



FAIR LABOR  
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: PVH Corp  
COUNTRY: India  
ASSESSMENT DATE: 04/12/16  
ASSESSOR: Insync Global  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 678

# 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
------------------	------------

## Findings and Action Plans

### FINDING NO.1

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The factory does not have written procedures on Environmental Protection; however, some systems are in place to manage Environmental Protection. There are no written procedures covering areas such as reporting channels for environmental concerns and protection of employees who raise concerns.
2. The factory has not conducted an environmental impact assessment to assess the effects of its business operations on the surrounding environment; therefore, there have been no efforts to reduce the factory's impact on the environment.
3. The factory does not review its policy on Environmental Protection on a regular basis. There are no documented formal training programs for supervisors on Environmental Protection; therefore, there is only limited awareness on environmental protection.
4. The factory does not segregate its solid waste streams.
5. Hazardous waste containers are not labeled.
6. The sludge storage tank is not labeled as such.
7. The factory does not have a designated emergency response team for environmental emergencies.

##### Local Law or Code Requirement

### Recommendations for Immediate Action

- 1.Ensure that all hazardous waste containers are labeled as such in the local language.
- 2.Ensure that the sludge storage is labeled as such in the local language.

## COMPANY ACTION PLANS

1. a.) Immediate Action: The factory will perform the following actions:

1. Draft and implement a policy on Environmental Protection
2. Review existing systems on Environmental Protection and put in-place procedures to address the following:
  - Chemical purchase, storage, handling and usage
  - Waste Management
  - Environmental parameter monitoring
  - Environmental emergencies and its mitigation
  - Chemical leak and spill management
  - Reporting channels for environmental concerns and protection for employees raising such issues
  - Emergency disaster management plan, and creation of an emergency response team for environmental emergencies.

b. Sustainable Action: The Safety Officer will ensure both compliance with the environmental procedure and protection of individuals who flag issues under this policy.

Action plan status: In progress

2. a. Immediate Action: An environmental assessment will be designed to assess the effect of business operations on the surrounding environment. b. Sustainable Action: The Safety Officer will conduct the environmental assessment once every six (6) months and the factory will take all necessary steps to address issues raised in the environmental assessment.

Action plan status: In progress

3. a. Immediate Action: The Environmental Protection Policy and Procedure will be reviewed on an annual basis and formal training for factory supervisors will be instituted. b. Sustainable Action: Environmental protection policy training will be included in the factory's training schedule and will be rolled out to all workers. Supervisors will be provided regular training by the HR Manager/Safety Officer on the Environmental Protection Policy.

Action plan status: In progress

4. a. Immediate Action: Factory management will ensure that solid waste streams are appropriately segregated and marked. b. Sustainable Action: Monitoring of solid waste segregation will be added to the factory's checklist to ensure solid waste segregation compliance.

Action plan status: In progress

5. a. Immediate Action: All hazardous waste containers as well as the sludge storage tank have been labeled in English and in the local language. b. Sustainable Action: Monitoring of labeling of hazardous waste and the sludge storage tank will be added to the factory's checklist to ensure compliance.

Action plan status: In progress

6. a. Immediate Action: A policy outlining an emergency disaster management plan will be drafted as per the response to finding 1 and an emergency response team for environmental emergencies will be created. b. Sustainable Action: The Safety Officer will ensure that the emergency response team is trained on a regular basis and that their duties are communicated to all relevant employees.

Action plan status: In progress

## FINDING NO.2

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory has a policy on Health & Safety that is compliant with local laws. However, policies and procedures are missing for several areas; including, protection of reproductive health, ergonomics, asbestos exposure prevention, lockout/tagout (LOTO), thermal comfort, and vehicle management. There are some systems in place to manage these functions.

2. The factory's written procedures do not include Standard Operating Procedures (SOP) for each job with a focus on performing the job safely, on how to protect workers' reproductive health, and protection against retaliation for workers who raise Health & Safety concerns. However, there are some systems in place to manage SOP.
3. The factory's written procedures do not provide information on maintaining a chemical inventory, nor do they include steps that should be taken to protect workers if there is an accidental chemical spill. However, a chemical inventory is maintained, and systems are in place to address chemical spills.
4. Written procedures on Health & Safety do not include maintaining electrical certifications, reports of inspections, assessments, and reviews (overall electrical system, grounding system, lightning protection system) on file.

(Note: The factory has conducted an internal assessment on electrical wiring. No instances of any electrical accidents were reported.)

5. The factory's procedures do not provide information on equipment that requires LOTO; however, LOTO is used at the factory.
6. Factory procedures do not include guidance documents for external contractors/service providers concerning Health & Safety.

(Note: There was no indication of any major injuries or accidents. External contractors are used for building maintenance work. A list of contractors is not kept; however, two or three contractors are used as maintenance staff, based on the nature of the work.)

7. The factory does not conduct specific workplace safety training for employees with special responsibilities, such as, band knife cutting machine operators, mechanics, electricians, and perk machine operators. Additionally, no safety training is conducted for maintenance employees, except training on LOTO.
8. The risk assessment conducted to eliminate chemical hazards does not include methods to eliminate/control the hazards, e.g. administrative or engineering controls. Instead it discusses the use of Personal Protective Equipment (PPE).
9. The factory has not conducted an asbestos exposure assessment. Asbestos sheets are used in the roofing of the drinking water stations on the ground floor, near the washing section. In addition, the factory does not post signs that indicate the use of asbestos and the possible hazards, at the sites where asbestos sheets are used.
10. The fire risk assessment conducted by the factory's safety officer did not include hazards pertaining to identifying source and fuel, work areas, number of workers working in the specific area, impact, frequency, severity, and administrative and engineering controls. Nor does it cover how to control fires, related trainings, or setting up systems to prevent fires. It only includes the requirements for fire fighting equipment.
11. The factory does not have a sprinkler system as part of its fire protection plan, and as recommended by the fire department. Factory management stated that the sprinkler system is currently under installation, and the assessors observed that the preparations were underway. The fire department requires that the sprinkler system to be installed by July 25, 2016.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6, HSE.14, HSE.15, and HSE.17.1; Nondiscrimination Benchmark ND.12)

#### Recommendations for Immediate Action

1. Ensure that asbestos sheets are not used in any other construction projects at the factory. Post signs in all areas where asbestos sheets are used to indicate that asbestos is used and warn workers about the potential hazards.
2. Ensure that the sprinkler system is installed by the deadline required by the fire department.

## COMPANY ACTION PLANS

1. a. Immediate Action: Missing policies and procedures relating to reproductive health, ergonomics, asbestos exposure prevention, lockout/tag out (LOTO), thermal comfort and vehicle management will be included in the current factory policies and procedures. Additionally, SOPs on job safety and protection against retaliation for workers who raise health and safety issues will be created.

b. Sustainable Action: Policies and procedures will be reviewed annually to ensure inclusion of all relevant guidelines.

Action plan status: In progress

2. a.) Immediate Action: The factory will draft SOPs on job safety and protection against retaliation for workers who raise health and safety concerns. b.) Sustainable Action Plan: Policy and procedures will be reviewed annually to ensure inclusion of all relevant guidelines.

Action plan status: In progress

3. a. Immediate Action: Written procedures will be reviewed and information on maintaining chemical inventory and protection of workers in the case of an accidental chemical spill will be incorporated into the guidelines. b. Sustainable Action: Policies and procedures will be reviewed on a regular basis to ensure safety of the employees responsible for handling chemicals.

Action plan status: In progress

4. a. Immediate Action: Language regarding maintenance of electrical certifications, reports of inspections, assessments and reviews of overall electrical system, grounding system and lightning protection system will be included in factory's Health and Safety Policy. b. Sustainable Action: The factory's Health and Safety Policy will be reviewed annually to ensure inclusion of all

relevant guidelines and an inspection of these elements will also be conducted.

Action plan status: In progress

5. a. Immediate Action: Factory will include information on equipment that requires LOTO in its policy. b. Sustainable Action: Factory will ensure that information on equipment that requires LOTO is included in its policies and that all employees are trained on the policy when necessary.

Action plan status: In progress

6. a. Immediate Action: Guidelines for external contractors and service providers concerning health and safety will be drafted and included in the factory's policies and procedures, external contractors and service providers' contracts and included as an appendix as well. Furthermore, the factory will maintain a list of such external contractors and/or service providers.

b. Sustainable Action: The Safety Officer will ensure that all relevant health and safety guidelines are communicated to the external contractor(s) or service provider(s) prior to beginning work.

Action plan status: In progress

7. a. Immediate Action: Factory will develop a procedure in determining positions that will require additional safety training. Examples are band knife, cutting machine operators, mechanics, electricians, and perk machine operators. b. Sustainable Action: All relevant employees will be included in the factory's safety training.

Action plan status: In progress

8. a. Immediate Action: Methods to eliminate/control chemical hazards will be included in the factory's risk assessment b. Sustainable Action: The individual in charge of chemical management will ensure that the risk assessment includes methods to eliminate/control chemical hazards and work to remedy any chemical hazards found.

Action plan status: In progress

9. a. Immediate Action: A third party will conduct fire risk assessment. This fire risk assessment will include the following: 1. Identify fire hazard 2. Identify persons / places who are at risk 3. Evaluate fire hazard, reduce and/ remove 4. Fire prevention plan, including training 5. Review process b. Sustainable Action: The fire risk assessment will be reviewed bi-annually to ensure that all required elements are included.

Action plan status: In progress

10. a. Immediate Action: An asbestos exposure assessment has been conducted and asbestos sheets used in the roofing of the drinking water stations have been removed, designated as hazardous waste and appropriately removed by Bharat Oil Waste Management, a company authorized to handle hazardous waste. b. Sustainable Action: Asbestos sheets will not be used on premises in the future.

Action plan status: In progress

11. a. Immediate Action: Factory management is in the process of installing a sprinkler system on the premises. b. Sustainable Action: The Safety Officer will be tasked to develop maintenance and testing procedures of the sprinkler system.

Action plan status: In progress

## FINDING NO.3

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Traffic lanes and walkways are not marked inside the factory. There are no indicators, reflectors, and convex mirrors at sharp turns for proper traffic management.
2. There is no lightning arrester installed at the factory to protect the building from lightning.
3. The factory does not provide any fire fighting equipment, such as like fire beaters, fire proof suits, fire proof blankets, breathing apparatuses, axes, iron sheet cutters, long sticks, ropes, stretchers, helmets, whistles, torches, shovels, and hand gloves.
4. The doctor in charge of the medical room is not available during all working hours. He visits the medical room for one hour, three days a week. This does not meet legal requirements, stating that the doctor should be available at the factory on all days during working hours, including overtime work. During overtime working hours, there is only first-aid worker available to provide medical assistance.

##### Local Law or Code Requirement

The Factories Act, 1948 - Section 38 (1 & 2), Section 7A (2b); National Building Code 2005 sections C4 and 16; Punjab Factory rules 1952-

### Recommendations for Immediate Action

1. Properly mark traffic lanes and walkways. Use indicators, reflectors, and convex mirrors (blunt turns) on sharp turns.
2. Install a lightning arrester.
3. Provide all required fire fighting equipment like fire beaters, fire proof suits, fire proof blankets, breathing apparatuses, axes, iron sheet cutters, long sticks, ropes, stretchers, helmets, whistles, torches, shovels, and hand gloves.
4. Ensure that there is a fulltime doctor (medical officer) available at the medical room during all working hours, including overtime.

## COMPANY ACTION PLANS

1. a. Immediate Action: Traffic lanes and walkways will be marked and indicators, reflectors and convex mirrors will be installed at sharp turns in the factory. b. Sustainable Action: The Safety Officer will ensure that the traffic lanes and walkway demarcation continues to be visible and does not fade.

Action plan status: In progress

2. a. Immediate Action: A lightning arrester has already been installed at the factory. b. Sustainable Action: The safety officer will ensure that the lightning arrester remains in working order.

Action plan status: In progress

3. a. Immediate Action: The factory will procure all required fire fighting equipment, which will be kept in the custody of the Safety Officer and which will be readily available in case of emergency. Fire fighting team/workers will be trained on use of new equipment.

b. Sustainable Action: The Safety Officer will maintain an inventory list of all fire fighting equipment and be responsible for procuring or replacing an item if it is lost or damaged. Training details will be documented and kept in the Training log.

Action plan status: In progress

4. a. Immediate Action: The factory will hire a full-time doctor who will be available during all working and overtime hours.

Action plan status: In progress

## FINDING NO.4

### IMMEDIATE ACTION REQUIRED

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

#### Finding Explanation

Workers initially go through a six-month probation period, which does not comply with the three-month limit as per legal requirements and FLA Benchmarks.

#### Local Law or Code Requirement

Industrial employment standing orders rules 1946 schedule 1 for classification of workmen; FLA Workplace Code (Compensation Benchmark C.3)

#### Recommendations for Immediate Action

Review the probation policy and ensure that the probationary period does not exceed three months. Regularly train and communicate to workers regarding the revised probation policy.

## COMPANY ACTION PLANS

1. Immediate action: 1. Factory will revise the probation clause from 6 months to 3 months in its contracts. 2. Post changes on bulletin boards. 3. Include in HR training for employees.

Action plan status: In progress

## FINDING NO.5

### SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Recruitment, Hiring & Personnel Development

### Finding Explanation

1. The factory has a policy on Hiring and Recruitment, but not on Personnel Development.
2. Factory policies and procedures on Hiring and Recruitment comply with local laws; however, they do not cover all of the FLA Workplace Code requirements with respect to the use of recruitment agents, recruitment channels, conducting performance reviews, promotion, demotion or re-assignment, recruitment & hiring decisions, terms and conditions/employment, terms for hiring regular and special categories of employees, new employee orientation, supervisor training, and communication of recruitment policies to employees. Factory management is not aware on FLA code benchmarks.
3. There are no defined procedures on raising or broadening workers' skills. Job descriptions are not available for production workers, except for electricians and mechanics.
4. The review period for policies and procedures on Recruitment, Hiring & Personnel Development are not defined.

### Local Law or Code Requirement

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

## COMPANY ACTION PLANS

1. a. Immediate Action: The factory will develop a policy on Personnel Development which will focus on improvement of worker skills. b. Sustainable Action: The factory will regularly monitor employee's skills training and work to provide advancement opportunities to those employees who in fact develop new skills.

Action plan status: In progress

2. a. Immediate Action: 1. Review and understand FLA Workplace Code Requirements 2. Identify existing Company rules and regulations that are not aligned or are missing as compared to the FLA Workplace Code Requirement. Based on initial review, the following are missing: use of recruitment agents, recruitment channels, conducting performance reviews, promotion, demotion or re-assignment, recruitment & hiring decisions, terms and conditions/employment, terms for hiring regular and special categories of employees, new employee orientation, supervisor training, and communication of recruitment policies to employee. 3. Make necessary revisions and update Company rules and regulations.

- b. Sustainable Action: Once the FLA Workplace Code elements are incorporated into factory policies, they will be reviewed on a regular basis.

Action plan status: In progress

3. a. Immediate Action: Job descriptions for all production workers will be drafted and procedures will be defined concerning broadening workers' skills.

Action plan status: In progress

4. a. Immediate Action: The review period for policies and procedures regarding Recruitment, Hiring & Personnel Development will be defined. b. Sustainable Action: Factory policies on Recruitment, Hiring & Personnel Development will be reassessed in accordance with the defined review period.

Action plan status: In progress

## FINDING NO.6

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Compensation

### Finding Explanation

1. The local law prior to 2016 determined the annual bonus amount for factories, requiring factories to pay a minimum annual bonus of INR 3500 (USD 52.72) for every worker with the maximum limit of INR 10000 (USD 150.64). On January 1, 2016, the government revised the mentioned figures to a minimum annual bonus of INR 7000 (USD 105.46) up to a maximum of INR 21000 (USD 316.34) effective retroactively from April 1, 2014. The factory paid the annual bonus on October 2015 based on the earlier first notification prior to January 1, 2016. As per new legally required regulation, the factories are required to calculate the difference between the received amount and the legally mandated annual bonus revision. However, the factory has not paid the arrears. Therefore, workers who received INR 3500 in October 2015 are owed the difference between the received annual bonus and the revised amount in January 1, 2016 for all the months after April 1, 2014.
2. Though all legally required deductions are made from wages, compensation for overtime hours worked beyond the legal limit is not included in the calculation of deductions for the Employees State Insurance System. Compensation for excessive overtime is called "Incentive" and the amount reflected is not included in the calculations. Per law, the gross earnings of a worker are required to be considered for the contribution calculation for the Employees State Insurance System.



3. There are no written policies and procedures on Compensation; however, there is system in place to manage Compensation

#### Local Law or Code Requirement

Payment of Bonus (Amendment) act 2015, notified through Gazette notification, January 1, 2016; Haryana Government Gazette, October 21, 2015--revised minimum wages, effective Nov 1, 2015; The Employees State Insurance Act, 1948; FLA Workplace Code of Conduct (Employment Relationship Benchmark ER.1)

#### Recommendations for Immediate Action

1. Ensure that the arrears for the 2014-2015 annual bonus are paid, as per legal requirements, including retroactive payments.
2. Ensure that the factory makes the legally required Provident Fund contributions, as defined by the local government authority for the worker's skill-based category.
3. Calculation for contributions towards the Employees State Insurance should be based on gross earnings, including all overtime earning.

### COMPANY ACTION PLANS

1. Immediate Action: The notification issued by the Government of India regarding the retrospective payment of an increased minimum annual bonus to factory workers is still pending final judgment by the courts in the following regions: Karnataka, Allahabad, Rajasthan, Punjab & Haryana. b. Sustainable Action: After final judgment is rendered, the factory will take appropriate action.

Action plan status: In progress

2. Immediate Action: Factory will calculate and deposit the ESI based on workers gross salary. A Memo or guidance will be sent to management personnel (HR, Accounting/Finance, Payroll) to communicate and implement this change.

Action plan status: In progress

3. a. Immediate Action: Written policies and procedures will be drafted to educate workers on factory wage and benefits practices. b. Sustainable Action: Training will be provided to all workers on the factory's wage and benefits policy. Furthermore, this policy will be reviewed on an annual basis.

Action plan status: In progress

### FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25.2)

### COMPANY ACTION PLANS

1. a. Immediate Action: A policy and procedure will be formulated whereby worker input and feedback will be gathered and considered in the creation and implementation of general factory policy and procedure. b. Sustainable Action: The policy on worker integration will be reviewed on an annual basis and the factory's HR Manager will ensure compliance.

Action plan status: In progress

### FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

#### Finding Explanation



1. Time records for 35 workers for March 2016 revealed that four sewing workers, one worker from the washing department, two from the packing section, and two from the maintenance section have worked until 1:00 am for a total of 16 hours on two to three days, then returned to work after only 7.5 hours of rest for the next shift starting at 8:30 am, without the legally required rest. The local law limits daily work to a total of 10 hours.
2. Time records revealed that 60% of workers from sewing and finishing departments worked 60 to 80 hours during the second week of Nov 2015, and 70% of workers from the sewing and finishing departments worked 60 to 70 hours a week during the second and third weeks of March 2016. This is in excess of the 60-hour weekly limit as per the local law and FLA benchmarks.
3. There is no written policies or procedure to manage Hours of Work. However, there is a system in place to manage working hours, and all hours of work are recorded using an electronic time recording system.
4. There are no written guidelines on Hours of work in case of extraordinary business circumstances, and for special categories of workers. Also, there is no separate Hours of Work policy for special categories of workers.
5. Time records do not identify lactating and pregnant women; currently, there were none at the factory.
6. There is no procedure for periodic review of Hours of Work policy.

#### Local Law or Code Requirement

Factories Act 1948, Hours of work, sections 55 & 56; Factories Act 1948, Hours of work, section 64; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.23; Hours of Work Benchmarks HOW.1 and HOW.5)

#### Recommendations for Immediate Action

1. Ensure that workers are provided with adequate rest between shifts.
2. Ensure that working hours do not exceed 60 hours per week.
3. Ensure that overtime is not included in regular production planning.
4. FLA affiliate Company's Sourcing and Social Compliance teams should: a) implement FLA Principles of Fair Labor and Responsible Sourcing and b) accordingly coordinate on the topics mentioned below to help the factory address its excessive hours issue:
  - a. How to provide better order forecasts to the factories;
  - b. Possible workshops/consultancy for the factory on how to improve;
  - c. Clear guidelines on how to extend shipment deadlines in case of contingencies;
  - d. Steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brand's Sourcing and Social Compliance teams);
  - e. Clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks;
  - f. Clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

## COMPANY ACTION PLANS

1. a. Immediate Action: The hours of work issue was caused by a shortage in manpower, supply chain challenges and short delivery times. The factory will increase manpower and strengthen the supply chain to address the overtime hours issue. b. Sustainable Action: Efforts will be made to reduce worker's overtime hours by strengthening supply chain planning.

Action plan status: In progress

2. a. Immediate Action: The hours of work issue was caused by a shortage in manpower, supply chain challenges, and short delivery times. The factory will strengthen production planning to anticipate and plan how to address extraordinary circumstances. In collaboration with HR and production, the factory will set up action plans on timely manpower allocations for extraordinary circumstances. b. Sustainable Action: Efforts will be made to reduce worker's overtime hours by strengthening supply chain planning.

Action plan status: In progress

3. a. Immediate Action: A policy regarding working hours will be drafted and shared with all relevant workers. b. Sustainable Action: The Working Hours Policy will be reviewed on an annual basis.

Action plan status: In progress

4. a. Immediate Action: The Working Hours policy which will be drafted will include guidelines on hours of work for special categories of workers as well as for extraordinary business circumstances. b. Sustainable Action: This policy will be reviewed on an annual basis to ensure that the terms of the policy continue to provide for sustainable working hours.

Action plan status: In progress

5. a. Immediate Action: Factory will draft a policy and procedure to identify/track pregnant and lactating workers in the time records to ensure that they are provided with all necessary accommodation. Additionally information regarding this issue will be posted on the bulletin board. b. Sustainable Action: The policy on lactating and pregnant women will be implemented and overseen by the nurse and crèche attendant.

Action plan status: In progress

6. a. Immediate Action: The factory will draft and implement and Hours of Work Policy. b. Sustainable Action: The Hours of Work Policy will be reviewed on an annual basis and all relevant employees will be educated on the guidelines.

Action plan status: In progress

## FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

1. The factory has a policy on Termination, but does not have a policy on Retrenchment. Procedures on Termination do not include methods for calculation of payouts; however, termination payouts in practice comply with legal requirements.
2. No training is conducted for supervisors and the general workforce on Termination & Retrenchment.
3. There is no period defined for review of Termination and Retrenchment policies and procedures.

##### 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. a. Immediate Action: The factory will include language concerning retrenchment in its Termination Policy. Furthermore, the Termination Policy will be updated to include methods for calculation of payouts. b. Sustainable Action: The Termination Policy will be reviewed on an annual basis and all relevant employees will be educated on the guidelines.

Action plan status: In progress

2. a. Immediate Action: Training on termination and retrenchment will be provided to supervisors and all relevant workers. b. Sustainable Action: Feedback about the policy will be solicited from supervisors and relevant workers to gauge their understanding of the guidelines.

Action plan status: In progress

3. a. Immediate Action: A timeline for periodic review of the Termination and Retrenchment Policy will be agreed upon, included in the policy and implemented. b. Sustainable Action: The policy will be reviewed on an annual basis by the HR department.

Action plan status: In progress

## FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

##### Finding Explanation

1. There is no policy on Industrial Relations, but the factory has a policy on Freedom of Association. However, there are no written procedures on Industrial Relations & Freedom of Association. The procedures for election of representatives to the Works Committee are not defined in writing; however, the correct legal process has been followed.
2. There is no defined requirement to periodically review the policies and procedures.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1)

### COMPANY ACTION PLANS

1. a. Immediate Action: A policy on Industrial Relations will be drafted. The policy on Freedom of Association will be updated to include written procedures. The procedures in the Freedom of Association Policy will be updated to include instruction on election of representatives to the Works Committee. b. Sustainable Action: The policies will be monitored regularly by the HR department to ensure effectiveness.

Action plan status: In progress

2. a. Immediate Action: A timeline for periodic review of the factory's policies and procedures will be agreed upon, included in the

policy and implemented. b. Sustainable Action: The policies will be reviewed on an annual basis by the HR department.

Action plan status: In progress

## FINDING NO.11

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

The legal consequences for harassment of women in the workplace are not posted, as required by local law.

##### Local Law or Code Requirement

The Sexual harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act 2013, Chapter VI section 19(b); FLA Workplace Code (Harassment or Abuse Benchmark H/A.1)

##### Recommendations for Immediate Action

Post the legal consequences for harassment in the workplace in the factory.

### COMPANY ACTION PLANS

1. a. Immediate Action: The factory will post the legal consequences for harassment of women in the workplace on the Notice Board as required by local law. b. Sustainable Action: The HR department will ensure that the notice is posted and all employees are aware of the guidance.

Action plan status: In progress

## FINDING NO.12

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. Workplace Conduct & Discipline procedures do not outline the appeal process, follow-up actions, and timelines. The factory has certified standing orders, which is a legal document for maintaining the workplace relationship between employer and employee. The process of disciplinary action is included in this document. However, the legal requirement to record verbal warnings and an appeal process is not included in this document. Although in practice, the workers can appeal disciplinary action against them, the procedure to appeal and appeal timeline are not defined.
2. Verbal warnings provided for late arrival or absenteeism are not recorded, as these are not included in the disciplinary procedures.
3. There is no formally documented training program for workers on Workplace Conduct & Discipline; however, supervisors and managers are informed verbally and are well aware of the Workplace Conduct & Discipline procedures. Workers have not been provided with a copy of the workplace rules; however, they are verbally communicated during the orientation program. In addition, workplace rules are also posted in the factory in the local language.
4. There is no defined timeline for review of Workplace Conduct & Discipline policies and procedures.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, and ER.27)

### COMPANY ACTION PLANS

1. a. Immediate Action: The factory will include within its Workplace Conduct and Discipline Procedures an appeals process, follow-up actions and timelines for such steps. Additionally, the factory will include language in the policy addressing the legal requirement to record verbal warnings. b. Sustainable Action: The HR department will monitor implementation of the policy and

provide necessary training to all supervisors and workers on factory procedures regarding disciplinary action.

Action plan status: In progress

2. a. Immediate Action: A Disciplinary Action Policy will be drafted and include guidance on recording verbal warnings for late arrival or absenteeism. b. Sustainable Action: The HR department will monitor implementation of the policy and provide necessary training to all supervisors and works on factory procedures regarding disciplinary action.

Action plan status: In progress

3. a. Immediate Action: The factory's Disciplinary Action Policy will be updated to include information on Workplace Conduct & Disciplinary procedures. b. Sustainable Action: All employees including supervisors and managers will be provided the necessary training on the Workplace Conduct and Disciplinary procedure. Furthermore, the Workplace Conduct & Disciplinary Policy will be displayed on the Notice Board to further increase awareness.

Action plan status: In progress

4. a. Immediate Action: A timeline for periodic review of the Workplace Conduct & Discipline policy and procedure will be agreed upon, included in the policy and implemented. b. Sustainable Action: The policy will be reviewed on an annual basis by the HR department.

Action plan status: In progress

## FINDING NO.13

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

1. The factory does not have the legally mandated Grievance Committee. There is no system to document grievances since grievances are reported verbally only. Based on interviews with workers, they are satisfied with management practices.
2. There is no written policy or procedure on non-retaliation; however, in practice no such instances were observed or suspected. Based on worker interviews, they are free to report any grievances without fear of retaliation.
3. There is no defined review period for Grievance policies and procedures.

##### Local Law or Code Requirement

Industrial Disputes Act 1947, section 9 c; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.2.1)

### COMPANY ACTION PLANS

1. a. Immediate Action: The factory will form a Grievance Committee who will communicate the procedure for redressing grievances to the employees. b. Sustainable Action: All employees will be notified of the formation of the Grievance Committee via the Notice Board. Additionally, all employees will be provided an overview of the grievance procedure via training and be encouraged to submit any grievances in writing.

Action plan status: In progress

2. a. Immediate Action: The factory will draft a written policy and procedure on non-retaliation. b. Sustainable Action: All workers will be encouraged to report any grievances to management without fear of retaliation.

Action plan status: In progress

3. a. Immediate Action: The factory will define a review period for the Grievance Policy and Procedure. The agreed upon review period will then be incorporated into the policy document. b. Sustainable Action: The Grievance Policy will be reviewed on an annual basis by the HR department.

Action plan status: In progress