



COMPANIES: PVH Corp
COUNTRY: Indonesia
ASSESSMENT DATE: 07/22/16
ASSESSOR: Donny Triwandhani
PRODUCTS: Apparel
NUMBER OF WORKERS: 1205

Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element	Violations
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Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not verify workers' age by checking original documents such as national ID cards and school certificates to avoid hiring workers who are under 18 years old. Out of the 40 personnel files sampled, assessors found 3 cases where the worker's birth year was falsified on the national ID card and school certificate as follows: a) A sewing operator from line nine and a Quality Control (QC) operator have national ID numbers that indicate they are under 18. These numbers were confirmed using the Government Social Security Registration Database website (BPJS). However, the workers' years of birth have been falsified on the national ID card and school certificate copies provided to the factory. Under local law, workers under 18 years of age cannot perform work or be hired to perform work that endangers their health, safety, or morals, which includes knitting, sewing, weaving, and packing; b) A sewing operator from line 21 used a falsified temporary national ID card to apply for the job. The BPJS indicates that the worker was not yet 18 when hired (the worker is now over 18).
2. The factory was unaware that they hired workers under the age of 18 so there is no system to identify young workers in the working hours records. As a result, workers under the age of 18 work up to 4.5 hours overtime per day (working hours are 6pm-6am).
3. Based on employment records, 787 out of 1,767 production workers (44.53%) are employed under specified period of time contracts (PKWT) although they are working permanent jobs in the cutting, sewing, finishing, and packing departments. This violates legal requirements. After a worker's contract has been renewed once (the maximum number of renewals allowed by law), the factory will either hire the worker as a permanent employee or not employ them again.

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 1(26), No. KEP 235/MEN (2003), Art. 2(1) & 4; Decision of the Minister of Manpower and

Transmigration No. KEP 235/MEN on Work that endanger the health, safety or morals of children (2003), Attachment C; Stipulation No. KEP. 100/MEN/VI on Work Agreement for Specified Period of Time (2004), Art. 13; FLA Workplace Code (Employment Relationship Benchmark ER.4.1; Child Labor Benchmarks CL.1, CL.2, CL.3, CL.4, CL.5, and CL.6; Health, Safety & Environment Benchmark HSE.11.1; Hours of Work Benchmarks HOW.4.1 and HOW.5.1)

Recommendations for Immediate Action

1. Check workers' original age documents, such as national ID cards and school certificates, during the application process in order to avoid hiring workers who are under 18 years old.
2. Ensure that workers under 18 years old do not operate production machines or work overtime.
3. Convert temporary/contract workers that perform jobs of a permanent nature to permanent employee status, as per legal requirements.

COMPANY ACTION PLANS

1. Immediate Action:

The factory will include harassment and abuse as a violation and reflect this understanding in its policies and procedures.

Immediate Action:

- 1) The factory has reviewed the worker roster to identify any workers who are less than 18 years of age.
- 2) The factory has initiated a background check on these workers to ensure that it has on file original documentation.
- 3) The factory has required each applicant to bring original documentation related to age information such as National ID Card, Birth Certificate, Family Card and school certificate.
- 4) The factory maintains the following KPI - Hiring process that include original documentation checking to ensure the assigned HR staff follow accordingly.
- 4) The factory has started to conduct regular verification to ensure that the applicant's age meets the requirements.

Sustainable Action

- 1) The factory will develop and maintains policies and procedure on the employment terms and conditions for those classified as juveniles (15 years old to 18 years old).The policies provide clear guidance on the appropriate job and position allocation, working hours, working condition in accordance with local law.
- 2) The factory will revise the recruitment procedure to include a requirement for HR to check for original documentation for every applicant . Additionally, a background check will be initiated to ensure no manipulation of the original personal documents has occurred.
- 3) The factory will conduct regular monitoring and evaluation on a quarterly basis to identify weaknesses and make necessary adjustments for the effectiveness and adequacy of HR policy and procedures communication and implementation.
- 4) The factory will implement a clear disciplinary sanction for any act of manipulation of the company rules and regulation. The factory will also provide training on this issue to all relevant workers.
- 5) Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards. Action :
The factory will maintain and periodically review the disciplinary system and related policy/procedure and practices. All relevant management and supervisors will also be periodically trained on the policy/procedure. Additionally, the communication about

Action plan status: In progress

2. Immediate Action:

- 1) The factory has immediately allocated jobs and positions as per local law/regulation for those aged below 18 years old. Currently they are being transferred to QC department and not being allowed to work overtime.
- 2) Currently only 1 worker is still working and has reached 18 years old. The rest 3 workers have resigned without notice.

Sustainable Action:

- 1) The factory will develop and maintain policy and procedure on the employment terms and conditions for those under juvenile category (<15 years old to 18 years old), and provide clear procedures on the allowable job and position allocation, working hours, working condition, in compliance with local law and regulation.
- 2) Regular monitoring and evaluation will be conducted to identify weaknesses of the HR policy and procedures. This review will inform updates and necessary adjustments that will make the HR policy more effective.
- 3) The factory will train the leader/supervisor on procedures regarding hiring juvenile workers as well as the working hours and job responsibility requirements that would apply.
- 4) The factory will impose clear disciplinary sanctions for any act of manipulation on the company rules and regulation and train all relevant workers on the issue.
- 5) Internal monitoring will also be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

3. Immediate Action:

- 1) The factory will work towards continuously and gradually promoting relevant workers to permanent status according to working performance, skill, recommendation from the supervisor/chief, and the needs of the factory.
- 2) The factory will ensure that both permanent and non permanent workers are treated equally in relation to all mandatory

compensation and benefits according to the local law/regulation, position, etc.

3) The factory will create a yearly employment plan in order to record and identify non-permanent workers who are promoted to permanent status. The promotions will be recorded on a monthly basis.

Sustainable Action:

1) The factory has maintained procedures related to appraisal of Individual Development Performance (IDP) program. It is aimed to identify worker's performance that can be used to promote a worker to permanent status.

2) The factory has maintained an evaluation system for non-permanent workers which occurs one month prior to the end date of the contract period.

3) Regular monitoring of the implementation of proper employment practices and procedures is conducted to ensure compliance with the regulation.

4) Information on the relevant employment program related to appraisal, promotion, etc. is provided to workers through posting, meeting, training, etc.

5) Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

4. 0

Action plan status: In progress

5. 0

Action plan status: In progress

6. 0

Action plan status: In progress

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1.The factory pays current employees the balance of their unexpired and unused annual leave on an annual basis. However, the factory does not calculate or pay out unexpired and unused annual leave to workers who have resigned or been terminated. For instance, a permanent worker from sewing line one who resigned did not receive their annual leave balance with their last paycheck. Another permanent worker from sewing line four was absent for five days without notice and did not show up to work afterward. There was no record that this worker was officially terminated. This worker also did not receive the balance of their annual leave with their last paycheck. Finally, a contract worker from sewing line 11 did not receive the balance of their annual leave with their last paycheck.

2.As per factory regulation and local law, workers may be terminated if they are absent for five consecutive days without submitting a written explanation of why he/she is absent from work. However, the factory does not implement their termination procedures, such as sending two notification letters before beginning the termination process. Moreover, the factory notifies workers of their termination via phone call or text message, rather than issuing an official termination letter.

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art. 156 & 168(1); FLA Workplace Code (Employee Relationship Benchmarks ER.19.1, ER.22, and ER.32.2; Hours of Work Benchmark HOW.11; Compensation Benchmark C.1)

Recommendations for Immediate Action

1.Calculate and provide unexpired and unused annual leave as well as termination payouts to workers who have resigned or been terminated.

2.Follow all termination procedures, including sending two notification letters warning the worker that absenteeism may lead to termination. In addition, issue termination letters to all terminated workers.

COMPANY ACTION PLANS

1. Immediate Action:

The factory will calculate and pay the annual leave balance for resigned or terminated workers along with the wage balance in accordance with local law and regulations. The factory will also revise the termination procedure to include a provision to pay the balance for untaken annual leave to resigned or terminated workers.

Sustainable Action :

1) The factory will maintain proper termination policies and procedure in accordance with local law and regulation. The policies will include a provision mandating that the balance for untaken annual leave balance will be provided to resigned and terminated workers.

- 2) The factory will conduct surprise monitoring on a 6 months basis to ensure the termination procedure and practices have been properly implemented.
- 3) Communication to socialize termination policy/procedure will be regularly provided to worker through induction training, meeting, posting on the notification board, etc.
- 4) Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

2. Immediate Action:

- 1) The factory will ensure that the termination procedure is properly implemented. The Human Resources Department has been instructed to send notification letters to the worker by courier or ask His/her brother/sister or his/her friend to give the letter to the pertinent worker on the second and fifth day that the worker is absent without notice.
- 2) The factory will also make an attempt to contact the worker through other methods such as phone, text message, email in addition to sending written notification before proceeding with termination when the worker is absent for 2 days and 5 days, respectively.
- 3) The Human Resources Department will maintain records of notifications sent to relevant employees as well as proof of delivery and receipt by the worker.

Sustainable Action :

- 1) The factory's termination procedure will be regularly reviewed and adjusted as needed to ensure the termination process is in accordance with relevant regulations.
- 2) The factory will regularly monitor the termination process to ensure compliance with factory policies and procedures on termination. Monitoring will include ensuring that the Human Resources Department maintain all notification letters and that others means of notification are being utilized the cases where a worker is absent for 5 days without notice.
- 3) The factory will communicate with workers about the termination policy/procedure regularly through induction training, meeting, posting on the notification board, etc.
- 4) The factory will conduct internal monitoring to ensure the consistent implementation of the policy/procedure and practices. Additionally, proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

3. 0

Action plan status: In progress

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory's workplace rules and regulations do not regulate disciplinary actions in the case of harassment and abuse.
2. The chiefs of production issue unofficial written warning letters to discipline workers. These warning letters are not registered or signed by the HR Manager. For example, one sewing operator was given a warning letter the day after an absence. The warning letter was not numbered or signed by the HR Manager; it was only signed by the production manager and a chief. Only the chief of production maintains a copy of the warning letter; neither the HR department nor the worker is given a copy. Three of the workers sampled confirmed that their chief uses warning letters to scare workers.
3. There is no process for workers to appeal disciplinary actions taken against them. In addition, the disciplinary procedures do not include the workers' right to the presence of a third-party witness during the imposition of disciplinary actions.
4. The official warning letters issued by HR do not include a reference to the relevant misconduct as regulated in factory rules and regulations.
5. Same-gender security guards conduct body pat downs for all workers twice daily, prior to workers leaving the production building at break time and before going home.
6. A box of pregnancy tests is available in the onsite clinic. The nurse on duty stated that the other nurse who was on leave used her own money to buy the pregnancy tests and sells them to workers. Six randomly selected workers stated they know about the availability of pregnancy tests in the onsite clinic. One worker stated that her supervisor suggested that female workers take a test in the clinic in order to find out whether they are pregnant. However, there was no evidence that pregnancy affects workers' employment status.

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmarks ER.2 and ER.27; Harassment or Abuse Benchmarks H/A.6 and H/A.10.2)

Recommendations for Immediate Action

1. Establish and regulate disciplinary actions for cases of harassment and abuse in the factory's workplace rules and regulations.
2. Ensure that all written warnings are issued and approved by the HR department, not by an individual chief /supervisor with the intention of scaring or threatening the workers.

3. Do not conduct physical pat downs as a general practice.
4. Do not keep pregnancy tests in the onsite clinic to prevent superiors from intervening in workers' reproductive plans.

COMPANY ACTION PLANS

1. Immediate Action:

The factory will include harassment and abuse as a violation and reflect this understanding in its policies and procedures.

Sustainable Action :

The factory will maintain and periodically review the disciplinary system and related policy/procedure and practices. All relevant management and supervisors will also be periodically trained on the policy/procedure. Additionally, the communication about disciplinary rules, procedures and practices will be periodically and clearly conveyed to workers (e.g. new workers orientation and existing worker orientation). To measure the effectiveness and confirm worker's understanding after the training/orientation, a simple test/quiz record to worker will be provided to the attendees. Internal monitoring will also be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

2. Immediate Action:

1) The factory will develop clear flow chart of disciplinary procedure process that includes proper issuance of warning letter and those in charged in disciplinary system practice.

2) The factory will ensure all warning letters are submitted, registered and reviewed in Human Resources Department before issuance to the worker.

3) All warning letters will include signature by relevant parties: Human Resources Department Manager and the worker.

Sustainable Action :

The factory will maintain and periodically review the disciplinary system and related policy/procedure and practices. All relevant management and supervisors will also be periodically trained on the policy/procedure. Additionally, the communication about disciplinary rules, procedures and practices will be periodically and clearly conveyed to workers (e.g. new workers orientation and existing worker orientation). To measure the effectiveness and confirm worker's understanding after the training/orientation, a simple test/quiz record to worker will be provided to the attendees. Internal monitoring will also be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

3. Immediate Action:

1) The factory will develop a clear disciplinary system that will include a third party witness during the imposition, and appeal process. This will be included in the factory's rules and regulation.

2) The factory will develop an appeal form as part of the disciplinary procedure that will provide workers the opportunity to write their explanation and/or confirm that a violation has occurred. This appeal form is used as part of investigation process and inform a warning letter if applicable.

Sustainable Action :

The factory will maintain and periodically review the disciplinary system and related policy/procedure and practices. All relevant management and supervisors will also be periodically trained on the policy/procedure. Additionally, the communication about disciplinary rules, procedures and practices will be periodically and clearly conveyed to workers (e.g. new workers orientation and existing worker orientation). To measure the effectiveness and confirm worker's understanding after the training/orientation, a simple test/quiz record to worker will be provided to the attendees. Internal monitoring will also be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

4. Immediate Action

1) The factory will ensure that warning letters will include a reference to the alleged misconduct as regulated in factory rules and regulations.

2) The updated warning letter as mentioned above will be effective immediately and information regarding the revised practiced will be included in the disciplinary system procedure and practices.

Sustainable Action:

The factory will maintain and periodically review the disciplinary system and related policy/procedure and practices. All relevant management and supervisors will also be periodically trained on the policy/procedure. Additionally, the communication about disciplinary rules, procedures and practices will be periodically and clearly conveyed to workers (e.g. new workers orientation and existing worker orientation). To measure the effectiveness and confirm worker's understanding after the training/orientation, a simple test/quiz record to worker will be provided to the attendees. Internal monitoring will also be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards

Action plan status: In progress

5. Immediate Action :

The factory will immediately stop intrusive body searches and physical pat downs unless there is a legitimate reason to do so and upon consent of the worker, or unless an officer from the state/government has ordered the search.

Sustainable Action :

The factory will develop and maintain proper body searches and physical pat downs procedures to ensure it is only allowed to conduct when there is a legitimate reason to do so and upon consent of the worker or when an officer from the state/government has ordered the search. All security guards will be periodically trained on the updated procedure and practices. Additionally, the new policy and procedure will be communicated to workers and security guards. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained in place to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

6. Immediate Action

- 1) The factory has addressed the issue of the nurse selling pregnancy test at the factory's site. The factory will ensure that this does not occur in the future.
- 2) The factory has posted a clear announcement on notification board and in-house clinic prohibiting pregnancy test pack trading in the workplace.
- 3) The factory will provide copy of job description, rights and obligations for all in house paramedics and ensure they are aware of factory protocol, policies and procedures.

Sustainable Action:

- 1) The factory will develop and maintain job descriptions, rights and obligations for all in house paramedic as part of HR policy and procedures.
- 2) The factory will maintain clear rules and regulation about personal business commodity practice by the workers including clear disciplinary sanction for those break the rules.
- 3) The factory will quarterly conduct regular monitoring and evaluation to identify weaknesses and make necessary adjustments for the effectiveness and adequacy of HR policy and procedures communication and implementation.
- 4) The factory will update all relevant rules and regulations and inform all relevant workers.

Action plan status: In progress

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. Based on the factory's contributions to the government healthcare program Badan Penyelenggara Jaminan Sosial (BPJS) for July 2016, 303 out of 1,835 employees (16.51%) are not registered with BPJS.
2. The factory calculates social security (pension fund and pension guarantee program) contributions using basic wages instead of basic wages plus fixed incentives for the "all-in" monthly wage system employees. 224 employees (19 office staff, 8 drivers, 11 male security guards, and 186 production employees) are paid through the "all-in" monthly wage system.
3. According to local law, the factory is allowed to compensate workers that are overtime exempt under an "all-in" system. Overtime exempt workers are managerial staff or hold so-called structural positions within the company. However, assessors noted overtime wage deficiencies for all male security guards because they are paid through the monthly "all-in" wage system. All 11 male security guards work 12-hour shifts and receive a fixed overtime allowance of IDR 685,300 to IDR 1,235,300 (USD 51.85 to USD 93.46) per month instead of the legal overtime rate of 150% for the 1st hour and 200% for consecutive hours. As a result, there was an overtime deficiency of IDR 213,456 to IDR 763,456 (USD 16.15 to USD 57.76) per month.

Local Law or Code Requirement

Law No. 24 Year 2011 Chapter V, Article 15 (1); Government Regulation No. 53 on 8th Amendment on Government Regulation No. 14 (1993) on Social Security (2012), Article 9; Decision of the Minister of Manpower and Transmigration No. KEP 102/MEN/VI on Overtime Work and Overtime Pay (2004), Article 11; FLA Workplace Code (Employee Relationship Benchmark ER.22; Compensation Benchmarks C.1, C.7, and C.10)

Recommendations for Immediate Action

1. Register all workers under the BPJS healthcare program.
2. Calculate social security contributions based on basic wages plus fixed incentives for monthly "all-in" rate employees.
3. Correctly compensate all male security guards who work 12-hour shifts for their overtime hours. Retroactively reimburse workers who were affected by the wage deficiency over the last 12 months.
4. Comply with regulations regarding "all-in" workers (overtime exempt workers). Only compensate qualified staff in this manner.

Compensate all workers according to local law, including accurate overtime compensation.

COMPANY ACTION PLANS

1. Immediate Action:

- 1) The factory has verified data of employees who have not been registered to BPJS healthcare program. Out of the 1,838 workers, there are 336 workers haven't been registered to BPJS healthcare program.
 - a. 85 workers have been registered in Contribution Assistance Recipients (PBI)
 - b. 142 workers have been registered in other business entities/companies (Badan Usaha Lain)
 - c. 9 workers have outstanding payment to BPJS before
 - d. 77 workers have invalid document
 - e. 23 workers have been registered but it is indicated as different people but same national identification (ID)
- 2) The factory has begun to immediately to push workers to complete documents needed to register to BPJS healthcare program
- 3) The factory has coordinated with BPJS staff to settle issue for workers whom can not be registered due to their outstanding payment and this issue is currently still under discussion.
- 4) The factory has submitted the registration for 41 workers that include to PBI to be registered on behalf.
- 5) The factory has given 1 day leave for workers to complete the document for BPJS requirement, but there were only 6 workers who have completed and collected the document, while the others are still waiting for e- KTP.
- 6) The factory has started to register workers who have completed the required documents.
- 7) For those workers who are not currently covered by the BPJS healthcare program, they have been enrolled in the factory's own managed health care service provider (Indosehat).

Sustainable Action:

The factory will maintain a clear Compensation & Benefits policy and procedure to ensure all workers being covered with mandatory BPJS Employment and Healthcare program as soon as they are being hired. A yearly plan basis of BPJS enrollment will be developed to identify those whom have not being covered and when those workers would be covered. Also the communication about Compensation & Benefits rules, procedures and practices will be clearly and periodically conveyed to workers (e.g. new workers orientation and existing worker orientation). To measure the effectiveness and confirm worker's understanding after the training/orientation, attendees will be given simple test/quiz. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records are maintained in place to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

2. Immediate Action:

- 1) The factory will immediately apply calculation of social security (pension fund and pension guarantee program) contributions on basic wages plus fixed incentives for the "all-in" monthly wage system employees as per the law/regulation.
- 2) The factory has submitted data for social security (pension fund and pension guarantee program) contributions by using calculation of basic wages plus fixed incentives for the "all-in" monthly wage system employees.

Sustainable Action :

The factory will revise and maintain Compensation & Benefits rules policy/procedure and practices to include the proper calculation of social security (pension fund and pension guarantee program) contributions for all workers. Also the communication about Compensation & Benefits rules, procedures and practices will be clearly and periodically conveyed to workers. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records are maintained in place to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

3. Immediate Action:

- 1) The factory will review and immediately revise compensation procedure and practice under 'All-In' Payment system category according to law and regulation.
- 2) All workers including security guards whom do not fall under 'All-In' Payment system category will be paid overtime in accordance with regulations.

Sustainable Action :

The factory will review and maintain Compensation & Benefits rules, policy/procedure and practices and gradually accommodate a Wage Scale & Structure as per law/regulation. Also the communication about compensation & Benefits rules, procedures and practices will be clearly and periodically conveyed to workers. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records are maintained in place to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Based on the 50 time records sampled, it was noted that overtime exceeds local regulations. In February 2016, ten workers in the inspection, mechanical, and finishing sections worked up to 4.5 hours of overtime per day (a total of 12.5 hours/day, including 8 regular hours) and up to 22 hours of overtime per week (a total of 62 hours/week, including 40 regular hours and overtime worked on Saturday). In April 2016, six workers from the packing section worked up to five hours of overtime per day (a total of 13 hours/week, including eight regular hours) and up to 16.5 hours of overtime per week (a total of 56.5 hours/week, including 40 regular hours). Eight workers from the inspection and mechanic sections worked up to 4.5 hours of overtime per day (a total of 12.5 hours/day, including eight regular hours). According to legal requirements, overtime can only be performed for a maximum of three hours per day and 14 hours per week.
2. TFactory rules and regulations state that workers are not allowed to decline overtime.
3. The working hours records do not contain identification of pregnant/lactating women or young workers.

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Art 78(1); FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.2, ER.23.2, and ER.23.3; Hours of Work Benchmarks HOW.1, HOW.5, and HOW.8)

Recommendations for Immediate Action

1. Ensure that workers do not work more than 3 hours of overtime per day or 14 hours of overtime per week, as required by local law. Do not include overtime in regular production planning.
2. The 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 issues:
3. Fully document the male security guards' working hours using time cards or another mechanical or electronic recording system.
4. Ensure that overtime approval forms are signed by workers themselves, not forged by administrative staff.
 - 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.
5. Review and update the factory's workplace rules and regulations to ensure that all overtime is voluntary.

COMPANY ACTION PLANS

1. Immediate action:

The factory will strive and maintain total weekly working hours as per local regulation (60 hours/week) by planning and setting production capacity to meet base regular weekly working hours standard, having additional workers as needed particularly for certain circumstances to cope the running production workload, and monitoring the OT work closely to ensure the overtime is under control.

Sustainable action:

- 1) Develop practices and conduct regular analysis of hours of work in their workplaces with a view to progressively reducing excessive hours of work. Additionally the factory will work develop clear procedures on how factory deals with internal and external factors that trigger excessive OT/rest day work for future reference.
- 2) Provide clear periodic communication on the OT work procedures to all workers.
- 3) Enhance new workers skills training to implement an evaluation system to analysis / compare new workers productivity after training.
- 4) Monitor and analyze periodically the excessive OT including rest day work reason by working closely with IE / Production department to understand reasons (internal and external factor) of the excessive OT hours and rest day work .

Action plan status: In progress

2. Immediate Action:

- 1) The factory will remove the rule under article 23 (28) in the Factory's Rules and Regulation regarding prohibition for workers to reject instruction or order from superior to work overtime. The factory will further ensure that all overtime work is conducted on a voluntarily basis. The new rules that state that overtime work is based on voluntarily basis will be endorsed by local manpower department.
- 2) The factory will ensure that the overtime agreement form will be signed by the workers themselves.

Sustainable Action :

The factory will periodically review and maintain the factory's rules and regulation as well as the practices in accordance with most updated law/regulation on overtime. The communication about the contents of factory's rules and regulation as well as the practices will be clearly and periodically conveyed to workers (e.g. new workers orientation and existing worker orientation). To measure the effectiveness and confirm worker's understanding after the training/orientation, a simple test/quiz will be provided to the worker. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records are maintained in place to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

3. Immediate Action:

The factory will arrange and maintain monthly attendance record summary for those workers identified as pregnant/lactating women or young workers to ensure the working hours comply with applicable regulations.

Sustainable action:

The factory will periodically review and maintain proper Working Hours procedure and practice. Furthermore, the factory will ensure that all relevant responsible staff is aware of the policy and procedure. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records are maintained in place to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory has not registered the 177 work agreements for contractual workers made between May and July 2016 with the local labor department.
2. According to management, nine out of 1,854 employees have disabilities. This does not comply with local law that requires the factory to hire one person with disabilities per 100 employees. Thus, for a factory with 1,854 total employees, the factory must employ 19 workers with disabilities. The factory does not have a program to train and hire more workers with disabilities.
3. Performance reviews are conducted for each worker. However, the policies and procedures for performance reviews do not include written feedback. Therefore, no written feedback is provided to workers.

Local Law or Code Requirement

Law No. 13 on Manpower (2003), Article 59 (1); Law No. 4 of 1997 Concerning Persons with Disabilities, Article 14; FLA Workplace Code (Employee Relationship Benchmarks ER.9, ER.14, ER.29.1, and ER.29.1.1)

COMPANY ACTION PLANS

1. Immediate Action:

The factory will change the practice and register work agreements with the local Manpower Department of non-permanent worker (PKWT), if any, on a monthly basis.

Sustainable Action :

The factory will develop and maintain an employment policy/procedure and practice to accommodate the registration of work agreements of non-permanent workers (PKWT) on a monthly basis. Furthermore the factory will ensure that all relevant staff is aware of their responsibility in this regard. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practice. Proper records are maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

2. Immediate Action:

- 1) The factory is committed to promoting a corporate culture of respect, fairness and accessibility in having an inclusive workplace for people with disabilities.
- 2) The factory will work with Better Work to learn and become more knowledgeable on working with workers with disabilities
- 3) The factory will include a job vacancy to welcome those individuals with disabilities to apply to jobs within the factory.

Sustainable Action :

The factory will develop and maintain proper employment procedures and practices relating to workers with disabilities. When needed, the factory will make extra efforts to provide accommodations to workers with disabilities. The factory will communicate to all relevant staff on a periodic basis about the factory's policies and procedures regarding workers with disabilities. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practice. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

3. Immediate Action:

The factory will revise the appraisal procedure for the Individual Development Performance program and outline the review process, demonstrate linkages to job grading and prohibit discrimination. These reviews will be provided to the workers in writing and feedback will be received from the worker in writing. Furthermore the review process will comply with all legal requirements.

Sustainable Action :

The factory will develop and maintain proper employment procedures and practices relating to appraisals for the Individual Development Performance program. The factory will communicate to all relevant staff (e.g. new workers orientation and existing worker orientation), on a periodic basis, information on the factory's policies and procedure regarding appraisals for Individual Development Performance. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not clearly define the person responsible for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relation, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System.
2. The factory has not developed policies and procedures on the review process to ensure that updates are made according to local law and FLA Workplace Code requirements. As a result, factory management does not periodically review its policies and procedures for any Employment Functions.
3. 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.
4. The factory does not communicate the Recruitment, Hiring & Personnel Development, Termination & Retrenchment or Industrial Relations policies and procedures and their updates to the general workforce. They only sporadically communicate this information on the Grievance System with the general workforce.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.25.2, ER.30.2, and ER.31)

COMPANY ACTION PLANS

1. Immediate Action:

The factory will revise the employment procedure and state the title of the individual responsible for the overseeing the following employment functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relation, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System.

Sustainable Action :

The factory will periodically review and maintain the employment procedures to ensure the person responsible is defined for the employment functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relation, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

2. Immediate Action:

The factory will develop a clear timeline for review of employment procedures for every employment function i.e. Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System, to ensure that updates are made in accordance with local law and FLA Workplace Code requirements.

Sustainable Action :

The factory will periodically review and maintain employment procedures for every employment function: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System, to ensure that updates are made according to local law and FLA Workplace Code requirements. Communication to socialize policy/procedure and practice will be provided to relevant staff. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards

Action plan status: In progress

3. Immediate Action:

- 1) The factory will develop employment procedures to request and receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures for every employment function: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System.
- 2) The factory will integrate and consult with workers' representatives through the LKSB Bipartite meeting that is conducted once a month in an effort to incorporate workers in the decision making process surrounding employee issues.

Sustainable Action :

The factory will periodically review and maintain employment procedures on every employment function i.e. Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System. This review will ensure that provisions regarding requesting and receiving workers input/feedback on the creation, implementation and updating of policies and procedures are incorporated. Communication to socialize policy/procedure and practices will be provided to the workers representative via the LKSB Bipartite Forum meeting. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

4. Immediate Action:

The factory will periodically provide information on all policies and procedures to relevant workers for every employment function i.e. Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System. Policies and procedures on Recruitment, Hiring & Personnel Development, Termination & Retrenchment or Industrial Relations and their updates will be communicated to the general workforce (e.g. at new worker orientation, existing worker orientation, posting in notification board). To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding.

Sustainable Action :

The factory will periodically review and maintain employment policy and procedure to deploy clearly communication to all workers in every employment function: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relation, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System to relevant workers. Effective and efficient communication will be maintained. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records are maintained in place to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1.The factory's orientation training does not include information on the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, Grievance System, and Environmental Protection. In addition, workers do not receive written documentation that substantiates all the issues covered in orientation.

2.Ongoing training for workers does not cover Recruitment, Hiring & Personnel Development, Compensation, Industrial Relations, Termination & Retrenchment, Grievance System, and Environmental Protection. Additionally, the factory does not provide specific training for relevant supervisors on any of the Employment Functions.

Local Law or Code Requirement

FLA Workplace Code (Employee Relationship Benchmarks ER.1, ER.15, ER.16.1, ER.17, ER.25.1, ER.26, ER.27, ER.29, ER.30, and ER.32)

COMPANY ACTION PLANS

1. Immediate Action:

- 1) The factory will develop training materials to include Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Environmental Protection. Furthermore, the factory will ensure that the training will be delivered during Orientation Training for new workers.
- 2) The factory will provide a copy of written documents to all relevant workers which will contain information on all issues covered in the orientation

Sustainable Action :

The factory will periodically review, update and maintain training materials which include explanations of the employers' rules regarding Hiring & Personnel Development, Termination & Retrenchment, Industrial Relations, Compensation and Human Resources including respect of the right to Freedom of Association, Health and Safety, and Environmental Protection. Information contained in the training materials will be clearly and periodically conveyed to workers i.e. at new workers orientation and existing worker orientation. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records are maintained in place to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

2.

Immediate Action:

- 1) The factory will develop training materials to include Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Environmental Protection and ensure such training is delivered during new worker orientation and ongoing orientation of existing workers.
- 2) The factory will provide a copy of written documents (e.g. handbook, recap) which will contain information on all issues covered during the respective orientations.

Sustainable Action :

The factory will periodically review, update and maintain training materials which include explanations of the employers' rules regarding Hiring & Personnel Development, Termination & Retrenchment, Industrial Relations, Compensation and Human Resources including respect of the right to Freedom of Association, Health and Safety, and Environmental Protection. Information contained in the training materials will be clearly and periodically conveyed to workers i.e. at new workers orientation and existing worker orientation. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained in to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. There are no procedures to enable workers to raise environmental concerns, report environmental emergencies to management, or protect workers who allege environmental violations.
2. There are no devices, records, or maintenance programs to keep the air emission filter for the boiler machine clean.
3. Based on document review, there is no procedure to enable workers to raise concerns on Health, Safety, and Environmental Protection. In addition, there are no procedures to protect workers who allege environmental or Health & Safety violations.

Local Law or Code Requirement

Government Regulation No. 50 (2012), Article 1; Environmental Minister Decree 13/3/95 Article 7, Subsection 1; FLA Workplace Code (Employee Relationship Benchmark ER.31; Health, Safety & Environment Benchmark HSE.1)

COMPANY ACTION PLANS

1. Immediate Action:

- 1) The factory will revise its health, safety and environmental policies to include information on the procedure workers may use to report environmental emergencies to management and protect workers who allege environmental violations. The policy will also clarify the following topics with regard to environmental policies.
 - a. Employers' responsibilities

- b. Workers' rights and duties,
 - c. Responsibilities of designated personnel,
 - d. Procedures that enable workers to raise health, safety, and environmental concerns
 - e. Procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies, and,
 - f. Protections to workers who allege health, safety, and environmental violations against retaliation.
- 2) Once the policy has been drafted all relevant workers will receive training on the updated policy.

Sustainable Action:

The factory will periodically review, update and maintain health, safety, and environmental policies/Procedures and practices. Information contained in the training materials will be clearly and periodically conveyed to workers i.e. at new workers orientation and existing worker orientation. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulations and PVH standards

Action plan status: In progress

2. Immediate Action:

- 1) The factory will develop a maintenance program to keep the air emission filter for the boiler machine clean.
- 2) The factory will develop and maintain safety maintenance check recording system (e.g. log book, check list, etc.) to monitor the cleanliness of the boiler and the functionality of the emission filter in order to minimize environmental impacts.

Sustainable Action :

The factory will periodically review, update, and maintain the safety maintenance check recording system for machinery including the boiler. All responsible personnel will be trained on how to complete the recording system and conduct routine monitoring. Internal monitoring will be conducted to ensure the consistent implementation of the practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

3. Immediate Action:

- 1) The factory will revise its health, safety and environmental policies to include information on the procedure workers may use to report environmental emergencies to management and protect workers who allege environmental violations. The policy will also clarify the following topics with regard to environmental policies.
 - a. Employers' responsibilities
 - b. Workers' rights and duties,
 - c. Responsibilities of designated personnel,
 - d. Procedures that enable workers to raise health, safety, and environmental concerns
 - e. Procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies, and,
 - f. Protections to workers who allege health, safety, and environmental violations against retaliation.
- 2) Once the policy has been drafted all relevant workers will receive training on the updated policy.

Sustainable Action:

The factory will periodically review, update and maintain health, safety, and environmental policies/Procedures and practices. Information contained in the training materials will be clearly and periodically conveyed to workers i.e. at new workers orientation and existing worker orientation. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records are maintained in place to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

- 1. The main centralized fire alarm, including the backup battery, in production building #1 was turned off or not functioning.
- 2. The batteries are dead in one out of four smoke detectors in the fabric warehouse of production building #2 and one out two smoke detectors in the fabric warehouse of production building #1. The batteries were also dead in two out of six emergency lights in the fabric warehouse.. One emergency light has been removed from the stairwell on the 2nd floor of production building #2 which leads to the

evacuation assembly point .

3. The factory does not provide the appropriate equipment to fight fires, including the correct PPE (e.g. breathing apparatuses).
4. There is no list of the employees (names and/or titles) responsible for managing fire equipment. There are also no lists of the staff responsible for coordinating the evacuation process and responding to emergencies (with their qualifications/certifications-names and/or titles). The emergency team has not been trained in order to effectively execute these responsibilities.
5. The emergency evacuation procedures do not include steps to ensure that all visitors, contractors, service providers, and special categories of workers are safely evacuated. There is no system in place to account for all employees during an emergency evacuation.
6. Assessors observed nine cutting operators wearing damaged metal gloves in the cutting section of production building #1 because there are no replacements available. The boiler operator was only provided a face-shield, not all the proper PPE for hot-work hazards, such as an apron and gloves. In addition, only workers in the chemical and maintenance areas (5% of the production staff) have been trained on PPE usage. The cutting and sewing operators have not received training on PPE use.
7. All of the 68 first aid kits in the factory are missing nine out of the legally required 21 items.
8. The two drinking water taps located outside of production building #1 (on the terrace near the exit door) appear corroded and mossy. There are no drinking water taps inside the building.
9. The boiler tube/pipe leaks water and emits hot smoke that could endanger workers. At least two leakage points were observed in the boiler room and the outdoor area of production building #1.
10. Around 70% of the canteen area is being used for fabric storage. Consequently, most workers have to eat lunch outside, sitting on the ground. The factory has not provided tables or chairs for the workers to use.
11. The factory does not have lockout/tagout procedures or devices.
12. There are two confined spaces in the factory, one on the side of production building #1 and one near the entrance to production building #1. There is no list of confined spaces that require work permits, no procedures for precautions that workers must take before and after entering confined spaces, no signs marking confined spaces, no appropriate protections to prevent accidental entry, no system to ensure that the atmosphere is safe (such as air quality testing), no system to ensure that appropriate measures have been taken to protect workers from any physical hazards in confined spaces, and no appropriate rescue equipment. Employees who enter confined spaces do not know how to do so safely.
13. There are no guidance documents or information for external contractors/service providers concerning Health & Safety.
14. The traffic lanes and walk paths are not marked in the fabric warehouse where forklifts are used within the factory. There are no safety reverse lamps or mirrors on the forklifts. In addition, there are no indicators, convex mirrors, reflectors, etc., installed to ensure safe driving practices on factory premises.
15. There is no ergonomics program to reduce repetitive-motion stress/injuries. None of the workers are trained on proper lifting techniques and the factory has not provided the loading and unloading operators with lifting belts.

Local Law or Code Requirement

Labor Minister Decision KEP.186/MEN on Fire Management Unit in Work Location (1999), Art. 2(2b); Regulation of The Minister of Labor No.7 (1964), Articles 8(1), 8(5) & 13.4; Regulation of the Minister of Manpower No. PER-02/MEN on Automatic Fire Alarm Installations (1983), Article 57; Ministry of Public Works Regulation No. 29/PRT/M/2006 on Guidelines of Technical Requirements for Buildings, Annex I Sec. III.3.4; Decision of Minister of Manpower No. KEP-186/MEN/1999 on Fire Prevention Units at Workplaces (1999), Article 2; Manpower Minister's Regulation No. PER- 15 /MEN/VIII/ on First Aid in Workplace (2008), Annex II; Minister of Labor Regulation No. Per-04/Men on Power and Production Machinery (1985), Article 135 (1); Regulation No. PER-01/MEN (1980), Article 43; Regulation No. PER-08/MEN/VII on Personal Protective Equipment (2010), Articles 4(1), 7 & 8; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6.1, HSE.7, HSE.8, HSE.14, HSE.17, HSE.19, and HSE.23.1; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Ensure that the centralized and battery powered fire alarm system is in working condition at all times.
2. Install smoke detectors and emergency lighting properly and inspect them periodically.
3. Provide proper metal gloves for cutting operators and aprons and gloves for boiler operators.
4. Equip all first aid kits with adequate supplies and check periodically (on a monthly basis) to ensure that the first aid kits are fully stocked.
5. Clean the drinking water taps regularly.
6. Ensure that the boiler pipes are installed properly and free of leaks.

COMPANY ACTION PLANS

1. Immediate Action:

The factory has repaired the electrical problem in the fire alarm system.

Sustainable Action:

The factory will check and maintain the fire alarm system on a monthly basis to ensure meets the following general criteria:

1. Alarm is audible and visible throughout all sections of the factory;
2. Alarm is used only for fire and evacuation notification purposes;
3. Alarm has switches/pull stations that are easily identified and accessible;
4. Smoke or heat detectors area located in required areas and have reliable power source; and
5. Alarms and detectors are regularly tested and inspected.

The safety maintenance record will include monitoring for the alarm system. All responsible personnel will be trained on how to complete the recording system and conduct routine monitoring. Internal monitoring will be conducted to ensure the consistent implementation of the practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

2. Immediate Action:

- 1) The factory has checked and replaced the batteries for the smoke detector and emergency lights in the concerned areas.
- 2) The factory has installed all stairwells with emergency lights.

Sustainable Action:

The factory will maintain the fire alarm system and emergency lights on a monthly basis to ensure meets the following general criteria:

1. Alarm is audible and visible throughout all sections of the factory;
2. Alarm is used only for fire and evacuation notification purposes;
3. Alarm has switches/pull stations that are easily identified and accessible;
4. Smoke or heat detectors area located in required areas and have reliable power source; and
5. Alarms and detectors are regularly tested and inspected.

Also, the factory will ensure that illuminated exit signs are installed at all entrances to an exit and anywhere along the continuation of the egress as may be necessary.

The safety maintenance record will include monitoring for the alarm system. All responsible personnel will be trained on how to complete the recording system and conduct routine monitoring. Internal monitoring will be conducted to ensure the consistent implementation of the practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

3. Immediate Action:

- 1) The factory will maintain a sufficient number of fire extinguishers and fire hoses on site.
- 2) The factory will provide all relevant PPE (e.g. breathing apparatuses) to relevant workers.

Sustainable Action:

The factory will maintain and monitor the fire fighting equipment & PPE on a monthly basis.

The safety maintenance record will include monitoring of the fire equipment and PPE. All responsible personnel will be trained on how to complete the recording system and conduct routine monitoring. Internal monitoring will be conducted to ensure the consistent implementation of the practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

4. Immediate Action:

The factory will update and maintain a site specific emergency response plan that includes procedures that address the most likely emergencies and risks, emergency contact numbers, emergency plans/diagrams, training and roles and responsibilities (e.g. fire brigade team, emergency team, etc.). The factory will also implement the following actions:

1. Provide and display an evacuation plan/diagram in strategic locations in all buildings, rooms and areas of the factory. Evacuation plans will follow local law requirements or in absence of local law, conform to international standards.
2. Ensure that the majority of workers (including management) have a clear understanding of emergency response procedures such as the location of exits, alarms and equipment (such as extinguishers) and their duties in fires and evacuations;
3. Ensure that the emergency response or fire team can demonstrate knowledge and equipment.
4. Provision of fire safety awareness training upon hire.

Sustainable Action:

The factory will periodically review, update, and maintain emergency response plan and practices accordingly. The communication on the emergency response plan will be clearly and periodically conveyed to workers via new workers orientation and existing worker orientation. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

5. Immediate Action:

- 1) The factory will revise and maintain emergency procedure to include steps to ensure that all visitors, contractors, service providers, and special categories of workers are safely evacuated, and to account for all employees during an emergency evacuation.
- 2) The factory will account for all employees during an upcoming emergency fire evacuation drill and record the names to maintain an accurate headcount to be used in the future.

Sustainable Action:

The factory will periodically review, update, and maintain emergency response plans and practices accordingly. The communication on the emergency response plan will be clearly and periodically conveyed to workers. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

6. Immediate Action:

- 1) The factory has provided new metal glove to the relevant workers.
- 2) To avoid poor fitting metal gloves, the factory will provide additional fabric gloves to be used before wearing the metal gloves.
- 3) PPE Training will be provided to all workers on regular basis.

Sustainable Action:

The factory will periodically review, update, and maintain PPE and the relevant training materials accordingly. The communication on PPE will be clearly and periodically conveyed to workers. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

7. Immediate Action:

The factory will re-stock the first aid kit boxes with first aid supplies as required. A log book will be provided to monitor the first aid supplies. An assigned person will be responsible for monitoring the suppliers and the log book to ensure that it is completed appropriately.

Sustainable Action:

The factory will periodically review and maintain first aid supplies and first aid kits as per the requirement. Information on first aid issues will be clearly and periodically conveyed to workers. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

8. Immediate Action:

The factory will provide free hygienic potable drinking water for all workers. Drinking water taps will be cleaned regularly. A person has been assigned to monitor the cleanliness of drinking water tap and the hygiene of portable water.

Sustainable Action:

The factory will periodically review and maintain the cleanliness of the tap as per the stated requirements. The relevant maintenance record will include provisions to monitor the hygiene of drinking water and the cleanliness of the tap. The person responsible for monitoring will be trained on how to complete the recording log. Internal monitoring will be conducted to ensure consistent implementation of the practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

9. Immediate Action:

- 1) The factory has repaired the boiler tube/pipe leaks.
- 2) The factory will develop and maintain safety/maintenance review system (e.g. log book, check list, etc.) to monitor the cleanliness and function of boiler to avoid unsafe conditions.

Sustainable Action :

The factory will periodically review, update, and maintain safety/ maintenance review system for machinery including boiler. All responsible personnel such as mechanics and technicians will be periodically trained on how to complete the recording system. Internal monitoring will be conducted to ensure consistent implementation of the practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

10. Immediate Action:

- 1) The factory has moved all fabric materials to fabric warehouse.
- 2) The factory will improve internal coordination among the related departments (merchandising, warehouse, compliance in charged) to avoid improper placement of materials.
- 3) The factory will build a new building for additional fabric warehousing.

Sustainable Action:

The factory will periodically review and monitor ingoing and out going production/raw material and arrange for proper placement. All responsible personnel work together to avoid recurrence of the problem. Internal monitoring will be conducted to ensure consistent implementation of the practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

11. Immediate Action:

The factory will implement a lockout, tag out system.

Sustainable Action:

The factory will periodically review, update, and maintain Health and Safety procedures to include a safety device related to lockout/tag out for machinery. Information on the procedure and practice will be clearly and periodically conveyed to workers. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

12. Immediate Action:

- 1) The factory will develop and maintain Health and Safety procedures to include information on confined spaces.
- 2) The factory will provide certain markings (e.g. barrier, safety signage, etc) when entering the area of the water toren/reservoir to alert those located in the surrounding area and those working in the water toren/reservoir.

Sustainable Action:

The factory will periodically review, update and maintain the Health and Safety procedure to include guidance on confined space. The communication on the procedure and practice will be clearly and periodically conveyed to the relevant responsible person (e.g. mechanic) and relevant staff (e.g. new workers orientation and existing worker orientation). To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

13.

Immediate Action:

- 1) The factory will develop and maintain the Health and Safety procedure to include guidance concerning health and safety for visitors (e.g. external contractors/service providers).
- 2) The factory will merge the procedure with existing visitor guides and ensure that security guards provide a brief explanation of these guidelines to all visitors.

Sustainable Action:

The factory will periodically review, update and maintain the Health and Safety procedure to include guidance concerning health and safety for visitors (e.g. external contractors/service providers). The communication on the procedure and practice will be clearly and periodically conveyed relevant responsible person (e.g. security guards) and relevant staff. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

14. Immediate Action:

- 1) The factory will review and re-arrange placement of goods and yellow lines for walk pathway and pile of the goods area to create a clear pathway between the sidewalk and forklift in the warehouse.
- 2) The factory has equipped the forklift with mirrors and reverse lamps.
- 3) The factory will install convex mirrors in every corner of the warehouse as well as traffic signs for the forklifts operating in the warehouse.
- 4) The factory will post caution " Hati Hati Forklift" (Means "Watchout for Forklift" along the pathways of the sidewalk.

Sustainable Action:

The factory will periodically review, update and maintain the Health and Safety procedure to include guidance concerning safety hazards for forklift operating area. The communication on the procedure and practice will be clearly and periodically conveyed relevant responsible person (e.g. mechanic, forklift driver) and relevant staff. To measure the effectiveness and confirm PIC/workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

15. Immediate Action:

The factory will take proactive steps to reduce ergonomic stress/injuries by providing proper equipment as needed to avoid ergonomic injury such as lifting belts for loading and unloading operators, floor mats to workers with standing jobs, etc. The factory will also provide training on ergonomic factors and proper practices, such as movements, proper sitting/standing, proper seat adjustment, proper lifting etc., ergonomic exercise periodically (e.g. 10 minutes every day) in workplace.

Sustainable Action:

The factory will periodically review, update and maintain the Health and Safety procedure to include guidance concerning safety hazards for forklift operating area. The communication on the procedure and practice will be clearly and periodically conveyed to the relevant responsible person (e.g. OSH team) and staff. To measure the effectiveness and confirm PIC/workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards.

Action plan status: In progress

16. Immediate Action:

1) The factory will revise health, safety, and environmental policies accordingly and ensure it contains the framework for a comprehensive health, safety, and environmental management system within which the following are clear, regularly tested and reviewed:

- a. Employers' Responsibilities,
- b. Workers' Rights and Duties,
- c. Responsibilities of Designated Personnel,
- d. Procedures that enable workers to raise health, safety, and environmental concerns
- e. Procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies, and,
- f. Protections to workers who allege health, safety, and environmental violations against retaliation

2) When the policy has been drafted, training will be provided to all relevant workers on the updated policy.

Sustainable Action :

The factory will periodically review, update, and maintain health, safety, and environmental policies/procedures and practices accordingly. The communication on the procedure and practice will be clearly and periodically conveyed to the relevant responsible person and staff. To measure the effectiveness and confirm workers' understanding after the training/orientation, a quiz will be administered to record the knowledge uptake and understanding. Internal monitoring will be conducted to ensure the consistent implementation of the policy/procedure and practices. Proper records will be maintained to demonstrate compliance with local regulation and PVH standards

Action plan status: In progress