action: The factory is conducting regular building maintenance inspections in accordance with the Accord & Bangladesh

Action plan status: Scheduled  
Planned completion date: 10/08/16  
Progress update: Pending PVH Verification.

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. The factory does not have a policy for Personnel Development.
2. The Hiring and Recruitment procedures do not address the following: use of recruitment agents, terms and conditions for hiring external service providers for security services, training of supervisors and workers, conducting periodic performance reviews for existing employees to include steps and processes, linkages to job grading, nondiscrimination, written feedback, and compliance with legal requirements.
3. The annual performance reviews are not shared with employees; these documents also do not have employee signatures. The date of the review is not recorded on the documents.
4. There are no policies and procedures on promotions, demotions, and reassignment schemes.
5. There is no procedure on expanding professional skill sets for personnel development and career advancement.
6. New recruits are not given the documents covering topics trained during orientation.
7. The Recruitment, Hiring, and Personnel Development policy document is inconsistent, for example, pages 1-5 were written in November 2012, while page 6 was written in October 2013. There is no set review period for the policy.
8. The factory does not provide ongoing training to employees.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15.3, ER.17, ER.29, and ER.30)

### COMPANY ACTION PLANS

1. Immediate Action: The factory will draft a policy on personnel development as per the FLA Guidelines.

Sustainable Action: The factory will provide training to all relevant employees. Training will be rolled out gradually until all employees are informed of the policy. Additionally, the factory's HR department will implement an annual review of the policy and amend the policy as necessary.

Planned Completion Date  
12/15/16

Action plan status: Scheduled  
Planned completion date: 10/08/16

2. Immediate Action: The factory will amend its Hiring and Recruitment procedures to include topics raised by the FLA guidelines.

Sustainable Action: The factory will provide training to all relevant employees on the amended procedures. Trainings will be rolled out gradually to ensure that all employees receive training. Additionally, the factory will annually review its policies to ensure compliance.

Planned Completion Date  
12/15/16

Action plan status: Scheduled  
Planned completion date: 10/08/16

3. Immediate Action: The factory will implement an annual performance review system.

Sustainable Action: The factory will draft a policy on assessing employee performance. Additionally, the factory will provide training to relevant employees on the performance review system and relevant KPIs. Once the performance review occurs, employees will be asked to sign the document. This process will be monitored by the factory's HR department.

Planned Completion Date  
12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

4. Immediate Action: The factory will draft a policies and procedures on promotions, demotions and reassignment schemes.

Sustainable Action: The factory will provide training to relevant workers on the new policy and procedures. Training will be rolled out gradually to ensure all necessary workers are trained on the updated policy. An annual review system will be implemented where amendments to the procedures can be made if necessary.

Planned Completion Date  
12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

5. Immediate Action: The factory will conduct a gap analysis to assess the training needs of factory employees.

Sustainable Action: The factory will utilize the data collected from the gap analysis to formulate a training program for employees. Training for applicable employees will be provided monthly and HR will be responsible for monitoring this process.

Planned Completion Date  
01/31/17

Action plan status: Scheduled

Planned completion date: 10/08/16

6. Immediate Action: The factory will provide new employees with training materials.

Sustainable Action: The factory will implement a monitoring system whereby it will check in with newly hired employees on a monthly basis.

Planned Completion Date  
12/15/15

Action plan status: Scheduled

Planned completion date: 10/08/16

7. Immediate Action: The factory will review the Recruitment, Hiring and Personnel Development policy to ensure consistency.

Sustainable Action: The factory will implement an annual review system of policies. Additionally, awareness training on policy review will be provided to the HR team. Furthermore, the HR team will be responsible for monitoring policy review and amendments.

Planned Completion Date  
12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

8. Immediate Action: The factory has begun and will continue providing ongoing training to employees.

Sustainable Action: The factory will create an annual training program for all employees. The factory's HR department will monitor the implementation of this program on a monthly basis.

Planned Completion Date  
12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

### FINDING NO.3

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. Workers occasionally work on the assigned rest days in order to take additional time off on holidays during the festival period. There is no compensation for working on rest days as they count towards additional time off taken during the festival period. Nor is there any compensatory days off provided as required by law. Factory management stated that the workers prefer this arrangement to be able to extend their holiday. The Worker Participation Committee has a written request for these changes but this request only has the signatures of worker representatives, not management representatives. Also, this request was not signed or approved by top management.

2. Based on the abovementioned arrangement, management has changed three to four rest days to work days to make up for the extended holiday period. Workers who do not work on these days lose their wages. Management has plans on adjusting terms of

absenteeism against earned leave so that workers do not lose their wages. However, this plan (of adjusting absenteeism against earned leave) was not communicated or consulted with the workers prior to the newly assigned work days and had yet to be implemented at the time of the assessment. For the two newly assigned work days, 587 out of 638 employees worked on April 29, 2016 (rest day) and 600 out of 638 employees worked on May 13, 2016 (rest day). Workers who were absent from either of these days, 51 employees on April 29 and 38 employees on May 13, will not be paid their wages.

3. Due to these newly assigned work days, 92% of workers did not receive one rest day in seven working days during this period. Additionally, there have been no compensatory rest days for workers who work continuously for 13 days straight, for example, from April 29, 2016 to May 13, 2016

4. The factory maintains two sets of time and payment records. The first set reflects regular working hours and overtime hours up to two hours a day. The second set is named "Extra OT" and reflects the remaining overtime hours and work done on rest days.

5. A review of time records for June 2015 showed a discrepancy between the hours recorded on the electronic time recording system and the hours on workers' payroll records. From a sample of ten workers in each department: in the finishing department 8 workers were not compensated for 8 to 17 hours and two other workers were overpaid by 2 and 4 hours; in the sewing department one worker was not compensated for one hour and 5 workers were overpaid by 2 to 6 hours; in the cutting department 3 workers were not compensated for one hour and 5 workers were overpaid by one to five hours; in the packing department all 10 workers were not compensated for 3 to 8 hours. Management did not have a satisfactory explanation for these discrepancies. There were no discrepancies noted in time record samples for November 2015 and April 2016.

6. The snack allowance is dependent on hours worked; workers that work until 19:00 receive BDT 9 (USD 0.12), workers that work until 20:00 receive BDT 12 (USD 0.15), workers that work until 22:00 receive BDT 15 (USD 0.19). However, the dinner allowance paid to workers working overtime after 22:00 is not included in the payroll; this payment is recorded manually on a separate sheet. The receipt of the amount paid is confirmed in writing by the concerned workers.

7. The termination payout amount is calculated based on the average basic earnings from the past 12 months, rather than the last basic wage paid.

#### Local Law or Code Requirement

Bangladesh Labour Rules 2015, Section 114(2); Bangladesh Labour Act 2006, Chapter 9; Factories Act 1979, Chapter IV, Section 70 (c); Payment Wages Rules 1937, Section 5; FLA Workplace Code (Employment Relations Benchmarks ER.2, ER.10, ER.17, ER.19, and ER.23; Compensation Benchmarks C.5, C.6, C.7, C.12, C.14, C.15, and C.16)

#### Recommendations for Immediate Action

1. Ensure that workers receive at least one day off (24 consecutive hours of rest) for every seven-day period.
2. Ensure that all hours worked are accurately compensated.
3. Maintain accurate payroll records for all workers.
4. Ensure management practices are communicated in advance, and consent is obtained, prior to implementing any changes to overtime or rest day practices.
5. Ensure that termination payouts are calculated based on the base wage paid for the most recent pay period.
6. Record all working hours in one set of records.

## COMPANY ACTION PLANS

1. Immediate Action: The factory will inform the Worker Participation Committee on the FLA requirement that management counter-sign the request to work on rest days in exchange for taking additional time off during the holiday period.

Sustainable Action: The factory will prepare a policy addressing working on rest days in exchange for taking days off in addition to the holiday.

Planned Completion Date  
11/30/16

Action plan status: Scheduled  
Planned completion date: 10/08/16

2. Immediate Action: As management representatives are a part of the worker participation committee, the decision to exchange weekly holidays with the extension of the Eid holiday period was made in consultation with workers.

Sustainable Action: Any future proposed changes submitted by the WPC will be communicated to workers in advance and required worker consents are collected. The factory will prepare a policy addressing this issue and train employees and WPC members on this issue. Furthermore, the factory will implement a monitoring system to ensure that wage deductions do not violate any regulations.

Planned Completion Date  
12/30/16

Action plan status: Scheduled  
Planned completion date: 10/08/16

3. Immediate Action: The factory will instruct the WPC as to the requirement on rest days.

Sustainable Action: If applications regarding newly assigned work days are submitted by the WPC in the future, the factory will

communicate with workers in advance. The factory will ensure that workers have consented. Additionally, the factory will draft a policy addressing this issue and will also train employees and WPC members on relevant policies. Furthermore, the factory will ensure that wage deductions are done legally and implement a monitoring system to ensure compliance.

Planned Completion Date

12/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

4. Immediate Action: The factory will maintain a single set of payment records.

Sustainable Action: The factory will change the time keeping system (including software) and ensure that all working hours are reflected in one set of records.

Planned Completion Date

02/28/17

Action plan status: Scheduled

Planned completion date: 10/08/16

5. Immediate Action: The factory has identified all the workers who were paid less due to the discrepancy and the factory has reimbursed the relevant workers.

Sustainable Action: The factory has identified the problem impacting the time keeping systems and has addressed the issue. The HR department will monitor the time keeping system on a monthly basis to ensure no discrepancy exists.

Planned Completion Date

08/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

6. Immediate Action: The factory will maintain a single wages sheet.

Sustainable Action: The factory has identified the problem impacting the time keeping systems and has addressed the issue. The HR department will monitor the time keeping system on a monthly basis to ensure no discrepancy exists.

Planned Completion Date

02/28/17

Action plan status: Scheduled

Planned completion date: 10/08/16

7. Immediate Action: The factory has revised the policy to ensure that the termination payout amount is calculated on the last basic wage paid.

Sustainable Action: The factory has provided training to all relevant staff. The factory will also provide awareness training to workers on the policy. Additionally, the factory has implemented a monitoring mechanism to ensure cross checking during the workers' termination payout calculation.

Planned Completion Date

08/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

The senior management does not sign off on policies and procedures and there is no regular review system.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

## COMPANY ACTION PLANS

1. Immediate Action: Senior management has reviewed and approved all policies and procedures.

Sustainable Action: In the future, senior management will review factory policy and procedures on an annual basis and approve such policies regularly.

Planned Completion Date

10/30/16

Action plan status:	Scheduled
Planned completion date:	10/08/16
Progress update:	Pending PVH Verification.

## FINDING NO.5

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

The Compensation policies and procedures do not address the following: specifying wages that are based on skill level, pay periods, deductions, factory's policy on loans and advances, allowing 3rd party to collect wages on behalf of workers, appeal process, policy on non-retaliation in case of complaints, required training of supervisors and managers, and the periodic review of policies.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.19)

## COMPANY ACTION PLANS

1. Immediate Action: The factory will revise its compensation policies and procedures to include information on wages based on skill level, pay periods, deductions, the factory's policy on loans and advances, allowing third parties to collect wages on behalf of workers, appeal process, policy on non-retaliation in cases of complaints, required training of supervisors and managers and timeline for review of policies.

Sustainable Action: After the policy has been drafted, the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/15

Action plan status:	Scheduled
Planned completion date:	10/08/16

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. Time record samples show that excessive overtime work occurs in all departments. All departments worked 58 to 95 hours of overtime for three weeks in June 2015. In November 2015, all the departments recorded 65 to 75 hours of work per week for the first three weeks of the month. In the first three weeks of April, all departments worked 65 to 75 hours of overtime.

2. A sample of 40 time records from June 2015 showed 34 records that did not match payroll records. Time records for 22 workers reflected additional overtime hours between 8 to 17 hours, and 12 time records showed 2 to 6 fewer hours. Management did not have a satisfactory explanation for these discrepancies. There were no discrepancies in November 2015 or April 2016.

##### Local Law or Code Requirement

Bangladesh Labour Act 2006, Chapter 9; FLA Workplace Code (Employment Relationship Benchmark ER.2.1; Hours of Work Benchmark HOW.1)

##### Recommendations for Immediate Action

1. Ensure that workers do not work more than 60 hours per week.

2. Ensure that Hours of Work are accurately recorded in the official payroll record.

## COMPANY ACTION PLANS

1. Immediate Action: The factory will work to address the working hours issue by preparing a production plan.

Sustainable Action: After preparing the production plan we will conduct a skills analysis of the existing workers and provide training to these workers to improve efficiency.

Planned Completion Date  
01/31/17

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Immediate Action: The factory will work to address the working hours issue by preparing a production plan.

Sustainable Action: After preparing the production plan we will conduct a skills analysis of the existing workers and provide training to these workers to improve efficiency.

Planned Completion Date  
01/31/17

Action plan status: Scheduled

Planned completion date: 10/08/16

## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. The factory does not have specific policies on Hours of Work. There are no written procedures for the following: managing working hours, defining the need for training of supervisors and employees, identifying lactating/pregnant workers, and working hours in extraordinary business circumstances.
2. There is no policy for the periodic review of Hours of Work policies and procedures. The current policy was drafted in Jan 2015 and has not been reviewed since.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.3, ER.17, and ER.23; Hours of Work Benchmark HOW.5)

## COMPANY ACTION PLANS

1. Immediate Action. The factory will prepare policies on Hours of Work as well as written procedures for managing working hours, defining the need for training of supervisors and employees, identifying lactating/pregnant workers, and working hours in extraordinary business circumstances.

Sustainable Action: After these policies and procedures have been drafted, the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date  
12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## FINDING NO.8

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

1. The factory does not have a policy on Retrenchment.

2. Termination policy is briefly mentioned in a common policy on Discipline, Dismissal, Resignation, and Termination. However, there is no procedure that addresses calculating payouts or timeline for payouts.
3. There is no policy on training for supervisors and managers, or the review of policies and procedures, for Termination and Retrenchment. The brief note on Termination was drafted in Nov. 2013, and has not been reviewed since.
4. The factory pays termination dues on the 20th of the month following the day of resignation. The legal requirement is payment within 30 days of resignation whereas this policy allows for payments to be made beyond the 30-day limit. For example, a worker who resigns on March 9, 2016 would be paid terminal dues on April 20th, 2016 (after 41 days).

#### Local Law or Code Requirement

Bangladesh Labour Act 2006, Chapter II, Section 30; FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.16, ER.17, and ER.32; Compensation Benchmark C.1)

#### Recommendations for Immediate Action

Ensure that workers are paid their termination dues within 30 days of termination.

## COMPANY ACTION PLANS

1. Immediate Action: The factory will draft a Retrenchment policy.

Sustainable Action: After the policy has been drafted, the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Immediate Action: The factory will revise its policies to address calculating payouts and/or timeline for payouts.

Sustainable Action: After the policy has been drafted, the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

3. Immediate Action: The factory will draft a policy on training for supervisors and managers and reviewing policies and procedures, for Termination and Retrenchment.

Sustainable Action: After the policy has been drafted, the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

4. Immediate Action: The factory has instructed the relevant department to ensure termination payouts are provided within 30 days of resignation.

Sustainable Action: The factory has created a monthly monitoring system to ensure termination payouts are provided in a timely manner.

Planned Completion Date

08/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

## FINDING NO.9

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Industrial Relations

### Finding Explanation

1. The factory has a written policy on Freedom of Association, but not on Industrial Relations. There are no written procedures for the formation or the tenure of the Worker Participation Committee; there are no training requirements for supervisors and managers on their roles and responsibilities.
2. The last two pages of the Freedom of Association policy are not signed by management. The policy was drafted in 2015 and has not been reviewed since; nor is there a defined review period.
3. There is no independent worker representative structure. The Worker Participation Committee is represented equally by management and workers; therefore, management is involved in all meetings, as well as in the administration of the Committee.
4. The Worker Integration component is missing from all Employment Functions. The factory does not have policies and procedures to receive worker input/feedback on the creation, implementation, and revision of its policies and procedures. Also, workers are neither systematically integrated nor consulted in the decision-making processes.
5. The factory does not provide any office space or other facilities for the Worker Participation Committee.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relations Benchmarks ER.1, ER.1.3, ER.17, ER 25.2, and ER.26; Freedom of Association Benchmarks FOA.11 and FOA.15)

## COMPANY ACTION PLANS

1. Immediate Action: The factory will draft a policy on Industrial Relations and written procedures for the formation or tenure of the Worker's Participation Committee. Additionally, the factory will provide training to supervisors and managers on their roles and responsibilities.

Sustainable Action: After the policy has been drafted, the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Immediate Action: Management will review and sign the last two pages of the Freedom of Association Policy.

Sustainable Action: The factory will provide training to all relevant employees once the policy has been drafted. Additionally, the factory will implement an annual review system to make changes to the policy as may be necessary. If changes to the policy become necessary prior to the implementation of the annual review system, such changes will be made. The HR department will be responsible for monitoring implementation of this initiative.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

3. Immediate Action: The factory has started the proceeding to hold Participatory Committee (PC) elections as per the labor rule 2015 specifications.

Sustainable Action: The factory will begin awareness training for the general workers about the PC. The factory will collect the list of candidates as per local law and hold the election. The factory will ensure that representatives from the Labor Department of the Bangladesh Government is present during the election.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

4. Immediate Action: The factory will prepare policies and procedures which address receiving worker input/feedback on the creation, implementation, and revision of its policies and procedures.

Sustainable Action: The factory will provide training to all relevant employees once the policy has been drafted. Additionally, the factory will implement an annual review system to make changes to the policy as may be necessary. If changes to the policy become necessary prior to the implementation of the annual review system, such changes will be made. The HR department will be responsible for monitoring implementation of this initiative.

Planned Completion Date 12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

5. Immediate Action: The factory will provide WPC members with a private conference room where they may conduct meetings.

Sustainable Action: The factory will provide awareness training to the WPC members and management on holding meeting. The factory will also implement a monitoring system so that WPC members could gain access to the private conference room as necessary.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. The factory has limited information on Workplace Conduct & Discipline procedures. Currently, disciplinary procedures are included in the "Discipline, Dismissal, Termination and Resignation" policy in the following sections: "resignation consider for unauthorized leave", "procedure for dismissal from service", procedure for punishment", "procedure for termination from employment", "procedure for disciplinary action", and "grievance procedure."
2. The factory does not have written policies and procedures outlining the process of disciplinary action for forms of misconduct. There are no written procedures for action to be taken, responsible persons, timelines, appeals and documentation.
3. The factory does not record verbal warnings or habitual absenteeism. There is no training on workplace conduct for HR staff, supervisors, or managers.
4. There are no documents on workplace conduct provided to newly hired workers.
5. There is no creation date on the Workplace Conduct & Discipline policy documents and no review period has been set.

##### Local Law or Code Requirement

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

### COMPANY ACTION PLANS

1. Immediate Action: The factory has prepared a "Disciplinary Procedure policy" outlining workplace conduct and discipline procedures.

Sustainable Action: After the policy has been drafted, the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Immediate Action: The factory will create written policies and procedures outlining the process of disciplinary action for forms of misconduct. Additionally, the procedures will include information on actions to be taken, responsible persons, timelines, appeals and documentation.

Sustainable Action: After the policy has been drafted, the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

3. Immediate Action: The factory has begun recording verbal warnings and providing training to HR staff, supervisors and managers on the relevant topic.

Sustainable Action: HR staff, supervisors and managers will be trained on the new policy. Additionally, the factory will implement a monthly monitoring system to ensure that verbal warnings are properly recorded and addressed.

Planned Completion Date  
08/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

4. Immediate Action: The factory has begun providing handbooks to new hires.

Sustainable Action: The factory will implement a monitoring system to ensure handbooks are provided to all new hires. Additionally the factory will schedule a monthly check-in with new hires.

Planned Completion Date  
08/07/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

5. Immediate Action: The factory is in the process of reviewing the Workplace Conduct and Discipline policy documents. A review period will be included once the policy is created.

Sustainable Action: The factory will implement an annual review system of the policy and make any updates to the policy that may be necessary. If changes to the policy become necessary prior to the implementation of the annual review system, such changes will be made. The HR department will be responsible for monitoring implementation of this initiative.

Planned Completion Date  
12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## FINDING NO.11

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

1. While the factory has a functional grievance system in place, there are no specific timelines to address grievances.
2. The Grievance System policies do not include a policy to protect workers from retaliation.
3. There is no set review period for the Grievance System policy and procedures.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

### COMPANY ACTION PLANS

1. Immediate Action: The factory is in the process of developing a system where grievances will be addressed within a specified timeline from the day of receiving the complaint.

Sustainable Action: The factory will revise the grievance policy once the SOPs have been finalized. The policy and SOPs will then be communicated to all relevant staff, WPC and general workers.

Planned Completion Date  
08/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Immediate Action: The factory will revise the grievance policy to include language on the protection of workers from retaliation.

Sustainable Action: After the policy has been drafted, the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date  
12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

3. Immediate Action: The factory will set a review period for the Grievance System policy and procedure.

Sustainable Action: After the policy has been drafted, the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## FINDING NO.12

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. There is no training for supervisors or workers on Environmental Protection; there is only some communication on raising awareness of waste reduction. Also, there are no written procedures for workers to raise environmental concerns or to report emergencies.
2. The factory does not conduct assessments on waste that could have negative impacts on the surrounding areas. The factory provides awareness training to reduce waste but there is no assessment to measure the impact of the training. The factory does not collect waste on site; instead it is sent in small batches to a nearby factory. Therefore, assessors could not verify if it is stored properly and safely.
3. The factory has not conducted an environmental impact assessment.
4. Waste water from toilets is discharged untreated in to a municipal drain.
5. The factory has an agreement with a waste disposal agency; however, the assessor could not verify if this agency has the legal authority to collect and dispose of waste. The factory does not follow the segregated waste disposal measure.
6. Air emission tests are conducted by a third-party; however, the assessor could not verify if the third-party assessor has government approval to conduct air emissions testing.
7. The current Environmental Protection policy is not dated and there is no set period for review.

##### Local Law or Code Requirement

Bangladesh Factories Rules 1979, Section 13; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, and ER.31; Health, Safety & Environment Benchmark HSE.1)

### COMPANY ACTION PLANS

1. Immediate Action: The factory will provide training to workers and supervisors on Environmental Protection.

Sustainable Action: The factory will work to provide training to workers and supervisors on Environmental Protection. The factory will create a system whereby workers may raise any environmental concerns to a Health and Safety committee, WPC or to management. Additionally, workers will be informed through training of this practice.

Planned Completion Date

12/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Immediate Action: The factory is in the process of conducting assessments on waste.

Sustainable Action: The factory will carry out the assessment of the impact of waste. Additionally, documentation regarding where waste is stored will be maintained. The factory will also maintain a monthly monitoring system to ensure compliance.

Planned Completion Date

12/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

3. Immediate Action: The factory is in the process of conducting an Environmental Impact Assessment (EIA).

Sustainable Action: The factory will have a third party provider carry out the EIA. Relevant documentation will be maintained and an annual monitoring system will be implemented. Additionally, the factory will address any issues found in the assessment, if they do arise

Planned Completion Date

12/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

4. Immediate Action: The factory does not discharge untreated chemical waste.

Sustainable Action: The factory will continue to abide by local law.

Planned Completion Date

08/07/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending Verification by PVH.

5. Immediate Action: The factory has notified the administration department about the finding and will work to rectify the issue.

Sustainable Action: The factory will collect the business licenses from the agency which is responsible for waste disposal. Additionally, the factory will implement a segregated waste disposal mechanism. Lastly, the factory will implement a weekly monitoring system to ensure compliance.

Planned Completion Date

09/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

6. Immediate Action: The factory has on file government approval for its third party emissions testing company, Global Environment Consultants Ltd.

Sustainable Action: The factory will keep the updated permit for all its third party agencies. Additionally, the factory will implement an annual monitoring system to ensure compliance.

Planned Completion Date

08/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

7. Immediate Action: The factory will include a date on the Environmental Protection Policy and set a period for review.

Sustainable Action: After the policy has been updated the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## FINDING NO.13

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory does not have any specific policies and procedures to protect the reproductive health of workers from exposure to workplace hazards.
2. There are no policies and procedures to protect workers from management retaliation when they raise health or safety concerns.
3. There are no policies and procedures on ensuring safe evacuation for personnel, visitors, contractors, service providers, special categories of workers, and children in childcare facilities.
4. The available policy on Health & Safety pertaining to First Aid, Fire Safety, Drinking Water and Ventilation is not dated and there is no set review period.
5. The employees at the childcare facility do not go through the appropriate pre-work screening process (e.g., health check to ensure they don't have any communicable diseases, adequate knowledge on childcare and basic first aid).
6. There is no guidance on electrical certifications, inspections, assessments and reviews; this includes the overall electrical system, grounding system, and lightning protection system.
7. There is no list of the confined spaces that require work permits. Also, there are no guidelines on the precautions necessary to work in

confined spaces.

8. The factory provides some training on personal protection equipment (PPE) but this training is not systematic or well managed. For example, there is no training calendar and there is a recorded classroom training for only 45 out of 513 workers.

9. The factory communicates some Health & Safety information through a public address (PA) system, but does not provide any formal training. The emergency preparedness program does not include emergencies pertaining to earthquakes, floods, medical emergencies, or terrorist attacks.

10. The fire safety training does not include fire prevention. There has not been a risk assessment conducted for fire safety; furthermore, management is not aware of the procedures for conducting these risk assessments.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.5, HSE.12, and HSE.27; Non-Discrimination Benchmark ND.8)

#### Recommendations for Immediate Action

1. Ensure that workers at the childcare facility undergo a pre-work screening process.
2. Ensure that the PPE training is robust and provided to all applicable workers.
3. Ensure that the fire safety training covers fire prevention.
4. Have a fire risk assessment conducted by an authorized/certified service provider.

## COMPANY ACTION PLANS

1. Immediate Action: The factory will draft policies and procedures to protect the reproductive health of workers from exposures to workplace hazards.

Sustainable Action: After the policy has been drafted the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Immediate Action: The factory will prepare policies and procedures to protect workers from management retaliation when they raise health or safety concerns.

Sustainable Action: After the policy has been drafted the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

3. Immediate Action: The factory will prepare policies on ensuring safe evacuation for personnel, visitors, contractors, service providers, special categories of workers, and children in childcare facilities.

Sustainable Action: After the policy has been drafted the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

4. Immediate Action: The factory will update the Health and Safety policy in accordance with the FLA recommendation.

Sustainable Action: After the policy has been drafted the factory will provide training to all relevant employees. Furthermore, the factory will implement an annual review system and update the policy accordingly. The HR department will be responsible for monitoring and implementation.

Planned Completion Date

12/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

5. Immediate Action: The factory will conduct a health test for existing childcare employees.

Sustainable Action: The factory will develop SOPs to ensure that any employee recruited for child care position, a health test will be conducted beforehand. The factory will also ensure that all

Planned Completion Date

08/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

6. Immediate Action: The Accord conducted 4th follow up audit on 28th September, 2016. As a result Accord declared 100% issues closed.

Sustainable Action: The factory will prepare its own SOP to ensure that the electrical system is properly inspected on an annual basis. Also, the factory will implement a monitoring system to ensure compliance

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

7. Immediate Action: The factory has identified the confined spaces and marked them.

Sustainable Action: The factory is in the process of developing guidelines for working in confined spaces. Additionally, the factory will provide training to all relevant employees regarding this issues. These guidelines will be revisited on an annual basis.

Planned Completion Date

08/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

8. Immediate Action: The factory will continue to provide training on PPE to workers.

Sustainable Action: The factory will develop a training calendar to ensure that all workers receive relevant training. Records will be maintained and a monthly monitoring system will be implemented in order to ensure compliance.

Planned Completion Date

08/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

9. Immediate Action: The factory will begin providing formal training on Health and Safety to workers.

Sustainable Action: The factory will develop a training calendar to ensure that all workers receive the training. Records of attendance will be maintained and the factory will implement a monthly monitoring system to ensure compliance.

Planned Completion Date

08/15/3016

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

10. Immediate Action: The factory will conduct the relevant fire safety risk assessment.

Sustainable Action: Once the risk assessment has been conducted the factory will take the necessary action to prevent fire incidents. The factory will revise its fire safety training content to include fire prevention and will monitor the training program on a quarterly basis.

Planned Completion Date

08/15/16

Action Status

In Progress

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Safety instructions are not displayed or posted near machinery in the workers' native language (Bengali).
2. There are no spill response kits in areas where diesel fuel is used.
3. Work stations are not adjustable in height to fit individual workers. Also, seated workers sit on hard wooden stools with no backrest.
4. The elevator is inspected monthly by a third party inspector; however, they do not test the overload alarms or the emergency stop functions.
5. The traffic lanes are not marked; there are no convex mirrors or reflectors at blind ends.
6. A third-party inspected the electrical installations on Oct 11, 2015. The report found overheating fuses and bus bars, as well as loose cable connections. The factory has taken step to address the findings; however, there has been no follow-up inspection.
7. The factory does not provide hard cover shoes for mechanics, but does provide them for the electricians.
8. Many areas are missing industrial emergency lights above their exits, including the sampling room, dining areas, finishing section, and a few staircase landings. The current emergency lights do not show through smoke.
9. Most of the evacuation routes marked on the floor have faded.
10. The aisles in the production areas are narrow, only measuring 32 inches.
11. The packing section has only one exit, the other door leads to a storage area. This section is occupied by 12 workers.
12. Some parts of the sewing section are overcrowded, for example there were 2 workers sharing one work station, and some workers were seen sitting back to back. Some workers were seen confined in their work stations by either tables or a co-worker.

#### Local Law or Code Requirement

Factory Rules 1979, Section 42, Section 69; Factory Rules 1979, Chapter IV, Section 30, Chapter IV, Section 41, Chapter IV, Section 42, Chapter IV, Section 51; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.9.1, HSE.14.3, and HSE.17)

#### Recommendations for Immediate Action

1. Post safe operation instructions in the workers' native language near the machinery.
2. Provide spill response kits, and train workers on their use.
3. Ensure that all operational parameters for elevator safety are tested.
4. Mark traffic lanes and install indicators, convex mirrors, and reflectors.
5. Follow-up inspection is needed to ensure appropriate sustainable action is taken to avoid overheating.
6. Provide hard cover shoes for the mechanics.
7. Install industrial rated emergency lights above all exits and on staircase landings. Re-mark passages and evacuation routes.
8. Provide a second exit for the packing section.
9. Maintain adequate space, including aisle widths, to allow free movement and easy evacuation of workers incase of an emergency.

## COMPANY ACTION PLANS

1. Immediate Action: The factory will post safety instructions in the native language (Bangla).

Sustainable Action: The factory will implement a monitoring system to ensure that safety instructions, in Bangla, are placed near all relevant machinery. Additionally, the factory will inform the workers about the safety instructions.

Planned Completion Date

08/15/16

Action plan status: Scheduled  
Planned completion date: 10/08/16  
Progress update: Pending PVH Verification.

2. Immediate Action: The factory will provide spill kits in all required areas.

Sustainable Action: The factory will provide training to the generator operator regarding the usage of spill kits. Additionally, the factory will implement a monthly monitoring system to ensure compliance.

Planned Completion Date

08/15/16

Action plan status: Scheduled  
Planned completion date: 10/08/16  
Progress update: Pending PVH Verification.

3. Immediate Action: The factory will provide chairs with back support to all relevant workers.

Sustainable Action: The factory will ensure that all relevant workers are provided adjustable chairs. The factory will implement a monitoring system whereby workers with jobs that require sitting for long periods of time will be provided with the requisite

chairs.

Planned Completion Date

08/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

4. Immediate Action: The factory will conduct a test for overload alarms and emergency stop functions.

Sustainable Action: The factory will conduct an annual inspection and will ensure all the safety parameters are covered.

Planned Completion Date

08/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

5. Immediate Action: The factory will mark the traffic lanes and provide the reflectors.

Sustainable Action: The factory will implement a monitoring system to ensure that the traffic lanes are properly marked at all times and reflectors are in place.

Planned Completion Date

08/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

6. Immediate Action: The factory's internal engineering team has conducted a thermo graphic scan of the required areas.

Sustainable Action: The loose connections and overheating of fuses and bus bars have been rectified. Our internal engineering team has conducted the test and found that the problems no longer exist. We will ensure weekly inspection going forward and will keep proper documentation regarding the follow up tests.

Planned Completion Date

08/16/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

7. Immediate Action: The factory will provide cover shoes for mechanics as per the requirement.

Sustainable Action: The factory will implement a monitoring system and will make the mechanics aware about the requirement.

Planned Completion Date

08/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

8. Immediate Actions: The factory will provide industrial emergency lights in all required areas.

Sustainable Action: The factory will implement a monthly monitoring system to ensure that the emergency lights are placed in all required areas of the factory.

Planned Completion Date

08/15/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

9. Immediate Action: The factory will re-mark the evacuation routes.

Sustainable Action: The factory will implement a monthly monitoring system to ensure that the evacuations are properly marked.

Planned Completion Date

08/15/16

Action Status

In Progress

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

10. Immediate Action: The factory will adjust the aisles to 36 inches.

Sustainable Action: The factory will implement a monthly monitoring system to ensure that the aisle widths are properly maintained as per the requirement.

Planned Completion Date

08/30/16

Action Status

In Progress

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

11. Immediate Action: The factory has already rearranged the workstation to avoid overcrowding.

Sustainable Action: The factory will implement a monitoring system to ensure that all work stations are not congested. Monitoring will be conducted on a weekly basis.

Planned Completion Date

08/15/16

Action Status

In Progress

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

12. Immediate Action: The factory will ensure that there is secondary exit in the packing section.

Sustainable Action: The factory will ensure that there is secondary exit in all the required areas and will implement a monthly monitoring system to ensure that the exits are functional.

Planned Completion Date

12/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16