



## INDEPENDENT EXTERNAL ASSESSMENT REPORT

### Verification

COMPANY: Mainland Headwear  
COUNTRY: Bangladesh  
PRODUCT: Headwear  
PROCESSES: Cutting, Embroidery, Sewing, Finishing, Packaging  
NUMBER OF WORKERS: 3417  
NUMBER OF WORKERS INTERVIEWED: 58  
ORIGINAL ASSESSMENT DATE: 10/23/16-10/25/16  
ORIGINAL ASSESSMENT MONITOR: Fair Labor Association  
VERIFICATION ASSESSMENT DATE: 07/02/18-07/04/18  
VERIFICATION ASSESSMENT MONITOR: Fair Labor Association & Insync Global  
ORIGINAL ASSESSMENT NUMBER: AN0000000049

FLA Comment: This SCI is a verification assessment of assessment AN0000000049. All corrective action plan updates for AN0000000049 will be published on this report.



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# Understanding this Assessment Report

This report is to verify the remediation status of findings from a previous workplace assessment based on the Fair Labor Association's Sustainable Compliance methodology (SCI). This report also includes new findings utilizing the SCI methodology. The SCI assessments evaluate a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle. SCI assessments are conducted by FLA accredited assessors.

This report identifies the status of remediation of violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions. It also includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each finding 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 of each finding.

## Glossary

**Code violation:** failure to meet standards outlined in the [FLA Workplace Code of Conduct](#) in the workplace implementation of employment or management functions.

**Employment Functions:** The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

**Management functions:** violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

**Finding:** indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

### Finding type

- *Immediate action required:* discoveries or findings at the workplace that need immediate action because they not only constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

**Local law or Code Requirement**: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

**Root causes**: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

**Verification status**: The status of the remediation plan for each finding as determined by the assessor. The findings are labeled either Not Remediated, Partially Remediated, or Remediated.

**Company action plan**: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

# Findings and Action Plans

## FINDING NO.1

### TRANSPARENCY AND COOPERATION

**FINDING TYPE:** Immediate Action Required

#### Finding Explanation

1. Although the assessment team underlined the importance of cooperation and transparency during the opening meeting and reminded management of transparency issues during the 2014 SCI assessment, factory management did not provide actual working hours or payment records to the assessment team. The assessment team eventually received some information about actual working hours of the factory. Almost all workers interviewed provided uniform answers about working hours, mostly unprompted, which may indicate workers are being coached to not mention excessive working hours during the interviews. Furthermore, some management representatives tried to ask workers questions after their interview sessions, and local auditors had to remind them about the confidentiality of the worker interviews.

As a result of this transparency issue, and due to inconsistencies identified between wages, the timesheets provided by management, and records collected by the auditor, worker compensation and hours of work could not be completely verified. For example, the worker wages sheet provided shows workers performed excessive overtime work in May 2016, up to 103 hours per month. But worker timecards show only regular overtime hours, only up to 48 hours per month. The daily goods in and out register showed packing employees worked until 11:00 pm, whereas their timecards showed they worked until 7:00pm, legal overtime. The security guards duty register, collected from the security section, showed security guards work in two shifts, while the factory management stated security guards work in three shifts. However, worker and supervisor time records management provided did not reflect the above-mentioned weekly day off.

The assessment team spent considerable time trying to convince factory management about the importance of transparency, but management refused to cooperate and denied the inconsistencies in their records.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.16; Hours of Work Benchmarks HOW.1, HOW.7, and HOW.8; Compensation Benchmarks C.5, C.6, C.15, and C.16)

#### Verification Result:

1. **Finding Status** (Remediated)

**Explanation:** A review of a sample of timecards and payrolls from June 2017, December 2017, and May 2018, and information gathered from interviews showed workers did not work beyond 60 hours per week. There were no discrepancies noted in documentation or information provided by management and workers.

## FINDING NO.2

## TRAINING (MACRO)

**FINDING TYPE:** Sustainable Improvement Required

### Finding Explanation

1. Workers are not trained on the Mainland code of conduct and do not know their rights or responsibilities in light of this Code of Conduct. None of the workers interviewed were aware of Mainland or the FLA.
2. The Employee Handbook includes no information on the Mainland Code of Conduct or the FLA.

### Local Law or Code Requirement

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

### Root Causes

1. Communication issues between HQ and factory management as HQ staff thought that handbooks being revised and distributed to the workers which is not the case

### Recommendations for Sustainable Improvement

1. Workers will be trained on the Mainland Code of Conduct.
2. New employee handbook will be distributed to the workers.

### Verification Result:

1. **Finding Status** (Partially Remediated)

**Explanation:** Most workers are not aware of the Mainland Code of Conduct. No workers are aware of the FLA. The factory conducted training on the Code of Conduct and approximately 30% of workers attended. Factory management has no specific plan in place to conduct training for the remaining workers.

**Root Causes:** The factory does not keep an updated calendar with defined timelines for training. As stated by management, approximately 30% of workers are trained on the Code, and there are no set plans to train the remaining employees.

2. **Finding Status** (Remediated)

**Explanation:** The Mainland Code of Conduct is included in the Employee Handbook in English and the local language

**Local Law or Code Requirement** FLA Workplace Code (Employment Relationship Benchmark ER.16)

Company Action Plan:	We have prepared updated training calendar mentioned with time line. We will continue the training according to the training plan for the rest of the workers to ensure COC training .
Action Plan Status:	In progress.
Planned Completion:	30 <sup>th</sup> September, 2019.

## FINDING NO.3

### INDUSTRIAL RELATIONS

**FINDING TYPE:** Sustainable Improvement Required

**Finding Explanation**

1. Factory management does not provide any office space or other facilities for the Worker Participation Committee.

**Local Law or Code Requirement**

FLA Workplace Code (Freedom of Association Benchmarks FOA.11 and FOA.15)

**Verification Result:**

Finding Status (Remediated)

**Explanation:** The Workers Participation Committee meetings now convene in the meeting room in the factory, as confirmed by factory management and committee members.

## FINDING NO.4

### HOURS OF WORK

**FINDING TYPE:** Sustainable Improvement Required

**Finding Explanation**

1. Factory provided worker's wages sheet shown that excessive overtime work has been performed in May 2016, up to 103 hours/month. But workers job/time cards show only regular overtime hours, 48 hours/month.
2. The daily goods in and out register showed that packing workers worked until 11:00 pm, whereas the worker's job cards showed they only worked to 7:00pm (legal overtime).
3. The security guards duty register (collected from security section) showed that security guards work in two shifts where factory stated that security guards are working in three shifts.

**Local Law or Code Requirement**

FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.7, and HOW.9)

**Verification Result:**

1. Finding Status (Remediated)

**Explanation:** In worker timecards and payroll sampled from June 2017, December 2017, and May 2018, no discrepancies were found. The hours worked, reflected in timecards, matched the payroll records.

2. **Finding Status** (Remediated)

**Explanation:** No discrepancies were found in payroll records when compared with timecards.

3. **Finding Status** (Remediated)

**Explanation:** The factory maintains manual timecards for security guards, who confirmed in interviews they work in three shifts.

## FINDING NO.5

### WORKPLACE CONDUCT & DISCIPLINE

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

1. The factory does not have formal written procedures for regulating workplace conduct and disciplinary measures; however, some documents and systems are in place.
2. The system of workplace conduct and discipline does not include a third party witness during imposition and procedures for workers to appeal disciplinary action.
3. There are no clear definitions either informally, or in writing, of responsible/accountable person(s) for workplace conduct and discipline in all areas/departments within the factory.

##### Local Law or Code Requirement

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

##### Root Causes

1. The management lacks knowledge regarding workplace conduct and discipline. Furthermore, there is a lack of communication between departments, procedural mistakes, and a lack of responsible personnel specifically assigned to the task, leading to these errors.

##### Recommendations for Sustainable Improvement

1. Prepare, with participation from elected worker representatives, written disciplinary rules, procedures, and practices that embody a system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action, moving from verbal warnings, to written warnings to suspension, and finally to termination).
2. Ensure that the disciplinary system includes a third party witness during imposition, and an appeal process.
3. Assign a responsible person for the administration of Human Resources to a clearly defined and adequately qualified staff member, or staff members, and ensure that workers at all levels receive communication and training about existing policies and procedures.
4. Carry out training needs assessment to identify training needs of HR & Compliance staff.

##### Verification Result:

1. **Finding Status** (Remediated)

**Explanation:** The factory has formal written Policies & Procedures for workplace conduct and discipline.

**2. Finding Status (Remediated)**

**Explanation:** Written procedures necessitate a third party witness during imposition of disciplinary actions and procedures for workers to appeal disciplinary action.

**3. Finding Status (Not Remediated)**

**Explanation:** There are no clear definitions of the individuals responsible or accountable for workplace conduct and discipline within the factory.

**Root Causes**

Management is preparing job descriptions to assign responsibility, but they have not assigned specific responsibility for workplace conduct or discipline, as this is handled by the HR Team collectively.

**Local Law or Code Requirement**

FLA Workplace Code (Employment Relationship Benchmark ER.1)

Company Action Plan:	We have assigned one person for specific responsibility to ensure work place conduct or discipline.
Action Plan Status:	Complete.
Planned Completion:	10 <sup>th</sup> December, 2018.

**FINDING NO.6**

**TERMINATION & RETRENCHMENT**

**FINDING TYPE:** Sustainable Improvement Required

**Finding Explanation**

1. The factory has no written documents on retrenchment and there is no indication the factory has a system in place for arranging consultation meetings with workers or worker/union representatives before reaching any final decisions on retrenchment.

**Local Law or Code Requirement**

FLA Workplace Code (Employment Relationship Benchmark ER.32)

**Root Causes**

1. It is not a common practice in Bangladesh for factories to have retrenchment procedures.

**Recommendations for Sustainable Improvement**

1. Prepare a detailed procedure for regulating retrenchment activities. This procedure, at minimum, should include the following items:
2. A formal communication system for when employers are faced with major changes in production, program, organization, structure, or technology and those changes are likely to result in temporary or permanent layoffs.

- 3. Communication of any alternatives to retrenchment that have been considered.
- 4. Consultation with any workers' representatives as early as possible with a view to averting or minimizing layoffs.

**Verification Result:**

**1. Finding Status (Partially Remediated)**

**Explanation:** The factory has a written policy on Termination & Retrenchment, including that the last hired worker would be retrenched first. Additional information on the procedures, payments, and consultation with worker committees is not included. The policy does not include consultation with the Workers Committee regarding retrenchment or layoffs.

**Root Causes:** Management said the decision to retrench or lay off workers is a management decision and workers are not involved. So far, no worker has been retrenched or laid off, but if the need arises, workers representatives will be consulted.

**Local Law or Code Requirement**

FLA Workplace Code (Employment Relationship Benchmark ER.32)

Company Action Plan:	We have revised the Termination and Retrenchment policy including with consultation with the workers participation committee regarding retrenchment or layoffs. So from now on if need arises, we will consult with workers representatives as well.
Action Plan Status:	Complete.
Planned Completion:	10 <sup>th</sup> December, 2018.

**FINDING NO.7**

**ENVIRONMENTAL PROTECTION**

**FINDING TYPE:** Immediate Action Required

### **Finding Explanation**

1. Oil contaminated water is directly discharged from the air compressor and dryer to the outside environment.
2. Solid waste, both hazardous and non-hazardous, is not kept in a designated waste storage area, instead it is stored throughout the factory.
3. No secondary containment is provided for the chemicals in the generator room.
4. An ozone depleting refrigerant, HCFC-22, is used in the air conditioning systems.
5. Although the factory has a non-hazardous waste storage area, the waste is not separate by type. Hazardous waste is not properly stored and is stored outside by the factory building.
6. Mixed solid waste, hazardous and nonhazardous is stored at the back of the dormitory building.
7. The compressed air on the punch button machines is leaking.
8. Compressed air is used for some sewing operation, creating a noisy environment and energy waste.
9. Empty chemical drums are stored outside.
10. The factory Environment Clearance Certificate expired on March 19, 2016. However, the factory has applied to the concerned authority on July 8, 2016 to receive a new certificate, but the certificate has yet been received from the agency.
11. The factory burns solid waste, both hazardous and non-hazardous, on the factory premises.
12. The factory does not have the appropriate systems to respond to a potential environmental emergency.

### **Local Law or Code Requirement**

Bangladesh Labor Law 2006, Section-54; Bangladesh Environment Conservation Act, 1995 Section 12; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.5, and HSE.9)

### **Root Causes**

1. Internal audits doesn't focus environmental protection as a result, there wasn't any environmental protection finding observed in internal audit reports
2. There is not an environmental risk assessment report in place
3. No specific environmental protection trainings designated for workers and managerial staff on annual training plans, no training needs assessment taken place.
4. Although some written documentation on environmental protection exists –waste control form/wastewater analysis...etc.- , there are no written procedures in place
5. EHS committee doesn't involve any environmental protection related issues and their scope of work is limited with H&S
6. There wasn't any specific training planned and delivered to EHS committee members.

### **Recommendations for Immediate Action**

1. Collect and treat oil contaminated water from the air compressor and dryer.
2. Ensure that all solid waste is kept in designated waste storage areas.
3. Provide secondary containment provided for the chemicals in the generator room.
4. Prohibit the practice of burning solid waste in factory premises.

### **Recommendations for Sustainable Improvement**

1. A phase-out plan will be prepared and implemented for ozone depleting refrigerant in use –R22- in air conditioning systems.
2. Compressed air leaks on punch button machines will be fixed.
3. Unnecessary compressed air use will be prohibited
4. Empty chemical drums will be kept in designated areas
5. Factory management will follow up with local authorities to obtain Environment Clearance Certificate of the factory

6. An ultrasonic leak detector will be provided to maintenance team to identify and maintain compressed air leaks in factory
7. Conduct a training needs assessment for EHS committee members and general workforce, revise existing training plan in light of this assessment and deliver these trainings
8. EHS committee will play an active role on ongoing EHS efforts. Such as participation into Risk Assessment study and internal audit, policy and procedure development and review of existing EHS policy and procedures.
9. Review existing internal audit tool to ensure that environmental protection related issues being covered.
10. Conduct an environmental risk assessment to identify and address environmental risks.

### **Verification Result:**

1. **Finding Status** (Remediated)

**Explanation:** The factory has containers to collect oil-contaminated water from the compressor and dryer. It is then separated and delivered to waste handler.

2. **Finding Status** (Partially Remediated)

**Explanation:** The factory has a designated waste storage area, but this area is currently inaccessible due to the construction of a new factory building. Factory management is trying to send all waste through service providers daily until construction is complete, and a new waste storage area can be designated.

**Root Causes:** Ongoing factory building construction.

3. **Finding Status** (Remediated)

**Explanation:** There is secondary containment for the chemicals in the generator room.

4. **Finding Status** (Not Remediated)

**Explanation:** The air conditioning systems still uses HCFC-22.

**Root Causes:** Factory management has not identified an alternative.

5. **Finding Status** (Partially Remediated)

**Explanation:** The factory had a designated waste storage area, and had started to store hazardous and non-hazardous waste separately, but this area is currently inaccessible due to ongoing building construction. With no designated area, factory management is trying to send all waste through service providers daily until construction is complete and a new waste storage area can be designated.

**Root Causes:** Ongoing factory building construction.

6. **Finding Status** (Remediated)

**Explanation:** The factory stopped storing mixed solid waste in the back of the dormitory.

7. **Finding Status** (Remediated)

**Explanation:** The factory fixed the compressed air leaks on the punch button machines.

8. **Finding Status** (Remediated)

**Explanation:** The factory stopped using compressed air for sewing operations.

**9. Finding Status (Remediated)**

**Explanation:** The factory prohibited storing empty chemical drums outside.

**10. Finding Status (Partially Remediated)**

**Explanation:** On July 8, 2016, the factory applied for a new Environment Clearance Certificate and expects to receive the certificate soon.

**Root Causes:** There is a delay in issuing the certificate because of a change in government officials.

**11. Finding Status (Remediated)**

**Explanation:** The factory prohibited burning solid waste within the factory premises.

**12. Finding Status (Remediated)**

**Explanation:** The factory provided spill kits and absorbent material to prepare for a potential environmental emergency in different sections, including the chemical warehouse and the generator room.

**Local Law or Code Requirement**

Bangladesh Labor Law 2006, Section-54; Bangladesh Environment Conservation Act, 1995 Section 12, FLA Benchmarks HSE.1 & ER.31

Company Action Plan:	2. Once new building construction completed, we will set up new wastage area accordingly. 4. We have not yet been found the alternative regarding uses HCFC-2. Once we find out alternative source, we will use accordingly. 5. Once new building construction completed, we will set up new wastage area accordingly. 10. We are still waiting for the feedback from the Government officials.
Action Plan Status:	2. In progress. 4. In progress. 5. In progress. 10. In progress.
Planned Completion:	2. 30 <sup>th</sup> October, 2019. 4. 30 <sup>th</sup> May, 2019. 5. 30 <sup>th</sup> October, 2019. 10. 30 <sup>th</sup> June, 2019.

**FINDING NO.8**

**HEALTH, SAFETY & ENVIRONMENT**

**FINDING TYPE:** Immediate Action Required

**Finding Explanation**

1. There are five blocked fire hoses and extinguishers in the Building #2 cutting, loading, and warehouse areas.

2. Some electrical panels and wires in the factory are overheated (69C to 72C), and require maintenance.
3. Some sprinkler zone valves at Building #2 on floors 2 and 5 floors are shut off, so there is no sprinkler protection in these areas.
4. It is not clear fire alarm panel battery capacity is enough to provide power for at least 24 hours standby and 5 minutes alarm.
5. There is truck and car parking at the emergency assembly area in front of Building #1.
6. Sprinkler zone valves are not locked open, and drain valves are not locked closed.
7. Two emergency lights on the fourth and fifth floors of Building #1 are not operational.
8. One emergency exit door in the embroidery section at Building #1 opens inwards.
9. The fire exit doors in the embroidery section at Building #1 have secondary sliding doors to keep refrigerated air inside.
10. The factory has CO2 instead of Type A fire extinguishers in the Building #2 warehouse section.
11. There are production materials and waste stored around emergency exit stairs at the dormitory building that have partially blocked the exit.
12. Large amounts of work in progress are blocking evacuation routes in the production areas.
13. Stored items in building two exceed the maximum height reducing sprinkler efficiency, and some sprinkler zone valves are totally blocked by the stored material. Furthermore, it was not possible to check valves in this section of Building #2, due to the over stacked materials.
14. There is significant dust accumulation on electrical cable trays and panels.
15. There are no LPG gas detectors in the dormitory kitchen and factory canteen.
16. No anti-static grounding has been provided for metal gas canister case on the gas canister transport bicycle in front of the generator room.
17. The dormitory Emergency assembly area is not marked.
18. There are no explosion prevention covers on the lamps in the boiler room where compressed natural gas is used.
19. There is no emergency illumination at the Building #2 staircase.
20. The fire alarm panel room does not have a list of alarm zones, and dormitory and canteen areas are not correctly addressed, as the alarm zones are mixed.
21. The factory has not commissioned a fire risk assessment from a third party expert.

### **Local Law or Code Requirement**

BNBC 2006, Part 4, Appendices, Section D12.3 & D12.4; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6, HSE.13, and HSE.25)

### **Root Causes**

1. Safety and HR & Compliance team is less experienced on certain Health & Safety issues.
2. There is no effective internal monitoring program.  
EHS committee has not involved into ongoing EHS efforts on a proactive basis, no EHS committee involvement observed on some key EHS related work like Risk Assessment, internal audits, PPE selection and policy & procedure development and review.
3. There wasn't any specific training planned and delivered to EHS committee members.
4. Most of these issues were not identified during the internal and external audits
5. Fire risk assessment report is very basic and doesn't include all risks and how to eliminate/manage those risks.
6. Lack of maintenance, loose connections, unbalanced load distribution and wrong wire diameter selection are main reasons behind overheated panels.
7. Lack of predictive/preventive maintenance activities in place.
8. No periodical thermal imaging efforts to identify overheated panels, electrical motors, wirings...etc.
9. Although there is a sprinkler system in place, relevant staff haven't received specific trainings on maintenance, control and safe operating principles of this system

### **Recommendations for Immediate Action**

1. Ensure that all fire hoses and extinguishers in Building #2 are free from obstruction.
2. Inspect and perform maintenance on overheated electrical panels and wiring.

3. Ensure that all sprinkler zone valves at Building #2 are locked in the “open” position.
4. Calculate the power consumption of alarm panel to ensure that the battery capacity is enough to provide power to cover at least 24 hours standby and 5 minutes alarm.
5. Prohibit truck and car parking at emergency assembly area in front of the building.
6. Lock zone valves in the open position and drain valves in the closed position.
7. Ensure that all emergency lights at Building #1 are operational.
8. Change the opening direction of the emergency exit door in Building #1 that currently opens inwards.
9. Remove the sliding doors in the embroidery section.
10. Replace the CO2 type fire extinguishers in the warehouse with Class A fire type extinguishers.
11. Remove the production material and waste stored around the emergency exit stairs of the dormitory building.
12. Reduce the amount of work in progress in the production areas and remove them from the aisles.
13. Reduce the excessive storage in Building #2 to safe heights.
14. Ensure that sprinkler valves are not blocked with stored material and that they are accessible all the times.
15. Clean the dust that has accumulated on the electrical cable trays and panels.
16. Install LPG gas detectors in the dormitory kitchen and canteen area.
17. Provide a grounding connection for the gas canister metal case bicycle in front of the generator room.
18. Mark the dormitory emergency assembly area.
19. Provide protective covers for the lamps in the boiler room.
20. Install emergency illumination for the Building #2 staircase.
21. Post the list of alarm zones in the fire alarm panel room.
22. Properly mark all fire alarm zones on the fire alarm panel.

### **Recommendations for Sustainable Improvement**

1. Active worker/union involvement will be provided for ongoing EHS efforts –audits, policy & procedure development, risk analysis...etc.-.
2. A training needs assessment will be conducted for EHS staff and union/elected worker representatives to identify specific trainings that they should receive.
3. Fire risk assessment report will be updated with combined efforts of EHS committee to ensure that it covers all risk factors and how to eliminate/manage them
4. Internal audit system in place will be reviewed –both group and factory level- to make sure that scope/coverage of these audits are enough for capturing such H&S issues
5. Provide a thermal camera to maintenance and EHS team and let them conduct periodical checks –weekly- on below listed points: Electrical panels: Especially panels in compressor rooms, main electrical panels in each section, power generator room and panels with high load, Electrical wiring within the factory, Electrical motors and pumps within the factory, Boilers and steam lines
6. Review existing maintenance program within the factory and implement more predictive/preventive actions rather than conventional maintenance activities such as: Provide specific training to maintenance staff on predictive/preventive maintenance, Use thermal imaging and ultrasonic measurements to identify potential issues before they occur, Follow normal life period of machine/infrastructure/equipment and conduct inspections, lubrications, repairs or rebuilds based on normal life period statistic
7. EHS committee will play an active role on ongoing EHS efforts. Such as participation into Risk Assessment studies –both fire and H&S- and internal audits, PPE selection, policy and procedure development and review of existing EHS policy and procedures.
8. Review and revise existing internal audit tool to ensure all these areas being covered.
9. Organize trainings for EHS team and fire safety operators on maintenance, control and safe operating principles of sprinkler system.

## **Verification Result:**

1. Finding Status (Remediated)

**Explanation:** No blocked fire hoses or extinguishers were observed.

2. Finding Status (Remediated)

**Explanation:** No overheated electrical panels were observed.

3. Finding Status (Remediated)

**Explanation:** All sprinkler zone valves are locked in the open position.

4. Finding Status (Partially Remediated)

**Explanation:** Although factory management provided additional batteries for the fire alarm panel, they did not account for sufficient battery capacity to provide power for at least 24 hours on standby or a five minute alarm.

**Root Causes:** It was not clear for relevant staff how to conduct such a calculation.

5. Finding Status (Remediated)

**Explanation:** The factory prohibited trucks and cars from parking in the emergency assembly areas.

6. Finding Status (Remediated)

**Explanation:** Sprinkler zone valves are locked open, and drain valves are locked closed.

7. Finding Status (Remediated)

**Explanation:** All emergency lights tested during the factory walkthrough were operational.

8. Finding Status (Not Remediated)

**Explanation:** The emergency exit door in the embroidery section of Building #1 still opens inwards.

**Root Causes:** Ongoing construction of new factory building has absorbed the factory management's attention.

9. Finding Status (Remediated)

**Explanation:** Factory management now keeps the fire exit doors in the embroidery section of Building #1 open during working hours.

10. Finding Status (Remediated)

**Explanation:** The factory now has Type A fire extinguishers in the Building #2 warehouse.

11. Finding Status (Remediated)

**Explanation:** Factory management removed the production materials and waste stored near the emergency exit stairs of the dormitory building.

12. Finding Status (Remediated)

**Explanation:** Works in progress no longer block evacuation routes in the production areas.

13. Finding Status (Remediated)

**Explanation:** Factory management limited the maximum storage height level in Building #2, so sprinkler zone valves are now accessible.

14. Finding Status (Remediated)

**Explanation:** The amount of dust accumulation on the electrical cable trays and panels is acceptable.

15. Finding Status (Partially Remediated)

**Explanation:** The factory now provides LPG gas detectors in the dormitory kitchen, but not the canteen.

**Root Causes:** Ongoing construction of new factory building has absorbed the factory management's attention.

16. Finding Status (Remediated)

**Explanation:** There is now grounding for the metal gas canister case on the transport bicycle near the generator room.

17. Finding Status (Remediated)

**Explanation:** The factory posted signs for the dormitory emergency assembly area.

18. Finding Status (Remediated)

**Explanation:** There are now explosion prevention covers for the lamps in the boiler room.

19. Finding Status (Remediated)

**Explanation:** There is now emergency illumination for the staircase in Building #2.

20. Finding Status (Remediated)

**Explanation:** The alarm zone list is now posted in the fire alarm panel room. The mixed alarm zones, dormitory and canteen areas, are correctly labeled.

21. Finding Status (Partially Remediated)

**Explanation:** The factory has not commissioned a fire risk assessment from a third party expert. An assessment of workplace safety was conducted but there is no date recorded and the assessment does not provide information on the number of workers who could be impacted, there is no information on frequency, severity, or probability. There are recommendations for conducting training and providing appropriate PPE.

**Root Causes:** Management Is not aware of the procedures to conduct a risk assessment.

**Local Law or Code Requirement**

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

**Recommendations for Immediate Action**

1. Change the opening direction of emergency exit door in the embroidery section of Building #1.

Company Action Plan:	4. We have provided additional batteries for fire alarm panel which is sufficient battery capacity and the test sheet also available. 8. Emergency Exit Doors is now open outwards. 15. We have taken initiative to provide LPG gas detector for the canteen also. 21. We will conduct the Fire risk assessment soon and update the assessment with more information according to suggest.
Action Plan Status:	4. Complete. 8. Complete. 15. In progress. 21. In progress.
Planned Completion:	4. 30 <sup>th</sup> June, 2018. 8. 30 <sup>th</sup> June, 2018. 15. 28 <sup>th</sup> February, 2019. 21. 28 <sup>th</sup> February, 2019.

**FINDING NO.9**

**HEALTH & SAFETY**

**FINDING TYPE:** Immediate Action Required

**Finding Explanation**

1. The laser cutting machines do not have proper safety labels, and there are no active interlocks installed on these machines.
2. The large fusing machine near the canteen does not have chain guards.
3. The belt guard on one of the punch button machines is not in its original position.
4. The safety system for the three punch button machines had been turned off by the operator.
5. The small fusing machines did not have guards.
6. The tape cutting machines do not have chain and blade guards.
7. The roofs of both building do not have proper fall protection barriers in roofs, except for one small section.
8. Needle finger guards are shifted up by operators, and not providing any protection.
9. No protective cover has been installed on the ventilation fans in the spot removing section.
10. Working and maximum working pressure levels are not marked on pressure vessel manometers.
11. Two of the legs on the generator exhaust platform have been extended with welded metal pipes, and do not have base plates.
12. The height of the wall under the windows in the first building are about 40 cm too short, and doesn't provide

sufficient falling protection.

13. The finger safety guards are out of position on all five end cutter machines in the cutting section of Building #2.
14. The grinding machine in the maintenance workshop does not have an adjustable tool rest and eye shield.
15. The interlining fusing machine in the sewing section does not have a safety cover.

### **Local Law or Code Requirement**

Bangladesh Labor Law 2006, Section 63(1) & Section 67; FLA Workplace Code (Health, Safety & Environmental Protection Benchmarks HSE.1 and HSE.14)

### **Root Causes**

1. There is a very basic risk assessment report in place. No specific risk grading and preventive/corrective actions defined in this report.
2. Safety and HR & Compliance team is less experienced on certain Health & Safety issues.
3. There is no effective internal monitoring program.
4. EHS committee has not involved into ongoing EHS efforts on a proactive basis, no EHS committee involvement observed on some key EHS related work like Risk Assessment, internal audits, PPE selection and policy & procedure development and review.
5. There wasn't any specific training planned and delivered to EHS committee members.
6. Most of these issues were not identified during the internal and external audits
7. Although there is a training provided to general workforce on machine safety/machine guards, it was observed that this was a 40 minutes training covered many other areas like electrical safety, PPE use, general H&S requirements w/o a specific focus on machine safety/machine guards. Furthermore, there wasn't any training efficiency evaluation effort taken place after this training.

### **Recommendations for Immediate Action**

1. Place proper safety labels and install active interlocks on the laser cutting machines.
2. Install chain guards on the large fusing machine located next to canteen.
3. Ensure that belt guards on the punch button machines are properly located in their original positions.
4. Ensure that punch button machine safety systems are operational.
5. Ensure that guards on the small fusing machines are in the correct place.
6. Install chain guards and blade guards on the seam tape cutting machines.
7. Install falling barriers on the roofs.
8. Ensure that operators are not changing the positioning of the needle finger guards.
9. Provide protective covers for the ventilation fans at spot removing section.
10. Mark the working and maximum working pressure levels on the pressure vessel manometers.
11. Ensure that welded parts of the exhaust support platform footing are made of pieces with same diameter as the original pieces, and install base plates for this platform.
12. Increase the height of the wall under the windows to provide sufficient falling protection.
13. Ensure that the finger safety guards on the end cutter machines are in the correct place.
14. Provide an adjustable tool rest and eye shield on the maintenance workshop grinding machine.
15. Install a safety cover on the recon machine in the sewing section.

### **Recommendations for Sustainable Improvement**

1. Active worker/union involvement will be provided for ongoing EHS efforts—audits, policy & procedure development, risk analysis, etc.
2. A training needs assessment will be conducted for EHS staff and union/elected worker representatives to identify specific trainings that they should receive.
3. Risk assessment report will be updated with combined efforts of EHS committee to ensure that it covers all risk factors and how to eliminate/manage them
4. Internal audit system in place will be reviewed –both group and factory level- to make sure that scope/coverage of these audits are enough for capturing such H&S issues
5. EHS committee will play an active role on ongoing EHS efforts. Such as participation into Risk Assessment studies –both fire and H&S- 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 these areas being covered
7. Design and deliver a specific training on machine guards, ensure efficiency of this training being evaluated.

### **Verification Result:**

1. **Finding Status (Partially Remediated)**  
**Explanation:** The laser cutting machines now have the proper safety labels and safety interlocks, but workers had disabled the safety interlocks.  
  
**Root Causes:** Safety interlocks are not tested during internal monitoring. Operators are not fully aware of possible risks of laser exposure.
2. **Finding Status (Remediated)**  
**Explanation:** The large fusing machine near the canteen now has chain guards.
3. **Finding Status (Remediated)**  
**Explanation:** Belt guards of the punch button machines are in their original position.
4. **Finding Status (Remediated)**  
**Explanation:** The safety systems for the punch button machines are active.
5. **Finding Status (Remediated)**  
**Explanation:** There are guards on the small fusing machines.
6. **Finding Status (Remediated)**  
**Explanation:** The tape cutting machines have chain and blade guards.
7. **Finding Status (Remediated)**  
**Explanation:** The roofs have fall protection barriers.
8. **Finding Status (Partially Remediated)**  
**Explanation:** Approximately 10% of needle finger guards are still not operational as they have been disabled by operators.  
  
**Root Causes:** High worker turnover and a lack of training opportunities.
9. **Finding Status (Remediated)**  
**Explanation:** There are protective covers installed on the ventilation fans in the spot removing section.
10. **Finding Status (Remediated)**  
**Explanation:** Working and maximum working pressure levels are marked on the pressure vessel manometers.
11. **Finding Status (Remediated)**  
**Explanation:** There are now base plates for the legs of the generator exhaust platform.

**12. Finding Status (Partially Remediated)**

**Explanation:** Most of the windows (90%) have protective bars, and installation is ongoing for some of them (10%).

**Root Causes:** Ongoing factory building construction.

**13. Finding Status (Remediated)**

**Explanation:** The finger safety guards on all end cutter machines in the cutting section of Building #2 are in the correct position.

**14. Finding Status (Remediated)**

**Explanation:** The factory provides adjustable tool rests and eye shields for the grinding machines.

**15. Finding Status (Remediated)**

**Explanation:** There is a safety cover for the interlining-fusing machine in the sewing section.

**Local Law or Code Requirement**

Bangladesh Factories Rules 1979, Sections 42 and 51; FLA Workplace Code of Conduct (Health, Safety & Environment Benchmarks HSE.1 and HSE.14)

**Recommendations for Immediate Action (if applicable)**

1. Ensure that operators are not changing the positioning of the needle finger guards.
2. Increase the height of the wall under the windows to provide sufficient falling protection

Company Action Plan:	1. We are now providing proper awareness to the operators regarding possible risk of laser exposure and it will be continued. Compliance team also given responsibility to check as daily basis. 8. We are now providing proper awareness and training to all operators regarding needle guards' use and it will be continued. Now operators are using needle guards properly. 12. We are still working on it to ensure protective bars and it will complete soon.
Action Plan Status:	1. In progress. 8. Complete. 12. In Progress.
Planned Completion:	1. 30 <sup>th</sup> March, 2019. 8. 20 <sup>th</sup> December, 2018. 12. 30 <sup>th</sup> March, 2019.

**FINDING NO.10**

## HEALTH & SAFETY

### FINDING TYPE: Immediate Action Required

#### Finding Explanation

1. Four chemicals, Fevicol SR 998, Appriton, Jensolin Thinner, Spot Lifter 833, do not have Material Safety Data Sheets (MSDS), and the MSDS for Berger T6 is only in English.
2. The chemical storage area does not have spill kits.
3. The factory chemical PPE selection is not in line with the MSDS. Cloth masks are provided in the stain removing section, where the MSDS requires organic vapor filter masks. Additionally since there are missing MSDS it is impossible to identify the correct PPE for many chemicals.
4. One chemical container at the spot removing section is marked as "water."
5. No volatile organic compound measurement has been conducted in the chemical use areas.
6. Asbestos isolation tape is used in the generator room, boiler room, and on the steam lines.
7. Although sewing section is defined as a dust risk area and protective dust mask use signs are placed throughout, most of the workers were not using protective masks.
8. The PPE provided to workers do not have international quality certification marks.
9. There is no system for identifying hazardous chemicals, such as toluene, and replacing them with less hazardous alternatives.
10. Some chemical containers are kept in the general storage area, maintenance room, and near worker dining areas. Additionally these chemicals do not have MSDS and Secondary containment.
11. An unlabeled thinning chemical, without an MSDS, was found in the spot removing room.

#### Local Law or Code Requirement

Bangladesh Labor Rule 2015, section 68 (10), Section-79(d); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.2, HSE.7, HSE.8, HSE.9, and HSE.10)

#### Root Causes

1. There is a very basic risk assessment report in place. No specific risk grading and preventive/corrective actions defined in this report.
2. Safety and HR & Compliance team is less experienced on certain Health & Safety issues.
3. There is no effective internal monitoring program.
4. EHS committee has not involved into ongoing EHS efforts on a proactive basis, no EHS committee involvement observed on some key EHS related work like Risk Assessment, internal audits, PPE selection and policy & procedure development and review.
5. There wasn't any specific training planned and delivered to EHS committee members.
6. Most of these issues were not identified during the internal and external audits.
7. Although there is a chemical safety delivered, there wasn't any training efficiency evaluation effort taken place after this training.

#### Recommendations for Immediate Action

1. MSDS forms for all of the chemicals used in the factory should be available in the local language in the areas where the chemicals are stored and used.
2. The MSDS should be in line with international standards including all 16 sections below: 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.
3. Ensure that the PPE selection in the chemical use areas is in line with the MSDS forms and provide adequate protection from risks associated with the chemicals being used.
4. Ensure that all PPE have international quality certification marks.

5. Properly label all chemical containers in the factory.
6. Conduct volatile organic compound measurements in the chemical use areas at least annually.
7. Cease the use of asbestos isolation tape in the factory. Notify workers of the dangers of asbestos tape and label areas where asbestos is currently located.
8. Ensure that workers in the sewing section area using protective dust masks.
9. Ensure that all chemical containers are kept in the designated areas with secondary containment and MSDS.

### **Recommendations for Sustainable Improvement**

1. Implement a system to ensure possible steps to be taken for replacing hazardous chemicals with less hazardous alternatives.
2. Active worker/union involvement will be provided for ongoing EHS efforts –audits, policy & procedure development, risk analysis...etc.-.
3. A training needs assessment will be conducted for EHS staff and union/elected worker representatives to identify specific trainings that they should receive.
4. Risk assessment report will be updated with combined efforts of EHS committee to ensure that it covers all risk factors and how to eliminate/manage them.
5. Internal audit system in place will be reviewed –both group and factory level- to make sure that scope/coverage of these audits are enough for capturing such H&S issues
6. EHS committee will play an active role on ongoing EHS efforts. Such as participation into Risk Assessment studies –both fire and H&S- and internal audits, PPE selection, policy and procedure development and review of existing EHS policy and procedures.
7. Review and revise existing internal audit tool to ensure all these areas being covered
8. Review existing chemical safety training; ensure efficiency of this training being evaluated.

### **Verification Result:**

1. Finding Status (Remediated)

**Explanation:** All chemicals sampled had valid Material Safety Data Sheets (MSDS) written in the local language.

2. Finding Status (Remediated)

**Explanation:** The chemical storage area has spill kits.

3. Finding Status (Remediated)

**Explanation:** Selected PPE are in line with those suggested on the MSDS.

4. Finding Status (Remediated)

**Explanation:** All chemical containers at the spot removing section are properly marked.

5. Finding Status (Remediated)

**Explanation:** The factory measured volatile organic compounds in the chemical use areas.

6. Finding Status (Partially Remediated)

**Explanation:** There have been some efforts to stop the use of asbestos isolation tape for maintenance operations throughout the factory, but this material is still used in some sections, including the generator and boiler rooms.

**Root Causes:** Asbestos isolation tape is cheap, convenient, and durable for the maintenance team. Fiberglass or woven insulation tape is more expensive.

7. **Finding Status** (Partially Remediated)

**Explanation:** 60% of sewing section workers are using protective masks.

**Root Causes:** The levels of dust accumulating in the sewing section depends on the type of fabric in production. Management is focusing on engineering solutions.

8. **Finding Status** (Partially Remediated)

**Explanation:** The majority of PPE now have the international certification marks, except some fabric dust masks in the sewing section and the goggles and masks in the laser cutting section.

**Root Causes:** Management found that workers prefer to use fabric masks over disposable masks. PPEs in the laser cutting section were skipped because it is a relatively small area with few workers.

9. **Finding Status** (Partially Remediated)

**Explanation:** The factory has established a system to identify hazardous chemicals and replace them with less hazardous alternatives, but some chemicals still need to be replaced, like Hexane.

**Root Causes:** The system is relatively new, and the factory continues to evaluate chemicals and potential alternatives.

10. **Finding Status** (Remediated)

**Explanation:** The factory removed chemical containers in the general storage area, maintenance room, and near worker dining areas. MSDS are available and the factory arranged for secondary containment in the chemical warehouse areas.

11. **Finding Status** (Remediated)

**Explanation:** All chemical containers are labeled and MSDS are available in the spot removing room.

**Local Law or Code Requirement**

**Findings # 6, 7, 8 & 9— Bangladesh Factories Rules 1979 – Section 42**

FLA Workplace Benchmark HSE.1 & 8

**Recommendations for Immediate Action (if applicable)**

1. Cease the use of asbestos isolation tape in the factory. Notify workers of the dangers of asbestos tape and label areas where asbestos is currently located.
2. Ensure that workers in the sewing section area using protective dust masks.
3. Ensure that all PPE have international quality certification marks.

<b>Company Action Plan:</b>	<p>6. To ensure protection, we used the asbestos by covering with aluminum sheet. We are still searching the alternative.</p> <p>7. In general, Sewing section workers are using protective mask and they are familiar with it. However, we are still looking for alternative solution.</p> <p>8. In general, Cutting section workers are using protective mask and they are familiar with it. However, we are still looking for alternative solution. Also Admin and Compliance department has given responsibility to check on daily basis and report to head of department.</p> <p>9. Currently we are not using the chemical like Hexane and we will replaced it soon once we find the alternative one.</p>
<b>Action Plan Status:</b>	<p>6. In progress.</p> <p>7. In progress.</p> <p>8. In progress.</p> <p>9. In progress.</p>
<b>Planned Completion:</b>	<p>6. 30<sup>th</sup> January, 2019.</p> <p>7. 28<sup>th</sup> Feb, 2019</p> <p>8. 28<sup>th</sup> Feb, 2019.</p> <p>9. 28<sup>th</sup> Jan, 2019.</p>

## FINDING NO.12

### HEALTH & SAFETY

**FINDING TYPE:** Immediate Action Required

#### Finding Explanation

1. The current grounding measurement report doesn't include any measurements from sockets and machinery locations, and there are high grounding readings at some sockets in the production buildings.
2. Two-prong plugs are used at some three-prong sockets, which does not afford grounding protection.
3. Some extension cables are not properly insulated.
4. There is no residual current device protection provided on the electrical panels.
5. Phase-neutral is mis-wired in some sockets at the fusing machine section.
6. The cover-panel grounding connections are incomplete on some of the electrical panels.
7. Some sockets in the production area fusing machine section are damaged and require maintenance.

#### Local Law or Code Requirement

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

#### Root Causes

1. There is not a handheld multifunction electrical testing equipment in place to use for both maintenance and EHS team
2. RCD protection is not a legal requirement in Bangladesh
3. There is a very basic risk assessment report in place. No specific risk grading and preventive/corrective actions defined in this report.
4. Safety and HR & Compliance team is less experienced on certain Health & Safety issues.
5. There is no effective internal monitoring program.
6. EHS committee has not involved into ongoing EHS efforts on a proactive basis, no EHS committee involvement

observed on some key EHS related work like Risk Assessment, internal audits, PPE selection and policy & procedure development and review.

7. There wasn't any specific training planned and delivered to EHS committee members.
8. Most of these issues were not identified during the internal and external audits

### **Recommendations for Immediate Action**

1. Improve the grounding quality at the high grounding reading sections.
2. Ensure that grounding the measurement report includes measurements from sockets and machinery locations.
3. Stop using two-prong plugs in three-prong sockets.
4. Properly isolate extension cables.
5. Check and correct the mis-wired P-N sockets at the fusing machine section.
6. Ensure that all cover-panel grounding connections are complete.
7. Identify and repair damaged sockets.

### **Recommendations for Sustainable Improvement**

1. Buy a multifunction electrical test equipment to conduct loop/RCD/voltage drop and insulation resistance tests within the factory.
2. Prepare a plan and install RCDs on electrical panels, starting from main panels with 300mA RCDs for fire protection and 30mA RCDs for distribution panels for personal safety –against electrical shocks-
3. Conduct a training needs assessment for EHS committee members and general workforce, revise existing training plan in light of this assessment and deliver these trainings
4. EHS committee will play an active role on ongoing EHS efforts. Such as participation into Risk Assessment study and internal audits, PPE selection, policy and procedure development and review of existing EHS policy and procedures.
5. Review existing internal audit tool to ensure all these areas being covered.
6. Review and revise existing risk assessment report to ensure that it includes risk grading and covers all risk factors and how to eliminate/manage them.

### **Verification Result:**

#### **1. Finding Status (Remediated)**

**Explanation:** The grounding measurement report format changed and includes measurements from sockets and machinery locations, so grounding readings from sockets in the production buildings are acceptable.

#### **2. Finding Status (Partially Remediated)**

**Explanation:** Some (around 40%) two-prong plugs are still being used in some three-prong sockets, which does not afford grounding protection.

**Root Causes:** Different types of machinery and equipment have different plugs types.

#### **3. Finding Status (Partially Remediated)**

**Explanation:** Although there have been some improvements over this issue, some extension cables in two areas -production building #1 floor 3 and production building #2 floor 1- with still such a problem.

**Root Causes:** Electricians still use insulation tape instead of hot shrink tubing when replacing damaged or broken electrical cables.

**4. Finding Status (Not Remediated)**

**Explanation:** There is still no residual current device (RCD) protection provided on electrical panels.

**Root Causes:** In Bangladesh, factories are not legally required to have RCDs on electrical panels. Cost associated with RCD supply and installation.

**5. Finding Status (Remediated)**

**Explanation:** There is no incorrect phase-neutral wiring in the controlled sockets throughout the factory building.

**6. Finding Status (Remediated)**

**Explanation:** Of the electrical panels observed during the factory walkthrough, all cover panel grounding connections were complete.

**7. Finding Status (Remediated)**

**Explanation:** All sockets observed during the factory walkthrough in the fusing machine section were in good condition.

**Local Law or Code Requirement**

Bangladesh Factories Rules 1979, Section 41; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.13)

**Recommendations for Immediate Action (if applicable)**

1. Stop using two-prong plugs in three-prong sockets.
2. Properly isolate extension cables.
3. Install RCD protection on the electrical panels

**Recommendations for Sustainable Improvement**

1. Prepare a plan and install RCDs on electrical panels, starting from main panels with 300mA RCDs for fire protection and 30mA RCDs for distribution panels for personal safety against electrical shocks.

<b>Company Action Plan:</b>	2. We have taken initiative to ensure three prong plug in three prong sockets. We have also given responsibility to compliance and maintenance department to check all area of the factory and report to head of department as regular basis to ensure compliance. 3. We have already removed the extension cables from the said area. 4. It's not required as legally or mandatory to have RCDs on electrical panels. However, once available in Bangladesh, we will use.
<b>Action Plan Status:</b>	2. In progress. 3. Complete.
<b>Planned Completion:</b>	2. 28 <sup>th</sup> Feb, 2019. 3. 10th Dec, 2018.

## FINDING NO.13

### HEALTH & SAFETY

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. There are no brakes on the material transfer carts. During the day of the visit one material transfer cart fell down the stairs.
2. There is no refrigerator in medical room; therefore some medicines and vaccines that need to be refrigerated are kept at room temperature.
3. There are no caps on the eyewash station sprinkler heads.
4. Workers were working on the top of carton boxes in Building #2 warehouses, which posing a risk of falling.
5. Compressed air higher than two bars (6 bars) is used for cleaning activities.
6. There are unlabeled non-potable water sources in the factory.

##### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.6, HSE.14, HSE.18, and HSE.23)

##### Root Causes

1. There is a very basic risk assessment report in place. No specific risk grading and preventive/corrective actions defined in this report.
2. Safety and HR & Compliance team is less experienced on certain Health & Safety issues.
3. There is no effective internal monitoring program.
4. EHS committee has not involved into ongoing EHS efforts on a proactive basis, no EHS committee involvement observed on some key EHS related work like Risk Assessment, internal audits, PPE selection and policy & procedure development and review.
5. There wasn't any specific training planned and delivered to EHS committee members.
6. Most of these issues were not identified during the internal and external audits

##### Recommendations for Immediate Action

1. Install brakes on the material transfer carts.
2. Install a refrigerator in the medical room, and ensure all necessary medicines and vaccines are refrigerated.
3. Ensure that warehouse workers are not working on top of the carton boxes.

##### Recommendations for Sustainable Improvement

1. Provide caps for eyewash station sprinkler heads
2. Use of compressed air for cleaning activities, air guns, will be prohibited. If its inevitable to use them in some sections, then pressure must be dropped to 2 bars in air guns at these sections
3. Conduct a training needs assessment for EHS committee members and general workforce, revise existing training plan in light of this assessment and deliver these trainings
4. EHS committee will play an active role on ongoing EHS efforts. Such as participation into Risk Assessment study and internal audits, PPE selection, policy and procedure development and review of existing EHS policy and procedures.
5. Review existing internal audit tool to ensure all these areas being covered
6. Review and revise existing risk assessment report to ensure that it includes risk grading and covers all risk factors and how to eliminate/manage them.

##### Verification Result:

1. Finding Status (Not Remediated)

Explanation: There are still no brakes on the material transfer carts.

Root Causes: This issue is considered low-risk by management.

2. Finding Status (Remediated)

Explanation: There is now a refrigerator in the medical room, and medicines and vaccines that need to be refrigerated are kept in the refrigerator.

3. Finding Status (Remediated)

Explanation: There are caps on the eyewash station sprinkler heads.

4. Finding Status (Remediated)

Explanation: No workers were observed working on the top of carton boxes during the factory walkthrough.

5. Finding Status (Partially Remediated)

Explanation: Workers are still using compressed air for cleaning activities in the production, sewing and ironing sections.

Root Causes: There are no vacuum cleaning machines, and workers prefer to use compressed air because they find it a better way to clean machinery and products.

6. Finding Status (Remediated)

Explanation: Non-potable water sources are labeled in the factory.

**Local Law or Code Requirement**

**Bangladesh Factories Rules 1979 – Section 42 for findings 1 & 5.**

FLA Benchmarks HSE.1&14

**Recommendations for Immediate Action (if applicable)**

1. Install brakes on the material transfer carts.
2. Prohibit the use of compressed air for cleaning activities. If they must be used in some sections drop the pressure to two bars.

Company Action Plan:	1. We are still searching the alternative solution to ensure the risk free. Once we found we will install brakes accordingly asap. However, we are giving awareness to the user to use properly with safety. 5. We have already given proper awareness in this regards and it will be continued. Now workers not using compressed air for cleaning activities. Admin and Compliance department has given responsibility to check on daily basis and report to head of department.
Action Plan Status:	1. In progress. 5. Complete.
Planned Completion:	1. 28 <sup>th</sup> Feb, 2019. 5. 10 <sup>th</sup> Dec, 2018.

## FINDING NO.14

### HEALTH & SAFETY

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. There is no drainage pipe provided for the sinks at the childcare area and workplace doctor's room, the sinks drain in to a bucket.
2. There are no maximum load labels on that shelves at the factory and warehouse areas.
3. The factory has not provided anti-fatigue mats for some standing workers. The seats provided to workers do not have backrests, and the workstations are not adjustable. The factory does not provide ergonomics training for workers to prevent repetitive stress injuries.
4. The factory does not provide lifting belts and training to the relevant workers.
5. One cutting operator at the fixed blade table saw was not using their mesh glove during the operation of the machine.
6. The factory has not defined a weight limit for hand carriage/manual handling operations.
7. The factory uses negative incentives to ensure that workers use machinery and tools safely.

##### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.7, HSE.8, HSE.14, HSE.15, and HSE.17, and HSE.19)

##### Root Causes

1. There is a very basic risk assessment report in place. No specific risk grading and preventive/corrective actions defined in this report.
2. Safety and HR & Compliance team is less experienced on certain Health & Safety issues.
3. There is no effective internal monitoring program.
4. EHS committee has not involved into ongoing EHS efforts on a proactive basis, no EHS committee involvement observed on some key EHS related work like Risk Assessment, internal audits, PPE selection and policy & procedure development and review.
5. There wasn't any specific training planned and delivered to EHS committee members.
6. Most of these issues were not identified during the internal and external audits

##### Recommendations for Immediate Action

1. Ensure that all cutting operators are using mesh gloves during the cutting operations.

##### Recommendations for Sustainable Improvement

1. Provide drainage pipe for sinks at childcare area and workplace doctor's room
2. Maximum load labels will be placed on shelves at factory/warehouse areas
3. Provide anti-fatigue mats all workers working by standing
4. Prepare a procedure for hand carriage/manual handling operations and define a limit for these operations. Train relevant workers on this procedure and post maximum limit for hand carriage/manual handling operations in warehouse/loading-unloading areas
5. Conduct a training needs assessment for EHS committee members and general workforce, revise existing training plan in light of this assessment and deliver these trainings

6. EHS committee will play an active role on ongoing EHS efforts. Such as participation into Risk Assessment study and internal audits, PPE selection, policy and procedure development and review of existing EHS policy and procedures.
7. Review existing internal audit tool to ensure all these areas being covered
8. Review and revise existing risk assessment report to ensure that it includes risk grading and covers all risk factors and how to eliminate/manage them

### **Verification Result:**

1. **Finding Status** (Remediated)

**Explanation:** There are proper drainage connections for the sinks in the childcare area and the doctor's office.

2. **Finding Status** (Remediated)

**Explanation:** There are now maximum load labels on the shelves in the factory and warehouse areas.

3. **Finding Status** (Partially Remediated)

**Explanation:** Although the factory now has anti-fatigue mats for 30% of standing workers, most standing workers still do not have mats. 90% of the seats provided to workers still do not have backrests, and 90% of the workstations are not adjustable. The factory has planned an ergonomics training for workers but has not yet delivered it.

**Root Causes:** The busy production schedule has limited the opportunity for training delivery. Ongoing construction activities for the new factory building preoccupy management.

4. **Finding Status** (Remediated)

**Explanation:** The factory has provided lifting belts and training to relevant workers.

5. **Finding Status** (Remediated)

**Explanation:** All cutting operators were using their mesh gloves during the observation.

6. **Finding Status** (Remediated)

**Explanation:** The factory has defined a weight limit for hand carriage and manual material handling operations.

7. **Finding Status** (Remediated)

**Explanation:** The factory stopped using negative incentives to ensure workers safely use machinery and tools.

### **Local Law or Code Requirement**

#### **Finding # 3 – Bangladesh Factories Rules 1979 – Section 42**

FLA Benchmarks HSE.1 & 17

### **Recommendations for Immediate Action (if applicable)**

1. Provide anti-fatigue mats all workers working by standing and adjustable workstations & chairs with backrest

Company Action Plan:	3. We have already started to provide back support chair to the workers and it will be completed soon.
Action Plan Status:	3. In Progress.
Planned Completion:	3. 30 <sup>th</sup> March, 2019.

## (NEW) FINDING NO. 1

### HEALTH & SAFETY

**FINDING TYPE:** Immediate Action Required

#### Finding Explanation

1. Lifts and pressure vessels have not been inspected by a qualified external assessor. [HSE.1, HSE.4, HSE.13]

#### Local Law or Code Requirement

Bangladesh factory Rules 1979, Sections 46 and 47; FLA Workplace Code (HSE.1, HSE.4, and HSE.13)

#### Root Causes

1. Ongoing factory building construction.

#### Recommendations for Immediate Action

1. Ensure that lifts and pressure vessels are inspected by a qualified external assessor on a regular basis as required by the law and keep inspection reports.

Company Action Plan:	1. We are engaging qualified external assessor on a regular basis along with inspection reports regarding lift and pressure vessels. However, Admin team and maintenance team is given responsibility to check properly and report to head of department on daily basis and ensure its compliances.
Action Plan Status:	1. In Progress.
Planned Completion:	1. 28 <sup>th</sup> Feb, 2019.

## (NEW) FINDING NO. 2

### COMPENSATION

**FINDING TYPE:** Immediate Action Required

#### Finding Explanation

1. Production workers are compensated accurately for overtime hours worked, but none of 37 employees on the maintenance team are compensated for overtime hours. Management stated that all 37 employees are supervisors and are paid high salaries. This does not comply with legal requirements. [C.1]
2. As a systematic practice, 100% of earned leave is paid to workers every year in June, instead of 50%, as allowed by local law. [HOW.11]
3. The factory deducts workers' wages when they are a minute late, but provides no compensation for early arrival. Due to several issues with the factory's time-keeping system, it is not possible to fairly enforce this level of

accuracy. Workers and the Workers Participation Committee members are not aware of any such deduction though it is reflected on payroll records and wage slips. [C.1, HOW.1.1]

**Local Law or Code Requirement**

1. Bangladesh Labour Rules 2015, Chapter Nine, section 99; Bangladesh labour Act 2006, 2015 update, Chapter 1, section 2(65); Bangladesh Labour Rules 2015, RULE 107 and Chapter 10, section 115; FLA Workplace Code (Compensation Benchmark C.1; Hours of Work Benchmarks HOW.1.1 and HOW.11)

**Root Causes**

1. Factory management believes that since the maintenance workers are paid a salary they are exempt from overtime requirements.
2. Management is unaware of the specific legal requirements around earned leave.
3. Ongoing construction activities for the new factory building preoccupy management.

**Recommendations for Immediate Action**

1. Review categorization of maintenance team as workers or staff, and correctly compensate them for overtime hours worked.
2. Comply with legal requirements for payment of unused leave.

<b>Company Action Plan:</b>	<p>1. We are maintaining and ensuring of compensation and benefit for workers according to Bangladesh Labor Law. In law mentioned clearly about the electrician and mechanics grading but not mentioned any grading for staff e.g. Supervisors. So according to the company policy, we hired the said employees as Electrical supervisors and Mechanical Supervisors with high salary and we treated them as staff. This is the higher post then the electrician and mechanics and all of them qualified and some of them has competent certificate (Government Authority authorized). We have a plan to ensure the competent certificate form the authority for rest of the electrical supervisor also.</p> <p>2. Although the law mentioned as same but according to workers recommendation we are providing the 100 % earned leave encashment in every year. Apart from this workers are availing casual leave, sick leave, maternity leave as well which was formed according to the law. That's why, all employees preferred to get earned leave as 100 % cash. However, if any time workers recommend or change their mind to get ready 50 % of earned leave encashment, we will do the same according to law.</p> <p>3. According to our company policy, shift starts from 8am and shift end at 5pm which (Approved by govt authority) . So all employees must be attend the office within 8am. If any employee failed to attend the working station on time ( by 8am ) he or she will be treated as late attendance. We have also mentioned this policy very clearly in employee hand book and all employee including workers participation committee members are also well known and well aware about this. Pls note we are also providing Pay slip to all employee before the wages disbursed.</p> <p>However, we will ensure proper training and awareness to all employee including participation committee members regarding this policy. Regarding the buffer period, Still not yet confirm but it can be finalized after discussion with top management.</p>
<b>Action Plan Status:</b>	In progress. (Awareness training).
<b>Planned Completion:</b>	3. 28 <sup>th</sup> Feb, 2019.

## (NEW) FINDING NO. 3

### HOURS OF WORK

**FINDING TYPE:** Immediate Action Required

#### Finding Explanation

1. Time recording software has an option for two hours of overtime. Management stated this option was introduced to control working hours; however, this could conceal information regarding actual and complete working hours.
2. While female security guards use the electronic time recording system, manual records are maintained for male security guards. [ER.23]
3. The factory has not obtained written consent from female nurses who work past 10:00pm, as required by local law. [HOW.1.1, HOW.5]
4. Occasionally, some security guards have worked two shifts within a 24-hour period. [HOW.3]

#### Local Law or Code Requirement

Bangladesh Labour Rules 2015, Section 103; FLA Workplace Code (Hours of Work Benchmark HOW.1.1, HOW.5 and HOW.3; Employment Relationship Benchmark ER.23)

#### Root Causes

1. There is a lack of communication between departments, procedural mistakes, and a lack of responsible personnel specifically assigned to the task, leading to these errors.
2. Management is unaware of the specific legal requirements around work time consent.

#### Recommendations for Immediate Action

1. Eliminate the two hours per day filtering option from the time recording software.
2. Ensure that male security guards use the electronic time recording system; no manual records should be kept.
3. Ensure overtime work is not requested on a regular basis.
4. Obtain written consent from female nurses who work past 10PM, as required by law.
5. Ensure security guards do not work two shifts within a 24-hour period.

Company Action Plan:	<ol style="list-style-type: none"><li>1. We have already eliminate the two hours filtering option from the time recording software.</li><li>2. We have no female security guards. Two female Supervisor (checker) are working in our factory and they are using the electronic time recording system. As the security guards are working in three shift, we are still not yet able to maintain the electronic recording system to ensure their attendance. Hope we will ensure the electronic system for the security guards asap.</li><li>3. We have already taken the written consent from the female nurses who work past 10 pm.</li><li>4. .Actually, Security dept running with three shift. However, we will ensure accordingly by providing proper training and awareness to security personnel's. Compliance team / HR team is given responsibility to check properly and report to head of department on daily basis and ensure its compliances.</li></ol>
Action Plan Status:	<ol style="list-style-type: none"><li>1. Complete.</li><li>2. In Progress.</li><li>3. Complete.</li><li>4. In progress.</li></ol>
Planned Completion:	<ol style="list-style-type: none"><li>2. 28<sup>th</sup> Feb, 2019.</li><li>4. 28<sup>th</sup> Feb, 2019.</li></ol>

## (NEW) FINDING NO. 4

## WORKLACE CONDUCT&DISCIPLINE

**FINDING TYPE:** Sustainable Improvement Required

### Finding Explanation

The factory has not documented verbal warnings. [ER.27]

### **Root Cause**

1. Factory management does not see a need to document verbal warnings.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER 27.2.2)

<b>Company Action Plan:</b>	1. From now on, we are practicing and keeping the same information with well documented. However, Regarding this, we will ensure accordingly by providing proper training and awareness to our HR team.
<b>Action Plan Status:</b>	
<b>Planned Completion:</b>	

## (NEW) FINDING NO. 5

## TERMINATION&RETRENCHMENT

**FINDING TYPE:** Sustainable Improvement Required

### Finding Explanation

1. A review of documents regarding the payment of termination dues for a sample of five former workers found two in five timecards are missing and three in five are incomplete. All are missing leave cards. [ER.19]
2. Two of the five resignation letters recorded no date of resignation. Therefore, it could not be verified if termination dues were paid within the legally defined timelines. [ER.32]
3. The factory paid wages for days worked, prior to termination, between ten to 22 days after the date of resignation, along with other dues. Local law requires wages to be paid within seven days from date of termination. [ER.19]

### Root Cause

1. Worker turnover rate is high therefore HR department couldn't keep quality of documentation related with termination on a certain level
2. Lack of awareness on local law requirements about termination payouts

### Local Law or Code Requirement

Bangladesh Labour Rules 2015, Chapter 10, Section 112 (4); FLA Workplace Code (Employment Relationship Benchmarks ER.19 and ER.32.2)

<b>Company Action Plan:</b>	1. We are now maintaining and keeping the time cards and leave card accordingly. However, we will ensure accordingly by providing proper training and awareness to HR team and it will be continued.
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	<p>Compliance team / HR team is given responsibility to check properly and report to head of department on daily basis and ensure its compliances.</p> <p>2. It was mistake. Normally, all resignation letter contains date of resignation and now we are doing the same. However, we will ensure accordingly by providing proper awareness to workers as well as HR team.</p> <p>Compliance team / HR team is given responsibility to check properly and report to head of department on daily basis and ensure its compliances.</p> <p>3. According to BD Law ( Clause # 123 - 1) the wages of workers, we are paying by 7th working day following the last day of the wages period.</p> <p>On the other hand, According to BD Law ( Clause # 123 - 2) where the employment of a worker is terminated by retirement or by his retrenchment, discharge, removal by the employer or by termination of employment by the worker, we are ensuring all wages with other dues by 30th working day following the date of termination or resignation payable to him of his employment.</p> <p>However, Compliance team / HR team is given responsibility to check properly and report to head of department on daily basis and ensure its compliances.</p>
Action Plan Status:	
Planned Completion:	