



COMPANIES: PVH Corp  
COUNTRY: Sri Lanka  
ASSESSMENT DATE: 05/27/16  
ASSESSOR: Insync Global  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 543

# 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

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

The factory does not conduct a periodic review and update of policies and procedures for the following Employment Functions: Workplace Conduct & Discipline, Recruitment, Hiring & Personnel Development, Hours of Work, Grievance System, Termination & Retrenchment, Industrial Relations, Health & Safety, and Environmental Protection.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

#### COMPANY ACTION PLANS

1. Immediate Action: The factory will update and conduct a review of policies and procedures for the following Employment Functions: Workplace Conduct & Discipline, Recruitment, Hiring & Personnel Development, Hours of Work, Grievance System, Termination & Retrenchment, Industrial Relations, Health & Safety, and Environmental Protection.

Sustainable Action: The factory will implement an annual review schedule so that policies and procedures are updated as needed.

Planned Completion Date

08/15/16

Action plan status:

In progress

Planned completion date: 10/08/16

Progress update: Pending Verification by PVH

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory does not have the Certificate of Conformity (COC) issued by the Board of Investments as required by the general guidelines for factory buildings, section C(4). The building was inspected by third-party engineers on Feb 21, 2014 and Feb 22, 2016.
2. The competency certificate for the third-party engineer, who conducted the building inspection, was not available for review.
3. The factory applied for the Certificate of Conformity in Nov 2015 but has not yet received it.

##### Local Law or Code Requirement

Board of Investments, Sri Lanka, Factory Building Structures Section C (approval process), Point 4; Section C, Point 1; FLA Workplace Code (Employment Relationship Benchmark ER.2)

### COMPANY ACTION PLANS

#### 1. Factory Overview 1

##### Details

Immediate Action: The factory has applied for the CoC in 2015 however, receiving the CoC often takes a considerable amount of time.

Sustainable Action; The factory will follow-up with the relevant authorities as necessary.

Planned Completion Date

01/31/17

Action plan status: Scheduled

Planned completion date: 10/08/16

#### 2. Factory Overview 2

##### Details

Immediate Action: Confirmation of competency for the engineer is confirmed by the stamp utilized on the building inspection certificate. This stamp is available on the inspection report.

Planned Completion Date

10/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

Progress update: Pending PVH Verification. Please note we are following up with the factory to receive relevant evidence.

#### 3. Factory Overview 3

##### Details

Immediate Action: The factory has applied for the CoC in 2015 however, receiving the CoC often takes a considerable amount of time.

Sustainable Action; The factory will follow-up with the relevant authorities as necessary.

Planned Completion Date

01/31/17

Action plan status: Scheduled

Planned completion date: 10/08/16

## FINDING NO.3

### IMMEDIATE ACTION REQUIRED

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

##### Finding Explanation

1. The factory has a six-month probation period, including a one-month training period, as stated in clause six in the appointment letter issued to workers.
2. The signed agreement between the factory and the maintenance company hired for janitorial services does not comply with legal requirements or FLA Workplace Code and Benchmarks. Clause 2e of the contract states that one supervisor and six cleaners are required to work from 7:00 to 17:00; four cleaners are required to work 8:00 to 18:00, Monday to Saturday. Any work after 17:00 is considered overtime. This clause implies that:
  1. Total hours worked per day is 10 hours. If one hour is used for breaks, cleaners work nine hours a day. As a regular working day should be eight hours, a nine-hour work day includes one hour of overtime.
  2. If workers worked regular eight hour days for six days, it will result in 48 hours of work per week. Per law, regular working hours for janitorial services should not exceed 45 hours per week.
3. The factory has an agreement with a security service agency to provide security guards for 12 hour shifts. This results in a 72 hour working week. Overtime of three hours per day results in 78 hours of overtime every month. This overtime rate violates overtime restrictions for female security guards, and exceeds the 60-hour limit per the FLA Workplace Code.

Local Law or Code Requirement

Wage Board Ordinance for Janitorial Service Trade; Board of Investment, Labor Standards and Employees Relation Manual, Section 3.3.4; FLA Workplace Code (Compensation Benchmark C.3; Hours of Work Benchmark HOW.8.3)

Recommendations for Immediate Action

1. Reduce the probation period to three months.
2. Ensure working hours comply with all legal requirements and FLA Benchmarks.
3. Ensure that hours of work are accurately recorded and that overtime hours are not included in regular work hours.
4. Ensure that weekly working hours do not exceed the legal limit of 45 hours per week for janitorial staff.

**COMPANY ACTION PLANS**

1. Immediate Action: PVH is working with the factory in order to comply with this requirement.

Planned Completion Date

01/31/17

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: PVH is currently working with the factory to facilitate compliance with this requirement.

2. Immediate Action: The agreement with the 3rd party janitorial services company has already been revised as per requirement of 45 hours per week,

(1) the factory has revised the working hours to 8 hours /day for 3rd party janitorial service employees

(2) the factory has revised the working hours to 45 hours per week (8 hours on weekdays & 5 hours on Saturdays as per legal requirements.

Planned Completion Date

08/22/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

3. Immediate Action: The factory has advised the 3rd party security services company to correct the overtime payments. The factory has been advised that the issue has been corrected.

Sustainable Action: The factory will regularly monitor the working hours and payments made to the security guards.

Planned Completion Date

09/01/16

Action plan status: In progress

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

1. There are no written policy and procedures on Personnel Development.
2. There is a system for managing the process of Hiring and Recruitment. However, the procedures are not clear on expanding skills for career advancement; there are no procedures for promotions, demotions, and reassignment schemes.
3. There is no training provided to supervisors and workers on workplace conduct.
4. There are no written job descriptions for any positions, except for the person in charge of payroll and time records.
5. The factory conducts periodic evaluation of workers' productivity. The results of the evaluation is shared with the worker but is not signed by the worker. If the performance is satisfactory, the worker is promoted and issued a promotion letter. There are no written procedures for these performance reviews.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.28, ER.29, and ER.30)

## COMPANY ACTION PLANS

1. Immediate Action: The factory has drafted and implemented a policy on Personnel Development.

Sustainable action: All the workers will be trained annually on the revised policy

Planned Completion Date

09/01/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

2. Immediate Action: The factory has updated the current Hiring and Recruitment procedure to address promotions, demotions and reassignment schemes. Additionally, the factory has implemented a procedure on career paths for each category of worker/staff.

Sustainable action: All workers will be trained on the Hiring and Recruitment procedure during the initial induction.

Planned Completion Date

09/01/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification

3. Sustainable Action: Training for supervisors and workers on workplace conduct will be included in our training plan. Trainings on these topics will also be scheduled.

Planned Completion Date

01/31/17

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

4. Immediate Action: Job descriptions will be drafted for all positions.

Sustainable action: Worker activities will be monitored by the floor managers and changes will be made to job descriptions when required.

Planned Completion Date

10/31/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

5. Immediate Action: The factory has implemented a procedure whereby the worker signs the performance review or grading evaluation sheet.

Sustainable action: Work study manager will monitor the program on a bi-annual basis to ensure compliance.

Planned Completion Date

10/31/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

1. When the workload is low, the factory allows paid holidays on Saturdays, which are half working days. Workers are allowed to work overtime from Monday to Friday in order to compensate for the 5.5 hours of times off on Saturdays. However, the OT worked beyond regular work hours are not considered overtime and is not compensated at 1.5 times the wage rate.

1. For example, workers who worked one hour of overtime everyday between April 1, 2016 and April 8, 2016, were not compensated in monetary value but compensated with time for March 19, 2016, which was a Saturday. Since Saturdays are paid holidays, workers received a normal wage, however, they should be paid 1.5 times the normal wage as required by overtime. They are losing 0.5 times the wage they should be receiving, by law.

2. April 30, May 7, and May 14, 2016, which were all Saturdays, were designated as paid holidays as there was less or no work to be completed. However, Section 3.2.6 in the guidelines provided by the Board of Investment, Labor Standards and Employment Relations, states that workers should be paid wages for days for which the employer is not able to provide work but does not state that work should be done on other days to compensate for the paid day.

2. It is common practice for workers to resign after five years of service in order to receive the legally required severance payment. However, even though they officially resign and are taken off the factory's payroll, they continue to unofficially work for a month and then are rehired with a new employee number. During the one-month period, they are paid wages in cash via cash vouchers. These cash vouchers were not available for review therefore the accuracy of wages paid and the related deductions could not be verified. After this resignation, wages and gratuity are fairly paid. However, unused earned leave is not paid and is carried over and added to the new account once the worker is rehired. This practice of carrying over unused leave does not comply with legal requirements per which all dues are to be paid when an employment contract is terminated.

3. The wage slips issued to the outsourced security guards only show the amount of compensation paid for overtime work; they do not specify the amount of hours of overtime worked. A sample of four wage slips from March, 2016 showed inconsistencies and incomplete information recorded:

1. One wage slip did not include the government budgetary relief allowance, as required by law.

2. On two slips, the number of days worked and the wages earned per month is not recorded. However, an allowance of LKR 8000 (USD 54.5) and the amount deducted for welfare funds of LKR 140 (USD 0.95) were recorded. The wage slips had incorrect calculation of wages. Day rates are recorded as LKR 750 (USD 5.20) per shift, however, when this figure is multiplied by total shifts, it is equal to the total amount paid. The overtime compensation amount is reflected on the wage slip, but the amount is not added to the total earnings. These earnings are paid correctly, but are incorrectly recorded on the wage slips.

3. One guard's pay slip showed no working hours were recorded for the month of April 2016, however, a summary sheet of all payments showed 13 days of work for this guard; additionally, recorded on the sheet was OT compensation of LKR 10400 (USD 70.95), deduction of LKR 5720 (USD 39), and a net pay of LKR 4680 (USD 32). The security agency manager and factory management could not explain the discrepancy, and could not confirm that the guard was paid correctly for the time worked.

4. Workers were not provided with rest days on one festival holiday and two public holidays.

#### Local Law or Code Requirement

Board of Investment, Labor Standards and Employment Relations Manual, Section 3.3.1.2, Section 3.3.1, Section 3.2.5 and, Section 3.2.6; Budgetary Relief Allowance of Workers Act 36 of 2005; FLA Workplace Code (Employment Relationship Benchmark ER.2.4; Hours of Work Benchmarks HOW.1, HOW.10; Compensation Benchmarks C.1, C.14, C.15, and C.16)

#### Recommendations for Immediate Action

1. Ensure workers are compensated for overtime work in accordance with the law.
2. Ensure that all work done after regular hours is considered overtime work.
3. Maintain payroll records for all workers.
4. Ensure wage slips provide all information pertaining to work done and the compensation paid.
5. Monitor payment practices of service providers and ensure payments are accurate.

## COMPANY ACTION PLANS

1. Immediate Action: The factory has begun to correctly calculate and compensate overtime hours in compliance with local law.

Sustainable action: All the workers will be trained on this issue annually.

Planned Completion Date

09/01/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

2. Immediate Action: The factory will implement a procedure to pay out any required leave payment with the gratuity payment.

Sustainable Action: HR and payroll officers will be trained annually on the exit procedure for the employees and these procedures will be monitored by the HR manager.

Planned Completion Date

09/01/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

3. Immediate Action: The factory has requested that the 3rd party security firm include BBA, legal wages a& OT payments on the pay slip. The factory has confirmed that this has been implemented.

Planned Completion Date

09/01/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

4. Immediate Action: PVH is working with the factory to address this issue.

Planned Completion Date

09/01/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification. PVH is in the process of working with the factory to address this issue.

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. There are procedures for managing wages and benefits, however they are not documented. The factory practices compensating additional holidays with extra work hours during the work week. The written documents that explain this practice does not comply with the laws on compensation paid and holidays given.

2. For example, one hour of overtime worked during the weekday is not compensated but is adjusted against a holiday. The overtime hour is compensated on a Saturday, which is a half working day (five hours). Compensation for overtime work is 150% of the wage rate as required by law, wages for Saturday is 100%. Workers lose on their earnings as they are paid the normal rate, rather than the premium overtime rate.

3. This procedure needs to be reviewed to ensure compliance with legal requirements. There are no formal trainings for supervisors and work force but there are posters on the notice boards to provide awareness.

##### Local Law or Code Requirement

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

##### Recommendations for Immediate Action

Comply with legal requirements on working hours and ensure workers are compensated accurately for all hours worked.

### COMPANY ACTION PLANS

1. Immediate Action: The factory will comply with all legal requirements on working hours and ensure that workers are accurately compensated for all hours worked.

Planned Completion Date

09/01/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

2. Immediate Action: The factory will comply with all legal requirements on working hours and ensure that workers are accurately compensated for all hours worked.

Planned Completion Date

09/01/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

3. Immediate Action: The factory will comply with all legal requirements on working hours and ensure that workers are accurately compensated for all hours worked.

Planned Completion Date

09/01/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. A review of 45 record samples for July 2015, Nov 2015 and April 2016, revealed the following working hours:

1. July 2015, workers from all departments worked 60 to 77 hours a week.

2. Nov 2015, workers from all departments worked 60 to 68 hours a week

3. April 2016, workers from all departments worked 45.5 to 60 hours a week.

2. April 11, 12, 15, and 16, 2016 were additional holidays provided in addition to the local New Year holidays in April 2016. To compensate for the four additional holidays, workers worked on Jan 15, which was a festival public holiday, and February 22 and March 22, which were paid public holidays (Poya Days). Workers have not yet worked an additional day to compensate for the April 16, 2016 holiday.

##### Local Law or Code Requirement

Board of Investment, Labor Standards and Employment Relations Manual, Section 3.3.1, Section 4.3; FLA Workplace Code (Hours of Work Benchmark HOW.8.3, and HOW.10)

##### Recommendations for Immediate Action

1. Ensure that weekly working hours do not exceed the legal limit of 60 hours a week.

2. Ensure that workers are provided holidays during festivals, as well as the other holidays that are defined by the Board of Investments.

3. Ensure that work done after regular hours is considered overtime and compensated accordingly. This practice needs to be reviewed.

### COMPANY ACTION PLANS

1. Immediate Action: The factory will work towards complying with the FLA benchmark of 60 hours a week. Additionally the factory will ensure that additional hours worked beyond the regular hours as overtime will receive the appropriate compensation.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Immediate Action: The factory will provide workers with the holidays as defined by the Board of Investments.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## FINDING NO.8

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. There are general practices to manage working hours but there are no written procedures.

2. There are no written procedures for the following: provision on special working hours for special categories of employees,

identification of pregnant/lactating women, and young workers below 18 years of age.

3. There is no training for supervisors and the workforce on working hours in case of extraordinary business circumstances.

#### Local Law or Code Requirement

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

### COMPANY ACTION PLANS

1. Immediate Action: The factory will draft policies and procedures to address managing working hours.

Planned Completion Date

10/31/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification

2. Immediate Action: The factory will revise relevant policies to address special working hours for special categories of employee, identification of pregnant/lactating women and young workers below 18 years of age.

Planned Completion Date

10/31/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

3. Immediate Action: Training will be arranged for all relevant staff on working hours in case of extraordinary business circumstances.

Planned Completion Date

10/31/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

## FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

1. There is no policy and written procedures for retrenchment.

2. There is no information provided on the types of termination of employment nor the procedures for the different types of termination. The procedure for termination in the separation policy does not provide complete information on the termination process; this should include methods for calculating final payouts, timelines for payments, and procedures for payments.

3. There is no training on Termination and Retrenchment for supervisors and workers.

4. The factory does not communicate its termination and retrenchment policies and procedures to the general workforce.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.17, ER.19, and ER.32)

### COMPANY ACTION PLANS

1. Immediate Action: The factory will revise its written policies and procedures to include additional information on the termination process, calculating final payouts and timelines for payments etc.

Planned Completion Date

10/31/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

2. Immediate Action: The factory will revise its written policies and procedures to include additional information on types of termination of employment and the procedures for the different types of termination. The procedure for termination in the separation policy will also be revised to include complete information on the termination process; and will include methods for

calculating final payouts, timelines for payments, and procedures for payments.

Planned Completion Date

10/31/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

3. Immediate Action: The factory will provide training to all relevant workers and supervisors on termination and retrenchment policies.

Planned Completion Date

10/31/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

4. Immediate Action: The factory will provide training to all relevant workers on termination and retrenchment policies.

Planned Completion Date

10/31/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

## FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

##### Finding Explanation

1. There is no policies or procedures on Industrial Relations.
2. There is no training provided to supervisors and the workforce on Industrial Relations, however, the factory provides some informal communication.
3. The factory has a worker's council as required by the Sri Lankan Board of Investments.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, and ER.26)

### COMPANY ACTION PLANS

1. Immediate Action: The factory will draft and implement a policy on Industrial Relations.

Planned Completion Date

11/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Immediate Action: Training will be provided to all relevant employees on Industrial Relations.

Planned Completion Date

11/30/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## FINDING NO.11

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. Workplace Conduct is not covered in the orientation program.

2. The procedures do not provide guidelines on recording verbal warnings, therefore these warnings are not recorded.
3. There are no procedures to appeal disciplinary action.
4. There is no training for HR staff, managers, supervisors, and workforce regarding Workplace Conduct and Discipline, however, some communication is provided to all employees.
5. The Workplace Conduct policy complies with legal requirements but does not include training, recording of verbal warning, and requirement for periodic review. The management is not aware of FLA Benchmarks.

Local Law or Code Requirement

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

## COMPANY ACTION PLANS

1. Sustainable Action: The factory will include workplace conduct in the orientation program.

Planned Completion Date

10/31/16

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

2. Sustainable Action: The factory will revise the disciplinary procedures and include guidelines on recording verbal warnings.

Planned Completion Date

10/31/16

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

3. Sustainable Action: The factory will revise the disciplinary procedures by including guidelines on appealing disciplinary actions.

Planned Completion Date

10/31/16

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

4. Sustainable Action: The factory will arrange for training on Workplace Conduct and Discipline, to be provided to HR staff, managers, supervisors, and workforce.

Planned Completion Date

10/31/16

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

5. Sustainable Action: Workers will be trained on the work place conduct policy annually and the verbal warning will be recorded if given. The policy will be reviewed during the annual review.

Planned Completion Date

01/31/17

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

## FINDING NO.12

### SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The grievance policy refers only to grievances in relation to discrimination or harassment; it does not provide information on grievances related to Compensation, Health & Safety, Hours of Work, or Freedom of Association. Any grievances related to these employment functions are raised verbally to supervisors.
2. Written procedures on grievances related to discrimination and harassment states that grievances can be reported through suggestion boxes; however, these boxes are only opened once a month by the HR Manager.
3. The procedures state that concerns pertaining to harassment will be addressed promptly in a confidential manner. The procedures do

not define how grievances pertaining to other employment functions would be addressed.

4. There is no written policy on the principle of non-retaliation against workers who make complaints, however, there has been no such retaliation at the factory.

5. No training is provided to supervisors and workforce regarding the Grievance System, however some communication is provided on the procedures.

#### Local Law or Code Requirement

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

### COMPANY ACTION PLANS

1. Sustainable Action: The factory will revise the grievance policy to include information on grievances related to Compensation, Health & Safety, Hours of Work, or Freedom of Association.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Sustainable Action: The factory has implemented a procedure to review the suggestion box comments twice a week.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

3. Sustainable Action: The factory will revise the grievance policy to address how grievances pertaining to employment functions will be addressed.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

4. Sustainable Action: The factory will arrange training for supervisors and staff on the Grievance system.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

5. Sustainable Action: The factory will arrange training for all relevant workers on the grievance system.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## FINDING NO.13

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. There is no written policy on environmental protection; however, there are some procedures. There are also some systems to manage environmental impact. For example, there is a system to monitor electricity and water consumption as well as a guideline for the steps to prevent and control waste generation.

2. There is no training for supervisors and workforce on environmental protection.

3. There is no documented emergency response system to respond to any accident that might be caused by high speed diesel or fire wood, both are used as fuel for boilers. No gas is used in the facility.

4. The factory has not identified negative impacts created by its onsite operations. No risk assessments have been conducted.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relations Benchmarks ER.1, ER.17, and ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.5)

## COMPANY ACTION PLANS

1. Sustainable Action: The factory will draft a policy on environmental protection.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Sustainable Action: The factory will arrange training for supervisors and employees on environmental protection.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

3. Sustainable Action: The factory will implement a emergency response system to respond to accidents caused by high speed diesel or fire wood.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

4. Sustainable Action: Risk assessment will be conducted annually to evaluate the negative impacts created by onsite operations if any.

Planned Completion Date

01/31/17

Action plan status: Scheduled

Planned completion date: 10/08/16

## FINDING NO.14

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. A barrel containing high-speed diesel was not labeled; the barrel is stored in the open near the power generator room. There is no secondary containment or spill response kit provided in the storage and handling areas.

2. Waste paper and plastic are stored together in the storage area; this area is separate from the factory building.

3. Fused tube lights containing mercury are stored with the paper and plastic waste. Some of this waste is stored against the factory building outside of the packing section.

##### Local Law or Code Requirement

Board of Investments, Labor standards and Employment Relations Manual, Section 6.12; FLA Workplace Code (Health, Safety, and Environment HSE.1 and HSE.9)

##### Recommendations for Immediate Action

1. Barrel containing high speed diesel needs to be labeled and stored in areas protected from weather to mitigate the possible risks of igniting. Secondary containment and spill response kits need to be provided in storage and handling areas.

2. Waste materials need to be segregated and stored separately.

## COMPANY ACTION PLANS

1. Immediate Action: The factory has removed all diesel containers from the generator area. Additionally, all containers have been labeled and a secondary containment kit has been provided.

Planned Completion Date

07/15/16

Action plan status: In progress

Planned completion date: 10/08/16

Progress update: Pending PVH Verification.

2. Immediate Action: The factory will separate waste storage from the factory building.

Planned Completion Date

07/15/16

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

3. Immediate Action: The factory will separate waste such as tube bulbs from other waste and moved away from the factory building.

Planned Completion Date  
07/15/16

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

## FINDING NO.15

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. There are no written procedures for Health & Safety with the exception of fire safety; this includes methods for raising concerns, as well as guidance to the protection of workers who raise concerns.
2. While there are no measures to protect the reproductive health of employees through minimizing exposure to workplace hazards, no employees have been required to work in conditions that could affect reproductive health.
3. There is no specific training for employees with special Health and Safety responsibilities.
4. There have been no risk assessments conducted internally or by a third-party. The evacuation log does not provide information on the number of employees present during the evacuation.
5. There is no information on the following: list of current visitors, the evacuation plan for special categories of employees, response of fire fighters and employees trained in first aid, operational status of fire alarms and emergency lights, and actions to be taken by responsible and designated persons.

##### Local Law or Code Requirement

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

### COMPANY ACTION PLANS

1. Immediate Action: The factory will draft a policy on Health and Safety which includes methods for raising concerns as well as guidance on the protection of workers who raise such concerns.

Planned Completion Date  
10/31/16

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

2. Immediate Action: The factory will conduct a risk assessment on worker health and workplace hazards.

Planned Completion Date  
10/31/16

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

3. Immediate Action: The factory will arrange relevant training for employees with Health & Safety responsibilities.

Planned Completion Date  
10/31/16

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

4. Immediate Action: The factory will conduct a risk assessment & include the number of employees in the evacuation log.

Planned Completion Date  
10/31/16

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

5. Immediate Action: The factory will conduct a risk assessment & include the number of employees in the evacuation log.  
Planned Completion Date  
10/31/16

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

6. Immediate Action: The factory will gather and maintain information on the following topics: list of current visitors, the evacuation plan for special categories of employees, response of fire fighters and employees trained in first aid, operational status of fire alarms and emergency lights, and actions to be taken by responsible and designated persons.  
Planned Completion Date  
10/31/16

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

## FINDING NO.16

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. There is only one fire extinguisher provided near the power generator room. This may not be adequate to control fires in the case of a diesel leak or a fault in the electrical cables. There is one narrow door used for entry and exit from the power generator room. An electric panel board is located towards the inner corner of the room. In the case of an emergency, it would be difficult for the operator to exit easily with no injury.
2. There were numerous situations observed on the sewing floor that could cause injury during an evacuation process. Two workers were sitting adjacent to each other in a way that would hamper their quick and easy emergency evacuation. Some workers were sitting at right angles to each other in a way where if one gets up, their chair pushes back and blocks the other's ability to move. In some instances, there is no space for chair movement and workers are caged in with no access to an exit. Such practices could cause injury during an evacuation process.
3. The exit doors in the fabric store and production areas open against the direction of evacuation. The emergency exit door in the packing section is a roll-up door.
4. Cargo vehicles are parked in front of the exit when they arrive for loading/unloading of washed garments. When this occurs, exits from this area are partially blocked.
5. Most of the evacuation route markings in the aisles and the working areas have faded.
6. The factory's firefighting team does not have appropriate equipment to fight fires. This includes the lack of personal protective equipment (PPE) that has a breathing apparatus, fire resistant hand gloves, helmets, torches, safety shoes, eye shields, fire resistant suits, blankets, long sticks, axes, and fire beaters.
7. The electrician has not been provided with the following PPE: eye shields, rubber gloves, and shoes. The mechanic has not been provided with eye shields, industrial safety shoes or gloves.
8. Color from fabric dyes was seen on hands, fingers and finger nails of workers in the sewing section who were stitching denim. No gloves are provided to prevent color from sticking to fingers under fingernails. If workers do not wash their hands properly, the dye could affect their health during food consumption.
9. The production department, canteen building, medical rooms, and the restrooms contain asbestos roofing sheets. These areas are not labeled with hazard information, and the factory does not conduct periodic visual inspections of the asbestos sheets.
10. The needle guards installed on the sewing machines are not enough to protect fingers from injury; there were instances where the sewers' fingers were seen close to the needle with the potential to cause injury. There are no safety instructions displayed near the machinery.
11. The factory has not implemented a lockout/tagout program.
12. The mirror in the Men's restroom was broken; and it did not have soap and hand drying facilities.
13. The faucets for hand washing and drinking water in the dining area are in the same area. There is a risk of water contamination when a worker washes their hands and plates in the same area another is drinking water.
14. The traffic lanes are not marked. The factory does not provide any visual assistance, such as indicators, convex mirrors at blunt ends, reflectors, etc., to ensure safe driving practices on the factory premises.
15. The noise from power generators when in operation is high and can be heard loudly in offices and work areas. There have been no sound control measures put in place.
16. Individual workstations are not adjustable to fit individual workers, and there are no ergonomic breaks for workers.

17. A lightening protection system is not installed in the buildings.

#### Local Law or Code Requirement

Factories Ordinance 1950, Part 2, Section 7, 39, 40, 41, 42, 42 A, 44 A, 53, and 58 A; Board of Investments, Labor Standards and Employment Relations, Section 6.1,6.3; Board of Investments, Guidelines for Factory Building, Section B 6; The Factories (Sanitary Conveniences) Regulations 1965, Regulation 9; The Factories (Meal Room) Regulations 1965, Regulation 7; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.5, HSE.6, HSE.7, HSE.13, HSE.14, and HSE.17)

#### Recommendations for Immediate Action

1. Ensure that adequate firefighting appliances are provided near the power generator room and that there are clear exit arrangements.
2. Discourage workers to share workstations, i.e., two workers should not work at one station. The factory needs to ensure that adequate and free access is maintained for all work areas for quick and easy evacuation in case of an emergency.
3. Exit doors need to be realigned to open outwards. Parking space for cargo truck needs to be realigned to ensure that the exit area remains clear.
4. Re-mark the emergency evacuation markings on the floor, and periodically check the other floor markings.
5. Ensure adequate firefighting equipment is provided to the firefighting team in the case of fire.
6. Ensure that appropriate PPE is provided to maintenance workers and hand gloves need to be provided to sewing machine operators. Their correct use of the PPE must be monitored post training.
7. Ensure appropriate needle guards are installed on sewing machines to prevent injury to workers. Ensure safety instructions are displayed in the local language near all machinery.
8. Ensure training on hand washing before meals.
9. Avoid using asbestos roofing sheets for roof structures.
10. Implement a lockout/tagout system for safety during maintenance work.
11. The broken mirror in the Men's restroom needs to be replaced; soaps and hand drying facilities need to be made available at all times.
12. Ensure that the hand washing and drinking water areas are separate. The drinking water area needs to be marked as potable.
13. Ensure that traffic lanes are marked. Provide visual assistances such as indicators, convex mirrors at blunt ends, and reflectors.
14. Ensure arrangements are made to reduce/prevent exposure of excessive noise.
15. Ensure arrangements are made to reduce bodily injury by supplying adjustable work stations.
16. Install a lightening protection system for the factory buildings.

## COMPANY ACTION PLANS

1.

Details

Immediate Action: The factory will provide additional fire extinguishers for the generator room.

Sustainable Action: The factory will research solutions to address the issues regarding the narrow door and the electric panel board.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

2. Health & Safety 2

Details

Immediate Action: The factory has re-arranged the layout in the sewing area to allow workers to safely exit the area in the event of an emergency.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

3. Immediate Action: The factory will install an exit door that opens outwards in the fabric store and production areas. Additionally, the factory will ensure that the rolling door remains open using a locking device.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

4. Health & Safety 4

Details

Immediate Action: The cargo vehicle loading area was moved so that the exits remain unobstructed.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## 5. Health & Safety 5

### Details

Immediate Action: The factory will re-do the evacuation route markings in the aisles.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## 6. Health & Safety 6

### Details

Immediate Action: The factory will provide the required PPE to the factory's firefighting team.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## 7. Health & Safety 7

### Details

Immediate Action: he factory will provide the required PPE to the factory's electricians and mechanics.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## 8. Health & Safety 8

### Details

Immediate Action: The factory has provided gloves to the workers in the sewing section.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## 9. Health & Safety 9

### Details

Immediate Action: The factory plans to remove the asbestos ceiling in 2017.

Planned Completion Date

05/31/17

Action plan status: Scheduled

Planned completion date: 10/08/16

## 10. Health & Safety 10

### Details

Immediate Action: The factory needle guards will be replaced and instructions will be displayed to increase awareness.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## 11. Health & Safety 11

### Details

Immediate Action: The factory will implement at LOTO system and educate workers on the maintenance team .

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

## 12. Health & Safety 12

### Details

Immediate Action: The factory will replace the mirror and provide soap & clothes for works to wipe their hands.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

### 13. Health & Safety 13

#### Details

Immediate Action: The factory will work to find a solution regarding the drinking water to avoid contamination.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

### 14. Health & Safety 14

#### Details

Immediate Action: The factory will mark the lanes and provide visual assistance, such as indicators, convex mirrors at blunt ends, reflectors, etc., to ensure safe driving practices on the factory premises.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

### 15. Health & Safety 15

#### Details

Immediate Action: The factory has conducted an environmental monitoring and found that the noise level is below 85dB which is within the legal limit.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

### 16. Health & Safety 16

#### Details

Immediate Action: The factory has arranged the sewing layout with individual work stations to fit individual works and will provide ergonomic breaks for workers.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16

### 17. Health & Safety 17

#### Details

Immediate Action: The factory is exploring ways to address the issue with the lighting system.

Planned Completion Date

12/31/16

Action plan status: Scheduled

Planned completion date: 10/08/16