



COMPANIES: Pou Chen  
COUNTRY: Bangladesh  
ASSESSMENT DATE: 11/03/16  
ASSESSOR: Insync Global  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 1472

## 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

1. The load bearing capacity of some warehouse areas (500kg/m<sup>2</sup>) is not high enough to use these areas as warehouse. Furthermore, the vibration from some pneumatic machines placed in these areas could cause a problem. Factory management recently asked an engineering company to provide detailed engineering report for static and dynamic load bearing capacity of each floor.
2. There are a few electrical panels with high thermal readings, up to 76 degrees Celsius. However, the thermal readings of most of the electrical panels were in line with safe operation and there is a system in place for checking them on a periodic basis.
3. No fire drills have been conducted at the dormitory building where managerial staff lives. Management declared that a fire drill will be conducted by December 2016.
4. The factory has an addressable type fire alarm system in the premises, but the system is not properly centralized and works on two fire alarm panels, instead of one.
5. The second fire alarm panel was on pre-alarm condition, due to false fire alarm signals coming from two zones.
6. There are no fire detectors in the following areas: fire alarm panel room, power generator room, fire pump room, mechanical workshop, solid waste area, spare machine area. The fire alarm system is currently being extended and installed by the factory.
7. Some of the emergency exits in the dormitory building open inwards. Additionally, some of the emergency exits have mechanical and electronic locks. Emergency exits with electronic locks required a staff electronic pass to open.
8. The factory has conducted fire pump tests and pressure drop tests, but did not document the results. The factory has not conducted sprinkler pressure tests.
9. Two sprinkler zones were not active due to ongoing pipe installation work.
10. Four fire extinguishers in the parking area, chemical warehouse, and spare machine warehouse are not hung at their permanent

locations.

11. Three emergency lights in the dormitory building are not operational.
12. One fire hydrant and hose near the second security cabin was blocked by a decommissioned production machine.
13. Flyover cable trays and pipes are not marked with maximum height labels.
14. The factory has not hired the legally required fire officer.
15. A nighttime fire drill has not been conducted. Additionally the fire drill record is not in the correct format.
16. Only 10% of the workforce is trained as firefighters, less than legal requirement of 18% of the workforce. Furthermore, the existing firefighters do not have sufficient knowledge or training to carry out their duties. Firefighters in the factory were not wearing any identification badges, as legally required.
17. The factory does not have a fire-fighting plan for the dormitory.
18. The "you are here" label is missing on four of the evacuation plans.
19. The emergency lights in the office buildings are not operational.
20. Several fire extinguishers in kitchen are rusted and not in good condition.
21. Some emergency exit doors are tied open with ropes for ventilation, these doors should be left close to prevent the spread of smoke.
22. Materials in the finish goods area are stored too close to the sprinkler heads, rendering them ineffective.
23. The factory does not have the legally required floor layout plan.

#### Local Law or Code Requirement

Bangladesh Labor Rule 2015, section 55; 8-10-11-12-13-14, section 62:8; Building Construction Act Section-3(1), FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.1, HSE.4, HSE.5, HSE.6, and HSE.13)

#### Root Causes

1. Existing risk assessment report is very basic and does not include all sections/risks or how to eliminate and/or manage those risks.
2. Piping work of sprinkler system continues so such issues will naturally be observed until its completion.
3. Overheated panels are due to a lack of maintenance, loose connections, unbalanced load distribution and the use of the wrong wire diameter selection.
4. Although technical team has a thermal camera factory does not undergo periodic thermal imaging efforts often enough to identify overheating in panels, electrical motors, wirings, and other electrical appliances.
5. It is challenging for factories to meet the minimum requirement (18%) of FSCD trained and certified workers due to the cost of training and certification, ongoing production work, and worker turnover rate.
6. Since the factory building is new and some construction is ongoing, management has not yet applied for floor layout plan.
7. Emergency exit doors usually kept open by workers for providing ventilation and reducing heat within the working environment
8. The EHS committee is not actively involved in ongoing EHS efforts. There is no EHS committee involvement on key EHS issues like risk assessment – both fire and Health & Safety, internal audits, Personal Protective Equipment (PPE) selection, policy and procedure development and review.
9. The factory does not provide specific training to EHS committee members.
10. Internal audits are not conducted on a regular basis. Only one internal audit done by global team within last 12 months.
11. Most of these issues have not been identified during internal or external audits

#### Recommendations for Immediate Action

1. Obtain an engineering report to ensure that static and dynamic load bearing capacities of warehouse areas are high enough to use these areas as warehouses.
2. Identify and repair the overheated electrical panels.
3. Plan and conduct fire drills at dormitory building used by managerial staff, and properly maintain the necessary documentation.
4. Carry out necessary maintenance and tests to ensure that the fire alarm panels are in good working condition.
5. Install fire detectors in all sections of the factory.
6. Ensure that all emergency exit doors in the dormitory building open in the direction of evacuation and remove all mechanical and electronic locks on emergency exits.
7. Complete all piping work at two sprinkler zones without active sprinkler protection, and activate the sprinkler system in these areas.
8. Ensure that all fire extinguishers are hung at their permanent locations.
9. Ensure that all emergency lights in dormitory building are operational.
10. Ensure that all fire hydrants and hoses are not blocked.
11. Ensure that all emergency lights in dormitory and office building are operational.
12. Hire the legally required fire officer.
13. Prepare a fire-fighting plan for the dormitory.
14. Ensure that there is no excessive storage in the finished goods area.
15. Obtain the legally required floor layout plan from local authorities.

#### FLA's Recommendations for Sustainable Improvements

1. Fire pump tests will be documented –electrical pumps 15 minutes/ diesel pumps 30 minutes- and pressure test of the sprinkler system will be performed on annual basis and documented
2. Flyover cable trays/pipes within the factory premises will be marked with maximum height labels
3. Ensure that fire drill logs including below listed information at minimum: Date and Time of the drill, Number of participants including visitors, guests, and contractors, Announced/unannounced, Alarm type, Problems observed during evacuation process, Problems observed on alarm system, Evacuation time, Attendance time
4. Prepare a plan to meet legally required quota on number of fire fighting team members within the factory (18%).

5. Conduct a training evaluation assessment for existing fire fighting team members to ensure that they are aware of their roles and responsibilities.
6. Provide identification badges or vests/uniforms to firefighting team members
7. Insert "You are here" in all of the evacuation plans
8. Ensure that emergency exit doors are kept open –tied with ropes- for ventilation
9. Review the maintenance and control system for fire extinguishers to ensure that fire extinguishers which are not in good condition being replaced on a timely basis
10. Organize and conduct at least one fire drill during the night time to observe evacuation performance when there is no daylight
11. Both maintenance and EHS team will conduct weekly checks on the following: the electrical panels (especially panels in the compressor rooms, main electrical panels in each section, power generator room and panels with high load); the electrical wiring; the electrical motors and pumps; and the boilers and steam lines.
12. Review existing maintenance program within the factory and implement more predictive and preventive actions, rather than conventional maintenance activities such as: provide specific training to maintenance staff on predictive and preventive maintenance; use thermal imaging and ultrasonic measurements to identify potential issues before they occur; and follow the average life span of machines, infrastructure, and equipment and conduct inspections, lubrications, repairs or rebuilds based on known average life span.
13. Conduct a training-needs assessment for EHS committee members and the general workforce. Revise the existing training plan in light of the assessment results and deliver these trainings.
14. Review thermal comfort conditions related finding in this report and follow recommendations on that issue
15. Ensure the EHS committee plays an active role in ongoing EHS efforts, such as participation with risk assessments and internal audits, PPE selection, policy and procedure development, and review of existing EHS policy and procedures.
16. Review and revise existing internal audit tool to ensure all potential areas of risk are covered. Ensure that factory level audits being conducted on a regular basis and documented.
17. Review and revise existing risk assessment report to ensure that it covers all risk factors and how to eliminate or mitigate those risk factors.

## COMPANY ACTION PLANS

1. Rearrange the layout, and remove the heavier equipment to the ground floor.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

2. When the CFDS system being installed, two fire alarm system will be integrated into one mainframe.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

3. The error from origin devise has been eliminated, and the two fire alarm system will be integrated into one mainframe after the installment of CFDS system.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

4. Based on the Alliance standard, all area in the factory including subsidiary rooms are planning to install the fire detectors.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

5. The emergency exits are planning to change in the way of opening outwards by November in 2017.

Planned Completion Date

11/30/17

Action plan status: Scheduled

Planned completion date: 08/26/17

6. The sprinkler zones in building C has been activated. As for the sprinkler zones in building A and B will be activated on 15th September in 2017.

Planned Completion Date

09/15/17

Action plan status: Scheduled

Planned completion date: 08/26/17

7. The maximum height lables will be posted by the September in 2017.

Planned Completion Date

09/30/17

Action plan status: Scheduled

Planned completion date: 08/26/17

8. The factory has consulted with BEPZA and conducted the recruitment advertisement to recruit a legally required fire officer.

Planned Completion Date

10/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

9. 1. The trasfer training for the workforce will be conducted by the firefighter who has obtained the certification from local fire department in the duration from October to November.

2. The fire fighter logo will be put on the uniform of firefighters.

Planned Completion Date

11/30/17

Action plan status: Scheduled

Planned completion date: 08/26/17

10. The emergency doors will install with the alarm system of automatic door closer.

Planned Completion Date

09/15/17

Action plan status: Scheduled

Planned completion date: 08/26/17

11. The sprinkler zones in building A and B will be activated on 15th September in 2017.

Planned Completion Date

09/15/17

Action plan status: Scheduled

Planned completion date: 08/26/17

12. The factory has checked the existence of every floor layout, and the missing part will be modified by December in 2017.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

13. 1. Train the operator of IR scan.

2. Based on the IR standards to conduct the monthly scan on electrical panels, and if there is any irregular, the correction will be implemented.

3. Establish the tracking mechanism for the randomly check.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 06/30/17

14. The fire drill at the domitory building has been conducted on 15th December in 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 12/15/16

15. The factory has conducted the sprinkler pressure test in January 2017 with documented records.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 01/31/17

16. Four fire extinguishers have been hung up on 3rd November in 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/03/16

17. Three broken emergency lights in the domitory building have been replaced on 3rd November in 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/03/16

18. The decommissioned machine has been removed from the production site, and make sure any barriers to block the fire hydrants and hoses.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/03/16

19. The nighttime fire drill has been conducted on 20th March in 2017, and the fire drill record has been modified based on the fire drill on 9th March in 2017.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 03/20/17

20. The fire fighting plan for the dormitory has been conducted in the March 2017.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 03/15/17

21. The evacuation plans have been modified to show the "you are here" label in April 2017.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 04/30/16

22. The emergency lights in the office building have been replaced in January 2017.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 01/31/17

23. The fire extinguishers in kitchen have been replaced in November 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/03/16

## FINDING NO.2

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Grounding measurements are not conducted on annual basis.
2. Two prong plugs are used at some three-prong sockets.
3. Some extension cables are repaired with electrical tape.
4. There are high grounding readings and missing grounding connections from some sockets. Additionally phase-neutral reverse wiring in some areas of the factory.
5. There are no grounding measurement reports for Building #2 and the canteen.
6. The chilled water coolers are close to the electrical panels in the compressor room, which makes them vulnerable to water.

##### Local Law or Code Requirement

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

##### Root Causes

1. The factory does not have handheld multifunction electrical testing equipment for both the maintenance and the EHS team to use.
2. Existing risk assessment report is very basic and does not include all sections/risks or how to eliminate and/or manage those risks.
3. The EHS committee is not actively involved in ongoing EHS efforts. There is no EHS committee involvement on key EHS issues like risk assessment – both fire and Health & Safety, internal audits, Personal Protective Equipment (PPE) selection, policy and procedure development and review.
4. The factory does not provide specific training to EHS committee members.
5. Internal audits are not conducted on a regular basis. Only one internal audit done by global team within last 12 months.
6. Most of these issues have not been identified during internal or external audits

### Recommendations for Immediate Action

1. Conduct grounding measurements on an annual basis, and include building #2 and canteen.
2. Prohibit the use of two prong plugs in three prong sockets.
3. Ensure that extension cables are properly repaired, with heat shrink tubing, or replaced.
4. Check and repair the sockets with high grounding readings, missing grounding connections, and positive-negative reverse wiring issues.

### FLA's Recommendations for Sustainable Improvements

1. Either re-locate chillers or electrical panels to prevent potential water ingress to electrical panels or ensure that IP ratings of the electrical panels in this section is in line with necessary safety standard –IP54 or higher-
2. Conduct a training-needs assessment for EHS committee members and the general workforce. Revise the existing training plan in light of the assessment results and deliver these trainings.
3. Ensure the EHS committee plays an active role in ongoing EHS efforts, such as participation with risk assessments and internal audits, PPE selection, policy and procedure development, and review of existing EHS policy and procedures.
4. Review and revise existing internal audit tool to ensure all potential areas of risk are covered. Ensure that factory level audits being conducted on a regular basis and documented.
5. Review and revise existing risk assessment report to ensure that it covers all risk factors and how to eliminate or mitigate those risk factors.

## COMPANY ACTION PLANS

1. Lightning protection in the canteen and building#2 has been completed, but the construction in dormitory#2 and office building are still on processing. The annual grounding measurement for those area will be conducted annually when the completion of lightning protection.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

2. The chilled water coolers are planned to remove from the side of electrical panels by September in 2017.

Planned Completion Date

09/30/17

Action plan status: Scheduled

Planned completion date: 08/26/17

3. The grounding measurements will be conducted on annual basis since 2017. And the measurements in 2017 has been conducted in August.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 08/31/17

4. The two prong plugs have been replaced with three prong plugs to fit with the three prong sockets.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

5. The repair of cables has been replaced as insulating tape, and the technicians have been trained of the practice.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

6. Check all the grounding reading and connections in the factory, and conduct the correction plans based on the situation of the grounding connections of sockets:

1. If the P-N reverse wiring happened in whole produciton line, the swith of connections from the source of power will be conducted.

2. If there are only few P-N reverse wiring situation happened in particular sockets, the wiring connection exchange of the socket will be conducted immediately.

The check and the correction have been completed by November in 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The drills, grinding machines, and metal saws in the mechanical workshop do not have proper machine guards.
2. The main compressed air pipe in the compressor room leaks. Some compressed air hoses are bent and tied with ropes instead of proper fittings.
3. Air tanks are not fixed to their permanent positions.
4. Three punch button machines do not have belt guards.
5. The Working and maximum pressure levels are not marked on the pressure vessel manometers.
6. The factory has not conducted pressure or lifting tests for the pressure vessels and lifting equipment.
7. The platform ladder does not have brakes or handrails.
8. There are no barriers or handrails on the platform next to the mechanical workshop.
9. The rubber feet vibration absorbers on some of the pneumatic machines were not in good condition.
10. Compressed air is in use for cleaning operations, increasing the dust in the air.
11. Although there are pneumatic machines in various parts of the production process, the factory has not yet conducted a vibration assessment.

##### Local Law or Code Requirement

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

##### Root Causes

1. Pressure tests of pressure vessels and lifting tests lifting equipment are not legally required in Bangladesh
2. Existing risk assessment report is very basic and does not include all sections/risks or how to eliminate and/or manage those risks.
3. The EHS committee is not actively involved in ongoing EHS efforts. There is no EHS committee involvement on key EHS issues like risk assessment – both fire and Health & Safety, internal audits, Personal Protective Equipment (PPE) selection, policy and procedure development and review.
4. The factory does not provide specific training to EHS committee members.
5. Internal audits are not conducted on a regular basis. Only one internal audit done by global team within last 12 months.
6. Most of these issues have not been identified during internal or external audits

##### Recommendations for Immediate Action

1. Provide proper guards for high risk machines at the mechanical workshop.
2. Repair the leaking compressed air main pipe in the compressor room.
3. Ensure that all air tanks are fixed to their permanent positions.
4. Provide belt guards for all punch button machines.
5. Install handrails and brakes on the platform ladder in the warehouse.

##### FLA's Recommendations for Sustainable Improvements

1. Train and monitor maintenance team to ensure that they don't bend & tie compressed air hoses but using proper fittings.
2. Ensure that working/maximum working pressure levels of the pressure vessels are marked on manometers
3. Plan and implement annual pressure tests for pressure vessels
4. Plan and implement annual lifting tests for lifting equipment
5. Provide barriers for platform next to mechanical workshop
6. Inspect all vibrating/pneumatic machines and ensure that rubber feets –vibration absorbers- of these machines are in good condition.
7. Prohibit use of compressed air for cleaning operations, if its inevitable then use pressure droppers to ensure that its limited as 2 bars pressure.
8. Plan and conduct vibration measurement to see potential risks working with pneumatic/vibrating machines
9. Conduct a training-needs assessment for EHS committee members and the general workforce. Revise the existing training plan in light of the assessment results and deliver these trainings.
10. Ensure the EHS committee plays an active role in ongoing EHS efforts, such as participation with risk assessments and internal audits, PPE selection, policy and procedure development, and review of existing EHS policy and procedures.
11. Review and revise existing internal audit tool to ensure all potential areas of risk are covered. Ensure that factory level audits being conducted on a regular basis and documented.
12. Review and revise existing risk assessment report to ensure that it covers all risk factors and how to eliminate or mitigate those risk factors.

### COMPANY ACTION PLANS

1. Please advise the location of the platform mentioned in the finding.

Planned Completion Date  
12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

2. The vibration assessment will be conducted based on the Alliance standards.

Planned Completion Date  
10/30/17

Action plan status: Scheduled

Planned completion date: 08/26/17

3. 1. All the machine have been checked and installed the protection guards by November in 2016.

2. Conduct the training for line leaders and establish the tracking mechanism for randomly check for the machinery safety.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

4. 1. The compressed air pipe has been sealed with sealing tape to fix the leaking by November in 2016.

2. Establish the maintenance mechanism for the air compressors and pneumatic equipment.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

5. The fixing screws have been installed on the air tanks by November in 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

6. The belt guards have been installed on the puch button machines by November in 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

7. The working and maximum pressure levels have been marked on the pressure vessel manometers by November in 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

8. There are no certificated testing organization, but all the pressure vessels and lifting equipment have its approved certificate to make sure the safety of use.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

9. All the platform ladders have been replaced with the ladder with brakes by November in 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

10. The rubber feet vibration absorbers have been replaced by November in 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

11. The line leaders have been announced not to use the compressed air for cleaning, and the line leaders would train all workforce of the practice.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The material safety data sheet (MSDS) for Guarandure F318 is not in line with actual ingredients of the chemicals. Furthermore, there is no MSDS for the brown glue.
2. PPE selection is not in line with the requirements listed on the MSDS forms. For example, the MSDS for the C-033F Adhesive requires carbon masks and protective gloves, but the operator working with this chemical was only provided with a dust mask.
3. The vacuum exhaust systems for some assembly line machines where some chemicals are applied are not connected outside.
4. Volatile Organic Compound (VOC) measurements only shows total VOC (TVOC) level in parts per million (PPM), and does not include the types of VOCs in the workplace.
5. Some chemical containers in the chemical storage area are exposed to direct sunlight and have expanded from the heat. This poses a risk of explosion or fire.
6. Health checkups are not conducted for workers who work with chemicals.
7. Two different types of mask (dust and carbon) are used in same department, where only carbon filters should be used.
8. Some of the PPE provided by the factory do not have international safety marks.
9. Workers do not know how to properly wear PPE.
10. The layout of the chemical storage area was not evaluated with reference to the reactivity of chemicals with each other. Furthermore, the gloves provided in this are made of absorbent material.
11. Some empty chemical containers are used as waste bins.

#### Local Law or Code Requirement

Bangladesh Labor Rules 2015, schedule-4; section- 6, FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.8, HSE.9, HSE.10, and HSE.13)

#### Root Causes

1. There are no strict requirements on chemical safety and PPE requirements in Bangladesh.
2. Existing risk assessment report is very basic and does not include all sections/risks or how to eliminate and/or manage those risks.
3. The EHS committee is not actively involved in ongoing EHS efforts. There is no EHS committee involvement on key EHS issues like risk assessment – both fire and Health & Safety, internal audits, Personal Protective Equipment (PPE) selection, policy and procedure development and review.
4. The factory does not provide specific training to EHS committee members.
5. Internal audits are not conducted on a regular basis. Only one internal audit done by global team within last 12 months.
6. Most of these issues have not been identified during internal or external audits

#### Recommendations for Immediate Action

1. Complete the piping work for the vacuum exhaust system, and ensure that they are connected outside.
2. Cover the windows of the chemical warehouse with solar control window film to prevent direct exposure to sunlight.
3. Conduct periodic health examinations for workers who work with chemicals.
4. Ensure that all PPE in use are with the international quality certification marks.
5. Conduct a study to ensure chemicals stored in chemical warehouse organized/stored in light of their reactivity with each other. Change absorbent gloves in this section.
6. Make all MSDSs available in the local language in areas where chemicals are stored and used.
7. Ensure MSDSs in the factory are in line with international standards and include all 16 of the following sections: Identification of substance/mixture and of the company/undertaking, Hazards Identification, Composition/information on ingredients, First aid measures, Firefighting measures, Accidental release measures, Handling and storage, Exposure control/Personal protection, Physical and chemical properties, Stability and reactivity, Toxicological information, Ecological information, Disposal considerations, Transport information, Regulatory information, Other information.
8. Ensure that the PPE, in the areas where chemicals are used, are in line with the MSDS and therefore provide adequate protection from the risks associated with the chemicals. Eliminate use of different kinds of PPE in the same department.

#### FLA's Recommendations for Sustainable Improvements

1. Factory management will ensure that next VOC measurement will show type of the VOCs –toluene/benzene/trichloroethylene...etc.- workplace and their concentration in working environment.
2. Ensure that workers are using their respirators properly and conduct fit testing while they are putting on respirators each time.
3. Stop the practice of using empty chemical containers as waste bins. Inform cleaning staff about this issue and follow up implementation during internal audits.
4. Conduct a training-needs assessment for EHS committee members and the general workforce. Revise the existing training plan in light of the assessment results and deliver these trainings.
5. Ensure the EHS committee plays an active role in ongoing EHS efforts, such as participation with risk assessments and internal audits, PPE selection, policy and procedure development, and review of existing EHS policy and procedures.
6. Review and revise existing internal audit tool to ensure all potential areas of risk are covered. Ensure that factory level audits being

conducted on a regular basis and documented.

7. Review and revise existing risk assessment report to ensure that it covers all risk factors and how to eliminate or mitigate those risk factors.

## COMPANY ACTION PLANS

1. The vacuum exhaust system in 3A assembling line has been connected to outside, and the system reform in 3A stock-fitting will be finished by November in 2017.

Planned Completion Date

11/30/17

Action plan status: Scheduled

Planned completion date: 08/26/17

2. There is no certificated testing organizatino for the VOC measurements to show the types of VOCs in the workplace. Still looking for the certificated facility to conduct this measurement, and hope FLA can give the recommendations of testing facility.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

3. Discuss the health check plan and the procedure with local hospital, and plan to conduct the health check for the worker in special work position by December in 2017.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

4. The factory has followed the group standard to do the procurement, and will make the comment to the group level procurement.

Planned Completion Date

10/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

5. The MSDS for Guarandure F318 has been updated, and the MSDS for brown glue has been in place.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 03/31/17

6. 1. Checked all the MSDS forms and verify with the actual items.

2. Trained line leaders on the weekly production meeting, and the line leaders shall communicate with workers with the PPE requirements.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/03/16

7. The awning has been installed in the chemical storage area to avoid the direct sunlight.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 12/11/16

8. 1. Check all the MSDS forms and verify with the actual items to make sure the PPE selection.

2. Trained line leaders on the weekly production meeting, and the line leaders shall communicate with workers to use the carbon filters type of mask.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 12/16/16

9. The training for the PPE safety has been included into the new worker orientation training and the on-job worker training from December 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 12/31/16

10. The layout in chemical storage area has been adjusted based on the nature of chemical incompatibility, and the gloves has changed with the protective gloves.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 08/02/17

11. The chemical containers have been forbidden to use as waste bins, and the specific waste bins are provided for cleaning staff.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 03/31/17

## FINDING NO.5

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory has not conducted the, legally required, hearing test for workers exposed high noise areas, exceeding 80 dB.
2. The nurse conducted the training for workers responsible for the first aid kits workers, instead of the workplace doctor.
3. The existing injury record format is not in line with the local legal requirements, and is missing important details, like preventive measures.
4. The forklift truck operator does not have a certificate or license that proves he is qualified to use the forklift.
5. First aide workers are not provided with identification badges or aprons.
6. Although there is a food sampling system in place, less than 150 grams are kept as samples. Additionally it is not clear if the samples are kept between 0-4 degrees, as there is no temperature display on refrigerator.
7. The factory does not periodically clean or sanitize the drinking water tank.
8. The factory does not keep records of when the UV filter sterilizer and drinking water-filtering system are changed.
9. The drinking water analysis report does not include the exact location of origin for the drinking water samples.
10. The same chopping boards are used for meat, chicken, fish, dairy products, and vegetables.
11. The factory only measures the general temperature of the working environment, and has not taken more detailed thermal comfort measurements.
12. There are no warning signs requiring PPE use at the cutting pattern scrapping area.
13. The factory does not provide ant-fatigue mats to standing workers. Additionally the chairs and stools in the production area do not have backrests, and are not adjustable.
14. The factory has not provided workers with copies of their hearing tests.

##### Local Law or Code Requirement

Environment Conservation Rules, 1997, SCHEDULE – 4-; Bangladesh Labor Law 2006, Section-89(3); Bangladesh Labor Rule 2015, 73 (1); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.4, HSE.6, HSE.8, HSE.17, HSE.22, and HSE.23)

##### Root Causes

1. Existing risk assessment report is very basic and does not include all sections/risks or how to eliminate and/or manage those risks.
2. The EHS committee is not actively involved in ongoing EHS efforts. There is no EHS committee involvement on key EHS issues like risk assessment – both fire and Health & Safety, internal audits, Personal Protective Equipment (PPE) selection, policy and procedure development and review.
3. The factory does not provide specific training to EHS committee members.
4. Internal audits are not conducted on a regular basis. Only one internal audit done by global team within last 12 months.
5. Most of these issues have not been identified during internal or external audits

##### Recommendations for Immediate Action

1. Conduct periodic hearing test for the workers working in high noise areas.
2. Ensure that forklift truck operator obtains a valid certificate or license.
3. Post PPE use signs at the cutting pattern scrapping area.

##### FLA's Recommendations for Sustainable Improvements

1. Ensure that workplace doctor will deliver first aid trainings but not the nurse.
2. Revise existing injury record format to bring it in line with local law –form 28-.
3. Provide identification badges or aprons to first aiders
4. Increase the amount of the food samples and ensure that they are no less than 150 gr, provide a temperature gauge to observe refrigerator temperature to keep temperature level between 0-4 degrees

5. Prepare and implement a system for periodical cleaning/sanitation of drinking water tank
6. UV filter changing records of sterilizer and drinking water-filtering system will be kept
7. Exact location of drinking water samples taken will be included into drinking water analysis report.
8. Separate chopping boards for meat/chicken/fish/dairy products/vegetable will be used in kitchen
9. Conduct thermal comfort measurements on a regular basis with considering below mentioned criteria at minimum:
10. Its important to find an eligible service provider which has training staff and calibrated measurement device, Measurement report should include: Copies of calibration and training documents mentioned above, Outside temperature and humidity level on the day of the visit, Temperature, wet bulb temperature, air flow and humidity levels, Local law limits and international standards/limits on thermal comfort condition (OSHA,NIOSH...etc.) –HUMIDEX ratings if possible-, List of areas exceeded above listed limits and recommendations for improvement
11. Warning signs on PPE use will be placed at prominent places in cutting pattern scrapping area – use of ear plugs/masks-
12. Anti-fatigue mats will be provided to workers work by standing and chairs & stools in production areas will be replaced with adjustable alternatives
13. Conduct a training-needs assessment for EHS committee members and the general workforce. Revise the existing training plan in light of the assessment results and deliver these trainings.
14. Ensure the EHS committee plays an active role in ongoing EHS efforts, such as participation with risk assessments and internal audits, PPE selection, policy and procedure development, and review of existing EHS policy and procedures.
15. Review and revise existing internal audit tool to ensure all potential areas of risk are covered. Ensure that factory level audits being conducted on a regular basis and documented.
16. Review and revise existing risk assessment report to ensure that it covers all risk factors and how to eliminate or mitigate those risk factors.

## COMPANY ACTION PLANS

1. Discuss the health check plan and the procedure with local hospital, and plan to conduct the health check for the worker in special work position by December in 2017.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

2. The correction and prevention plans have been addressed on the existing injury record based on the PCC group requirement. And it's hoping that FLA can provide the injury record format in line with the local law.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

3. The fire fighter logo will be put on the uniform of firefighters.

Planned Completion Date

10/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

4. The origin of drinking water samples and photos will be included into the drinking water analysis.

Planned Completion Date

10/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

5. 1. Purchase the hygrometer to measure the workplace humidity.

2. Conduct the workplace temperature and humidity measurement and make the record periodically to make sure the comfort of the working environment.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

6. Discuss the health check plan and the procedure with local hospital, and plan to conduct the health check for the worker in special work position by December in 2017.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

7. The professional doctor has conducted the first aid training for the workers on 2nd August in 2017.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 08/02/17

8. The forklift truck operator has obtained the certificate by November in 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

9. The new refrigerator has been purchased, and the food sample has been kept in 4 degrees.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

10. The drinking water tank will be cleaned annually in Id al-Fitr, and the tank cleaning has been conducted in July in 2017.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 07/31/17

11. The replacement records of drinking water filtering system has been recorded, and there is no UV filter sterilizer in the RO equipment.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 12/15/16

12. The chopping boards have been provided for use in November 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

13. 1. The warning signs for PPE requirement have been posted in the cutting pattern scrapping area.

2. All the workers in the cutting pattern scrapping area have been trained about the PPE regulations.

3. Compliance team (SD) will check the PPE actions randomly.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

14. The chairs with backrests have been provided for all pregnant workers so far. If any workers in need, the chair with backrest shall be provided as well.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 03/31/17

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. Oil-contaminated water from the air compressor tank and dryers is discharged directly on to the ground outside.

2. No spill kits are provided in the chemical warehouse area.

3. The factory uses an ozone-depleting refrigerant (R22) in the air conditioning system.

4. An Environmental impact assessment has not yet been conducted, and the factory has not conducted an air emission tests for emission sources.

5. Vacuum lines have holes, and in some places are fixed with tape.

6. There is no secondary containment for the machine oil stored in spare machines section.

7. There is unnecessary illumination in some sections of the production area.

8. Some construction waste and scaffolds, from previous construction projects, are scattered around the factory buildings.

9. The secondary containment in the generator room has inadequate capacity. Additionally the hand washing station in this room

discharges directly outside.

10. The factory is not properly segregating types solid waste (nylon and cartons) in the waste area.

11. The factory does not have a generator waiver certificate from the relevant authority.

#### Local Law or Code Requirement

Environment Conservation Rules, 1997, section-7; Bangladesh Energy Regulatory Commission Act Section 27(1), FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmark HSE.1, HSE.4, HSE.9, and HSE.14)

#### Root Causes

1. The internal audits do not focus on Environmental Protection. As a result, there are not any Environmental Protection violations in the internal audit reports.
2. The factory does not conduct an environmental risk assessment.
3. The factory does not provide any specific training on Environmental Protection to workers or managerial staff, nor has it conducted a training-needs assessment.
4. Although some written documentation on Environmental Protection exists (such as a waste control form and a wastewater analysis), the factory does not have any written procedures on Environmental Protection.
5. The EHS committee is not involved with issues relating to Environmental Protection; their scope of work is limited to Health & Safety.
6. The factory does not provide specific training to EHS committee members.

#### Recommendations for Immediate Action

1. Stop the practice of discharging oil-contaminated water from the air compressor tanks and dryers to the outside environment.
2. Provide spill kits in chemical warehouse.
3. Complete the legally required environmental impact assessment, and conduct air emission tests in the factory.
4. Obtain a generator waiver certificate from the local authorities

#### FLA's Recommendations for Sustainable Improvements

1. Prepare a phase-out plan for ozone-depleting refrigerant (R22) in the air conditioning system.
2. Identify and repair/maintain compressed air leaks at machines and compressed air pipes/hoses within the factory.
3. Maintain holes and tape fixed areas on pipes of the exhaust system - vacuum lines-
4. Provide secondary containment for machine oil stored in spare machines section
5. Eliminate unnecessary illumination in production area.
6. Increase the capacity of secondary containment of generator room and remove hand washing station connected to the outside environment
7. Review solid waste area to ensure solid waste segregation done properly and there are no mixed solid waste in this area
8. Provide secondary containment for machine oil stored in spare machines section
9. Provide an ultrasonic leak detector to the maintenance team to identify and maintain compressed air leaks in factory.
10. Collect solid waste and construction waste that is scattered around the factory and transfer it to designated solid waste areas.
11. Conduct a training-needs assessment for EHS committee members and the general workforce. Revise the existing training plan in light of the assessment results and deliver these trainings.
12. Ensure the EHS committee plays an active role in ongoing EHS efforts, such as participation with Risk Assessments and internal audits, policy and procedure development, and review of existing EHS policy and procedures.
13. Review and revise the existing internal audit tool to ensure that issues related to Environmental Protection are covered.
14. Conduct an environmental risk assessment to identify environmental risks in the factory and address such risks.

## COMPANY ACTION PLANS

1. 1. Place the container in the drain of the air compressor tank and dryers to collect the oil-contaminated water.

2. Recycle and disposal the oil-contaminated water periodically.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

2. 1. Forbidden to use the R22 in the factory gradually, and evaluate the replacement of R22.

2. From the aspect of procurement, the equipment used R22 is forbidden based on the PCC group regulation.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

3. Update the environmental compliance certificates every year with the inspection of certificated environmental facility. And conduct the air emission tests for emission sources.

Planned Completion Date

03/31/18

Action plan status: Scheduled

Planned completion date: 08/26/17

4. Ask the contractor of waste disposal to segregate types of solid waste.

Planned Completion Date

11/30/17

Action plan status: Scheduled

Planned completion date: 08/26/17

5. The application of generator certificate is still in progress by the BEPZA.

Planned Completion Date

03/31/18

Action plan status: Scheduled

Planned completion date: 08/26/17

6. 1. Sands and rags for emergency use has been provided in the chemical warehouse area.

2. Spill kits will be provided after the confirmation from headquarter procurement.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 03/31/17

7. The vacuum lines with holes have been replaced.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

8. The secondary containment have been provided for the machine oil stored in spare machines section.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/30/16

9. The illumination in the production area has been adjusted based on the illumination inspection conducted by SD department.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 11/03/16

10. The waste and scaffolds scattered around the factory building have been organized.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 06/30/17

11. 1. Broaden the capacity of secondary containment.

2. The hand washing station in the generator room has been removed.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 01/31/17

## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. The factory does not provide training to the relevant supervisors based on Recruitment, Hiring and Personnel development.
2. There are no written job descriptions for any positions at the factory.
3. Although the factory has a skill based recruitment test; however, there is no written procedure and grading system. There is no documented evaluation based on this test, and the factory relies on verbal feedback from supervisors.
4. The factory does not have a performance review system.
5. The factory does not have a system to provide orientation training to new recruits at hiring. Some newly recruited workers have not yet received orientation training, even though they have been working in the factory for almost five months.
6. The factory does not provide skill-based training to the employees.
7. The factory's procedures on Recruitment, Hiring, and Personnel Development do not include guidance on special categories of

employees.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3, ER.14, ER.15, ER.28, ER.29, ER.30; Compensation Benchmark C.3)

### Root Causes

1. All existing policies and procedures are in English and Bengali versions are not available for local managerial staff and workers
2. These issues have not been identified during internal or external audits.
3. Management's lack of knowledge on FLA code and benchmark requirements
4. There is not an effective worker representation in place
5. Internal audits are not conducted on a regular basis. Only one internal audit done by global team within last 12 months.

### FLA's Recommendations for Sustainable Improvements

1. Prepare and implement a training program for supervisors to deliver trainings on workplace standards, recruitment, hiring and personnel development.
2. Prepare written job descriptions for all positions within the factory.
3. Review existing skills based test practice in implementation and prepare a written procedure and grading system. Keep documentation regarding evaluation of this test.
4. Conduct performance review of the new employees during their probation period.
5. Ensure that new recruits receiving orientation/induction training upon recruitment.
6. Provide skill-based training to the employees.
7. Translate existing policies and procedures in Bengali so that local managerial staff and workers can understand them
8. Review and revise existing internal audit tool to ensure all potential areas of risk are covered. Ensure that factory level audits being conducted on a regular basis and documented.
9. Organize an election for workers to elect their own representatives and activate WPC with participation of elected worker representatives
10. Consult the FLA and organize joint training sessions for managerial staff to raise awareness on the Code and its benchmarks.

## COMPANY ACTION PLANS

1. The research and data collection have been conducted, and the job descriptions for all positions will be completed by December in 2017.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

2. The training needs analysis and training plan will be conducted by December every year, and the training will be conducted based on the training plan.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

3. The training of recruitment, hiring and personnel development has been conducted to the relevant supervisors with the on-job training, and the review training will be conducted continuously.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 02/28/17

4. The written procedure of recruitment test has been published in June 2017, and it will be effective in September 2017. And the documentation regarding evaluation will be kept.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 06/30/17

5. The written procedure of performance review has been published in June 2017, and it will be effective in September 2017.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 06/30/17

6. Based on the training records, 100% workers have received the orientation training. And the HR and compliance(SD) team will continuously check whether the worker has finished the training before entering to their department.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 01/31/17

7. In the updated procedure of recruitment, hiring, and personnel development, the statement of "Treat all staffs in Pou Hung Ltd. Bangladesh equally, including pregnant workers, disabled workers, adolescent workers. The discrimination from working performance or years of service is forbidden." has included in the procedure to make sure it applied to the special categories of workers.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 06/30/17

## FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. The factories policies and procedures for Compensation do not include: a commitment to non-discrimination, and written guidelines for wage and benefits structure for special categories of workers.
2. Most of the workers don't read or understand the English digits on their pay slips.
3. Factory management does not control compensation for contractors who work at the factory, as a result the factory cannot guarantee that the minimum wage is paid to the workers at the food supplier.

##### Local Law or Code Requirement

Revised salary structure of December 2013 (SRO no. 369-law/ 2013), FLA Workplace Code (Employment Relationship Benchmark ER.11; Compensation Benchmarks C.1, C.11, and C.15)

##### Root Causes

1. All existing policies and procedures are in English and Bengali versions are not available for local managerial staff and workers
2. These issues have not been identified during internal or external audits.
3. Management's lack of knowledge on FLA code and benchmark requirements
4. There is not an effective worker representation in place
5. Internal audits are not conducted on a regular basis. Only one internal audit done by global team within last 12 months.

##### Recommendations for Immediate Action

Create a system to ensure that the workers for the food supplier receive the minimum wage, and control their working hours and compensation.

##### FLA's Recommendations for Sustainable Improvements

1. Commitment to non-discrimination (equal pay for equal work) will be added in to the existing compensation policy.
2. Commitment to progressively review wages to achieve a level that meets workers' basic needs will be added in to the existing compensation policy.
3. Prepare a written procedure for wage and benefits structure of special categories of workers
4. Revise pay slip format and use local language digits.
5. Translate existing policies and procedures in Bengali so that local managerial staff and workers can understand them
6. Review and revise existing internal audit tool to ensure all potential areas of risk are covered. Ensure that factory level audits being conducted on a regular basis and documented.
7. Organize an election for workers to elect their own representatives and activate WPC with participation of elected worker representatives
8. Consult the FLA and organize joint training sessions for managerial staff to raise awareness on the Code and its benchmarks.

### COMPANY ACTION PLANS

1. The factory has asked the contractors to provide the worker salary information within every month to monitor whether the contractor workers receive the minimum wage.

Planned Completion Date

11/30/17

Action plan status: Scheduled

Planned completion date: 08/26/17

2. In the updated procedure of compensation, the statement of "Treat all staffs in Pou Hung Ltd. Bangladesh equally, including pregnant workers, disabled workers, adolescent workers. The discrimination from working performance or years of service is forbidden." has included in the procedure to make sure it applied to the special categories of workers.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 06/30/17

3. As required by the work, all of the worker shall pass the entrance exam to make sure he or she knows the English digits. The factory also educates workers to count their salary and the consultation channel for the salary questions by monthly communication meeting to help workers understand the content of pay slips.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 01/31/17

## FINDING NO.9

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. The factory has not applied to local authorities for a regular working hours schedule approval.
2. The total number of hours worked per week for has exceeded 60 hours in April and May of 2016. Five percent of workers worked more than 60 hours, with a maximum of 66 hours/week during those months.
3. The factory does not identify pregnant or lactating women to provide them with Hours of Work protections.

##### Local Law or Code Requirement

Bangladesh Labour Law 2006, section-111(8); Bangladesh Labour Act 2006, section-102(1); FLA Workplace Code (Hours of Work Benchmark HOW.1)

##### Root Causes

1. Workers rely heavily on extra income that they generate with overtime work.
2. Most of these issues have not been identified during internal or external audits
3. The factory's overtime work hours are less than the industry average and therefore management did not think it was an issue.
4. The factory does not have a system in place to keep track of reasons overtime work is needed and conduct a detailed analysis in order to progressively reduce overtime work.
5. Repair/rework figures are not kept therefore its not possible to understand reflection of such production/quality related issues into overtime work
6. No CSR involvement on OT approval procedure
7. Standard time allowance for some operations is less than 18% -15%-
8. All existing policies and procedures are in English and Bengali versions are not available for local managerial staff and workers
9. These issues have not been identified during internal or external audits.
10. Management's lack of knowledge on FLA code and benchmark requirements
11. There is not an effective worker representation in place
12. Internal audits are not conducted on a regular basis. Only one internal audit done by global team within last 12 months.

##### Recommendations for Immediate Action

1. Apply to local authorities for regular working hours approval and obtain relevant document.
2. Reduce total working hours below 60 hours per week for all workers.

##### FLA's Recommendations for Sustainable Improvements

1. Implement a system to understand the cause of overtime work by collecting and analyzing the following data: Planning related issues, Monthly non-productive time and its reasons, Monthly absenteeism and its impact on working hours, Monthly employee turnover rate, Rework rates and its impact on working hours, Second-quality rates and their impact on working hours
2. Translate existing policies and procedures in Bengali so that local managerial staff and workers can understand them
3. Include CSR team in OT approval procedure
4. Ensure that standard time allowance is 18% for all operations
5. Review and revise existing internal audit tool to ensure all potential areas of risk are covered. Ensure that factory level audits being conducted on a regular basis and documented.
6. Organize an election for workers to elect their own representatives and activate WPC with participation of elected worker representatives
7. Consult the FLA and organize joint training sessions for managerial staff to raise awareness on the Code and its benchmarks.

## COMPANY ACTION PLANS

1. The regular working hours schedule approval has been applied.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 03/31/17

2. 1. The company will communicate with the customer about the order plan to adjust gradually the production plan in order to comply with law requirements.
2. Employee Handbook stipulates that the regular working hours per day are 8 hours. Total regular working hours per week are within 48 hours. Daily overtime will not exceed 2 hours, and the total weekly working time will not exceed 60 hour. The company should also comply with local law and regulations on working hours.
3. In the group internal audit, it regulate that employees' overtime work should be voluntary, and employees' application for overtime work should be signed by themselves.
4. In the past year, there was no violation against working hour regulations.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 06/30/17

3. Following practices are conducted in the factory, first the factory have changed maternity women's ID card and uniform, and provide the inform paper to maternity woman herself and her leaders, to make sure they understand about working hour policy. There is the work time control for pregnant workers who pregnant over 6 months should not work overtime or night shift. Also, the factory makes the monthly special worker name list which includes pregnant, lactating and disabled worker to control its working position and work time.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 03/31/17

## FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

1. The factory does not have any written policies or procedures on Termination and Retrenchment.
2. The factory does not provide any training to supervisors on Termination & Retrenchment.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, and ER.32)

##### Root Causes

1. Since the factory has not experienced any cases of retrenchment and the business is well-structured and growing, they did not think a retrenchment procedure was needed. A similar situation for termination as retention of workforce is factory management's priority
2. Management's lack of knowledge on FLA code and benchmark requirements
3. These issues have not been identified during internal or external audits.

##### FLA's Recommendations for Sustainable Improvements

1. Prepare a written policy and procedures on Termination and Retrenchment.
2. Consult the FLA and organize joint training sessions for managerial staff to raise awareness on the Code and its benchmarks.
3. Review and revise existing internal audit tool to ensure all potential areas of risk are covered. Ensure that factory level audits being conducted on a regular basis and documented.

## COMPANY ACTION PLANS

1. The training of termination and retrenchment has been conducted to the relevant supervisors with the on-job training, and the review training will be conducted continuously.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17

2. The written procedure of termination and retrenchment has been published in June 2017, and it will be effective in September 2017.

Action plan status: Completed  
Planned completion date: 08/26/17  
Completion date: 06/30/17

## FINDING NO.11

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

##### Finding Explanation

1. This factory is located in an Export Processing Zone. Under Bangladeshi law workers in Export Processing Zones are forbidden from unionizing. Instead factories are required to set up a worker participation committee.
2. The factory does not have a functioning worker participation committee. The factory formed a workers participation committee in November 11, 2013 through an election, but all of elected workers' representatives have left factory, except for one representative. However, the factory has continued to conduct meetings with 15 members, but 14 are managerial staff.
3. Factory has not provided specific training for the relevant supervisors on Industrial Relations and Freedom of Association.
4. Factory has not provided training on the workers' participation committee and representation "to the general workforce.

##### Local Law or Code Requirement

The EPZ Workers' Welfare Association and Industrial Relations Act, 2010, FLA Workplace Code (Employment Relationship Benchmark ER.16 and ER.17; Freedom of Association Benchmark FOA.1)

##### Root Causes

1. All existing policies and procedures are in English and Bengali versions are not available for local managerial staff and workers
2. These issues have not been identified during internal or external audits.
3. Management's lack of knowledge on FLA code and benchmark requirements
4. There is not an effective worker representation in place
5. Internal audits are not conducted on a regular basis. Only one internal audit done by global team within last 12 months.

##### FLA's Recommendations for Sustainable Improvements

1. Organize an election for workers to elect their representatives, train elected worker representatives on their roles and responsibilities
2. Include elected worker representatives into WPC and hold WPC meetings on monthly basis
3. Plan and deliver training for workers about WPC and existing FOA policy and procedures
4. Plan and deliver specific training for the relevant supervisors on industrial relations and freedom of association.
5. Translate existing policies and procedures in Bengali so that local managerial staff and workers can understand them
6. Review and revise existing internal audit tool to ensure all potential areas of risk are covered. Ensure that factory level audits being conducted on a regular basis and documented.
7. Consult the FLA and organize joint training sessions for managerial staff to raise awareness on the Code and its benchmarks.

### COMPANY ACTION PLANS

1. The WPC( worker's participant committee) member have been elected by all employees in March 2017.

Action plan status: Completed  
Planned completion date: 08/26/17  
Completion date: 03/31/17

2. The WPC( worker's participant committee) member have been elected by all employees in March 2017. The president and vice president of WPC are all workers.

Action plan status: Completed  
Planned completion date: 08/26/17  
Completion date: 03/31/17

3. There is a monthly communication meeting between WPC members and factory managers, and the FOA policy and procedure will be communicated in the meeting.

Action plan status: Completed  
Planned completion date: 08/26/17  
Completion date: 03/31/17

4. Not only announce to all workers that they are all welcome to participate the WPC, the factory also re-trained in monthly communication meeting. Also, the training has been provided in the orientation training.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 03/31/17

## FINDING NO.12

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

1. The factory does not have a system in place to track complaints filed by the workers through the complaint boxes.
2. More than 70% of the interviewed workers were unaware about the grievance procedures and the complaint boxes in the factory.

##### Local Law or Code Requirement

Bangladesh Labor Law 2006, section- 33; FLA Workplace Code (Employment Relationship Benchmark ER.25)

##### Root Causes

1. All existing policies and procedures are in English and Bengali versions are not available for local managerial staff and workers
2. These issues have not been identified during internal or external audits.
3. Management's lack of knowledge on FLA code and benchmark requirements
4. There is not an effective worker representation in place
5. Internal audits are not conducted on a regular basis. Only one internal audit done by global team within last 12 months.

##### FLA's Recommendations for Sustainable Improvements

1. Implement a system for registration of complaints filed by the workers through complaint boxes.
2. Plan and deliver training for workers about existing grievance system and procedures
3. Translate existing policies and procedures in Bengali so that local managerial staff and workers can understand them
4. Review and revise existing internal audit tool to ensure all potential areas of risk are covered. Ensure that factory level audits being conducted on a regular basis and documented.
5. Consult the FLA and organize joint training sessions for managerial staff to raise awareness on the Code and its benchmarks.

### COMPANY ACTION PLANS

1. There is a tracking chart and responsible staff to check the mail box, and the responsible staff will check the mail box everyday since 20th December in 2016.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 12/20/16

2. 1. The factory train the workers about the grievance channel and procedure in the monthly communication meeting and the orientation training. According to the employee satisfaction survey, most of the workers know the grievance channels.
2. In the updated employee satisfaction survey, it shows that 96.25% employees understand that. ( 77 persons out of 80 get correct answer)

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 08/31/17

## FINDING NO.13

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. The factory conducts physical pat downs and body searches for all employees on a daily basis.
2. There is no worker or union involvement in the decision making process for disciplinary actions.

3. Disciplinary actions are not witnessed by a third party during their imposition, and the factory does not have an appeal process.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27; Harassment or Abuse Benchmark H/A.10)

#### Root Causes

1. These are not legal requirements so the factory management did not think it needed to be included in existing policy.
2. Management's lack of knowledge on FLA code and benchmark requirements
3. These issues have not been identified during internal or external audits.

#### Recommendations for Immediate Action

Cease the practice of conducting pat-downs for workers exiting the factory.

#### FLA's Recommendations for Sustainable Improvements

1. Revise the existing disciplinary procedure to include the following: Third-party witness during the imposition and appeals of disciplinary actions, involve union and elected worker representatives in the development of policy and procedure as well as the decision making process for disciplinary actions by forming a disciplinary committee where management and workers are equally represented. Ensure that the committee sanctions all disciplinary actions through a voting process.
2. Consult the FLA and organize joint training sessions for managerial staff to raise awareness on the Code and its benchmarks.
3. Review the internal audit methodology and tools to ensure that such issues are captured by internal auditors.

### COMPANY ACTION PLANS

1. The factory now only conduct the random checks for the security needs.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 03/31/17

2. There is the self-defense mechanism in the disciplinary practices, when the worker find the disciplinary unsuitable, the WPC member will consult with the worker and provide the opinion to the management.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 06/30/17

3. There is the appeal process written in the updated disciplinary and rewarding procedure, and it is mentioned on every inquiry notice paper and inform workers by paper as well.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 06/30/17

### FINDING NO.14

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Communication & Worker Involvement (Macro)

#### Finding Explanation

There is no worker or union involvement in the development of policies and procedures for any of the Employment Functions.

#### Local Law or Code Requirement

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

#### Root Causes

1. The policies and procedures are prepared and updated by management as a general company practice.
2. There is no active worker representation in place and WPC is not active
3. Management did not know of such a need as it is not a legal requirement.

#### FLA's Recommendations for Sustainable Improvements

1. Consult with company headquarters for a revision on existing policy and procedure development and the inclusion of worker representatives in this process.
2. After elections, provide training to worker representatives and teach them basic concepts on policies and procedures like their definition, coverage and content, and regular review.

## COMPANY ACTION PLANS

1. Every policies and procedures will be announced and communicated to the WPC member prior to the publishing.

Action plan status: Completed

Planned completion date: 08/26/17

Completion date: 06/30/17

## FINDING NO.15

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

The factory does not have a system to periodically review and revise the internal policy and procedures for any of the Employment Functions. The existing policies and procedures are only reviewed when there is a change in local legislation.

##### Local Law or Code Requirement

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

##### Root Causes

1. Absence of an effective internal audit system in place.
2. Lack of knowledge on FLA code and benchmark requirements
3. Development and revision of policy and procedures done by one management representative without consultation of worker/union representatives
4. Absence of a clear procedure on when and how to review and revise internal policy and procedures

##### FLA's Recommendations for Sustainable Improvements

1. Review the internal audit system in place to ensure that internal audits –HQ and factory level- conducted on a regular basis
2. Consult with the FLA and organize joint training sessions for managerial staff to raise awareness of the FLA Code and benchmark requirements.
3. Include worker/union representatives into policy/procedure development and revision process
4. Create and implement a procedure to regularly review all internal policies and procedures without waiting for a change in legislation.

## COMPANY ACTION PLANS

1. The internal policies and procedures will be reviewed by every 3 months.

Planned Completion Date

12/31/17

Action plan status: Scheduled

Planned completion date: 08/26/17