



INDEPENDENT EXTERNAL ASSESSMENT REPORT

Verification

COMPANY: PVH Corp, SanMar Corporation
COUNTRY: Sri Lanka
PRODUCT: Apparel
PROCESSES: Cut, Sew
NUMBER OF WORKERS: 1085
NUMBER OF WORKERS INTERVIEWED: 45
ORIGINAL ASSESSMENT DATE: 11/24/14
ORIGINAL ASSESSMENT MONITOR: Ask India
VERIFICATION ASSESSMENT DATE: 12/04/17
VERIFICATION ASSESSMENT MONITOR: Insync Global
ORIGINAL ASSESSMENT NUMBER: AA0000000566V

FLA Comment:

This SCI is a verification assessment of assessment AA0000000566. All corrective action plan updates for AA0000000566 will be published on this report.



Understanding this Assessment Report

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

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

Glossary

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

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

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

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

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

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

Finding type

- . *Immediate action required:* discoveries or findings at the workplace that need immediate action because they not only constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.
- . *Sustainable improvement required:* findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- . *Notable feature:* indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

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

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

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

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

Findings and Action Plans

FINDING NO.1

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The written health and safety procedures do not include measures to protect the reproductive health of employees through minimizing exposure to workplace hazards.
2. In the sewing section, finger guards for majority of the sewing machines are not fitted in the correct position, and the majority of the overlock machines do not have air pipes connected to the suction mechanism. The workers operating the overlock machines without functional dust suction mechanism were not using dust masks. The person responsible for maintenance of machine guards was not aware of correct positioning and the purpose of the machine guards.
3. The lid of the steamer in the Boiler section is broken and leaking steam, instead of discharging through the safety outlet pipe.
4. The factory does not provide rubber mats or rubber slippers for standing workers to minimize shock and stress injuries. There is no training provided to workers on ergonomics.

Local Law or Code Requirement

Factories Ordinance sec 39 (4); Factories Ordinance sec 45; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.12, HSE.14, and HSE.17; Nondiscrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Adjust finger guards in sewing machines to the correct positions.
2. Attach air pipes to the dust suction mechanisms on the over lock machines. In the case of an over lock machine without a functional dust suction mechanism, the factory needs to ensure that the operator wears a dust mask
3. Train maintenance personnel who are responsible for regular inspection of the machine guards on the correct positioning of the machine guards.
4. Replace the lid of the steamer in the boiler area.

Action Plan Status:	<ol style="list-style-type: none">1. In Progress2. In Progress3. In Progress4. In Progress
Planned Completion:	<ol style="list-style-type: none">1. 05/19/152. 05/19/153. 02/27/154. 06/30/15
Progress Update:	<p><u>Original Action Plan</u></p> <ol style="list-style-type: none">1. Focused health & safety risk analysis being conducted to understand whether existing factory processes can contribute to deficiencies in reproductive health. Based on the result of the assessment, appropriate trainings will be developed and conducted.2. Immediate Action: Factory will take action to fit the Finger guards in correct position and provide suction mechanism in to overlock machines Factory will conduct an awareness program to mechanics and the Maintenance people regarding the machine equipments, safety guards and their importance <p>Sustainability Action: Factory will include this requirement in to the preventive maintenance plan and will make a system to check the availability of all safety guards on the machines before they are are released to the production floor.</p> <ol style="list-style-type: none">3. Immediate Action: A new lid was fixed and the steam is discharged in a safer way

	<p>Sustainable Action: Maintenance of the Boiler will be included to the monthly preventive maintenance plan Boiler operator will be responsible to notify maintenance issues daily</p> <p>4. Immediate action: Factory will conduct ergonomics training for the employees by 1st week of May 2015 and this training will be conduct by the Cluster Compliance Manager. Sustainable action: Factory will provide rubber mats and chairs to all standing workers. Factory will include an ergonomics training to the training calendar and plan to conduct annual external ergonomics training through the NIOSH (National Institute of Health & Safety) by end of June 2015</p> <p><u>Progress Updates</u></p> <ol style="list-style-type: none"> 09/28/15 : Will verify by factory visit 9/23/15: Factory has been conducting training on various health & safety topics based on need. Factory had not conducted trainings previously regarding reproductive health. Bimonthly training on PPE is covered in our general training for all employees. 09/28/15 : CSR team will plan factory FU visit in order to review progress 09/28/15 : Follow-up visit at the factory to review the progress 09/28/15 : CSR team will plan follow-up visit at the factory to review the progress 9/23/15: Rubber mats have been provided to all workers, and chairs have been placed near the work station for workers with standing jobs to rest. Chairs and rubber mats have been provided to all the workers conducting standing operations. Workers have also been provided awareness training on the benefits of using rubber mats.
Completion Date:	

Verification Result:

1. Finding Status: Remediated

Explanation:

Factory has a written procedure for measures to protect the reproductive health of employees through minimizing exposure to workplace hazards.

2. Finding Status: Not Remediated

Explanation:

Needle guards are pushed upwards on most sewing machines rendering them ineffective. Suction pipes are installed on over lock machines however most of the over lock machine operators were not using dust masks. Fabric dust was seen on hair of workers. [HSE.14]

Root Causes:

Responsibilities are not designated for monitoring use of PPEs and lack of effective training programs

3. Finding Status: Remediated

Explanation:

Boiler unit has been replaced and no leaks were noted

4. Finding Status: Partially Remediated

Explanation:

Anti- fatigue mats have been provided to all workers with standing jobs and workers were seen using these mats. Training on ergonomics is provided to 514 out of 877 workers. Management plans to train the balance workers within next year. Some workstations in the checking and ironing section cannot be adjusted in height. [HSE.17]

Local Law or Code Requirement

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

Recommendations for Immediate Action

1. Install appropriate type of needle guards. Train workers on use of dust masks, assign responsibilities and monitor usage.

Action Plan Status:	<ol style="list-style-type: none">1. Immediate Action: The factory will ensure that designated personnel are looking after their staff and checking the use of eye guards and other related PPE's. Sustainability Action: The factory will provide training to relevant staff and allocated responsibilities appropriately2. Immediate Action: Factory planned to train the balance workers within this year. Relevant workstations in the checking and ironing section will be adjusted in height. Sustainability Action: HR Manager will review the training calendar during the business meeting.
Planned Completion:	<ol style="list-style-type: none">1. 06/30/182. 06/30/18
Progress Update:	
Completion Date:	

FINDING NO.2

COMPENSATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has no formal mechanism to communicate policies and procedures on late arrival deductions to employees. The wage records review and interview with management revealed a large number of late arrival deductions. There is a lot of confusion (e.g., the cutoff for late arrival) among workers regarding this deduction.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.16; Harassment or Abuse Benchmark: H/A.2)

Action Plan Status:	In Progress
Planned Completion:	06/30/15
Progress Update:	<u>Original Action Plan</u> New policy & procedure have been drafted. In this new policy, late arrival fees deductions have been removed. <u>Progress Updates</u> 09/28/15: Will verify progress by factory visit 9/23/15: Factory has stopped deducting for late arrivals. Policy has also been revised.
Completion Date:	

Verification Result:

1. Finding Status: **Remediated**

Explanation:

Based on documentation review, it was found that that there is a written procedure for late arrival at work and deductions. Workers are well aware of the procedure.

FINDING NO.3

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Paints in the chemical storage room do not have labels, appropriate Material Safety Data Sheets (MSDS), and secondary containers. An interview with the person responsible for chemical handling revealed that the factory does not treat paint4ko as a "chemical," therefore; none of the required chemical management procedures are applied to them.
2. The eyewash station outside the chemical storage room is out of order.

Local Law or Code Requirement

Factories Ordinance sec 53 (1)- protection of eyes; Factories Ordinance No. 45 of 1942- occupational health and safety- chemical safety; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.9)

Recommendations for Immediate Action

1. Ensure that all chemicals have the proper label, MSDS, and secondary containers.
2. Fix the eyewash station.

Action Plan Status:	In Progress
Planned Completion:	02/27/15
Progress Update:	<u>Original Action Plan</u> <ol style="list-style-type: none">1. Immediate Action- MSDS for the paints is posted in local language at the chemical store. Factory will provide secondary container for chemicals. Sustainable Action- Chemical handlers were educated on the MSDS. Availability of MSDS for all the chemicals will be assessed/checked by the maintenance team in the monthly internal audits. Workers have been trained on MSDS & Chemical handling. Chemical training records are now been maintained.2. Immediate Action- Eyewash station has been fixed, with water pressure adjusted. Sustainable Action- Chemical handler was made responsible to raise any maintainace issue to the maintenance team. Maintenance officers will check the water pressure and the operation condition weekly. Eye wash station maintance will be included to the preventive maintenance plan. <u>Progress Updates</u> 09/28/15 : A follow-up visit is required at the factory to verify the progress in corrective action as planned by the factory management.
Completion Date:	

Verification Result:

1. Finding Status: Remediated

Explanation:

Based on visual inspection all paints containers are labeled, are provided with secondary containers, and the MSDS is posted in local language

2. Finding Status: Remediated

Explanation:

Eye wash station was functional when tested.

FINDING NO.4

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There are no written procedures for performance reviews as well as for reinstating workers after probation.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.29)

Action Plan Status:	In Progress
Planned Completion:	07/31/15
Progress Update:	<u>Original Action Plan</u> Immediate Action: Develop a grievance policy and procedure on performance reviews and process to follow after probation. The policies will be communicated to workers through the notice board and worker council. Sustainability Action: Appoint the HR manager to take care of the practical difficulties which may arise at the practical use of procedures. Worker grievances/suggestions will be collected and solutions will be also included to the procedures. The policies will be reviewed and renewed annually. <u>Progress Updates</u> 09/28/15: A follow-up visit is required at the factory to verify the progress in corrective action as planned by the factory management. 9/23/15: Recruitment policies & procedures have been drafted. Training has been provided to all employees about the new recruitment policies. The new policies have been posted on the notice board.
Completion Date:	

Verification Result:

1. Finding Status: **Partially Remediated**

Explanation:

Based on documentation review, it was found that factory has written policy and procedures on Performance management, however it is not complete. Policy on performance management defines the objective is “to meet company objective”. Information on “Company Objective” like high efficiency, low defect rate, low absenteeism and retention is not defined or communicated to employees. The objective does not indicate factory’s efforts for personnel development of an employee. The policy on performance reviews does not include steps and processes, demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements. Additionally, the written procedures on performance management do not include steps and processes, linkages to job grading, nondiscrimination, written feedback, and compliance with legal requirements.

Root Causes:

Management was not aware of the FLA workplace benchmark requirements.

Local Law or Code Requirement

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

Action Plan Status:	
Planned Completion:	06/30/18
Progress Update:	Immediate Action: Company will review the policy including high efficiency, low defect rate, low absenteeism and retention. Sustainability Action: Company will educate the head of departments & employees regarding the new policy & follow up will be conducted by the Human Resources Manager.
Completion Date:	

FINDING NO.5

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There is no system in place to take action on the corrections recommended by the fire safety inspection personnel. For example, the suggestion to replace a fire extinguisher has not been followed, and the factory has no plans to replace it.
2. One of the emergency exits in the sewing section, and another in the storage section of Building ENT:2, lead to unsafe evacuation locations, which are obstructed by parked vehicles.
3. The main fire assembly area in the factory was blocked by a loading/unloading vehicle (Truck), and there is no mechanism in place to ensure this does not regularly happen.

Local Law or Code Requirement

Factories Ordinance 1976 sec 42 A (1, 2); Factories Ordinance 1776 sec 39 (2); FLA Workplace Code (Health, Safety & Environment Benchmark HSE.5 and HSE.6.1)

Recommendations for Immediate Action

1. Ensure that the recommendations of the fire safety personnel are implemented in a timely manner.
2. Ensure that the entire evacuation route for the two mentioned emergency exits do not pass through parking areas. Put a mechanism in place to ensure that no one is able to park vehicles in the evacuation routes.
3. Ensure that the assembly area is not used for parking.

Action Plan Status:	1. In Progress 2. Planned
Planned Completion:	1. 02/27/25 2. 03/31/15
Progress Update:	<u>Original Action Plan</u> 1. Immediate Action: Fire Extinguisher was replaced as recommended by Fire Safety Inspector. Sustainable Action: Maintenance manager made responsible to take actions to rectify the issues based on the recommendations from the Fire Safety Inspector. Compliance team will include the fire safety recommendations to be reviewed at the annual compliance assessments. 2. Immediate Action: A separate space was provided for the vehicle parking. Security personnel were advised on the safety procedures and the importance of keeping the evacuation paths and the assembly area clear. Sustainable Action: Notice boards will be always placed to make sure everybody can identify the assembly point and nothing will obstruct the area.

	<p>Compliance team will assess practical as they relate to the assembly area and vehicle parking.</p> <p><u>Progress Updates</u></p> <ol style="list-style-type: none"> 09/28/15 : A follow-up visit is required at the factory to verify the progress in corrective action as planned by the factory management. 9/23/15: All exits are now cleared and free of obstacles. The safe assembly area is clearly marked. The parking area is been shifted to another location. Training has been provided to the line supervisors and all workers to make sure that emergency pathways remain free of obstacles. N/A
Completion Date:	

Verification Result:

- Finding Status:** Partially Remediated

Explanation:

A risk assessment was conducted, however it was not dated. Fire risk assessments are not complete and are missing information, such as: boiler, engineering controls, number of employee present in the work area, and impact of the risk. There is no procedure to revisit or follow up earlier risks that were identified and status post implementing control measures. [HSE.1, HSE.5]

- Finding Status:** Remediated

Explanation:

Areas in front of Exits were clear and vehicles are not parked in front of exits restricting easy access.

- Finding Status:** Remediated

Explanation:

Assembly areas were clear. Appropriate signage has been displayed to warn against parking in these areas.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.5)

Action Plan Status:	
Planned Completion:	06/30/18
Progress Update:	<p>Immediate Action: Factory will complete fire risk assessment including missing information, such as: boiler, engineering controls, number of employee present in the work area, and impact of the risk & with procedure to revisit or follow up.</p> <p>Sustainability Action: Factory will review the fire risk assessment bi annually with the Maintenance.</p>
Completion Date:	

FINDING NO.6

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- There are no grievance policies or procedures to redress the grievances of special categories of workers (e.g., pregnant workers).

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25.3)

Action Plan Status:	In Progress
Planned Completion:	07/31/15
Progress Update:	<u>Original Action Plan</u> Immediate Action: Develop a grievance policy and procedure to address the issues of particular special categories of workers. The policies will be communicated to workers through notice boards and the worker council. Sustainability Action: Appoint the HR Manager to handle grievances of special categories of workers. The policies will be reviewed and renewed annually. <u>Progress Updates</u> 09/28/15 : 9/23/15: Grievance policy & procedures has been drafted and been posted near the canteen. Awareness training has been provided to all employees regarding the new grievance policy and procedures. Focused training will be conducted for all special categories of workers.
Completion Date:	07/31/15

Verification Result:

1. Finding Status: Remediated

Explanation:

Based on management interviews and documentation review, the factory has written policies and procedures for addressing grievances

FINDING NO.7

COMPENSATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has two types of loans that are provided to workers: "Higher Purchase Loans" and "Festival Loans" (ranging from LKR 2000 to LKR 5000 in the case of Festival Loans and higher in the case of Higher Purchase Loans.) However, there are no detailed and clear procedures, terms, and conditions for these loans. The absence of clear procedures and proper communication to workers regarding these loans increases the risk of forced labor in the factory. Once a worker takes a loan, the repayment is automatically deducted from her/his monthly salary over a period of two years for a "Festival Loan," and a longer term for a "Higher Purchase Loan." If an indebted worker wishes to leave employment, he/she is restricted until the complete repayment of these loans. Moreover, two fellow workers are required to be "guarantors" for the loan, which further adds to the risk of forced labor as there is no clear, written, agreement between the company, the indebted worker, and the guarantors. There is potential for a guarantor to force the worker to continue working until the loan is repaid.

Local Law or Code Requirement

FLA Workplace Code (Forced Labor Benchmarks F.2 and F.7)

Action Plan Status:	In Progress
Planned Completion:	06/30/15
Progress Update:	<u>Original Action Plan</u>

	<p>Immediate Action: A clear policy and procedure will be developed by HR and communicate to all the workers. It will include the "Higher Purchase" policy and the procedure on guarantors. Those policies will ensure no worker is bound for their loans at the stage of resigning. They will be established in a manner that workers may pay back the loan even they have resigned.</p> <p>Sustainable Action: All the workers will be notified on the new policies at the induction and before they submit an application for a loan. The practical application of the procedure and the complaints by the workers will be monitored by the Compliance and HR teams. Policy and procedure will be reviewed annually.</p> <p>After discussing within the Joint Council Committee (composed of workers and management), loans will no longer be provided to the employees, but instead workers may request advances from their salaries. The respective policy has been drafted and posted.</p> <p><u>Progress Update</u> 09/28/15 : 9/23/15: After discussing within the Joint Council Committee (composed of workers and management), the factory has decided that the loans will not be provided to the employees. Instead they can request advances from their salary. Policy for the same has been drafted and posted. Minutes of the Joint Council Committee have been posted. Records of salary advances provided to workers are being maintained according to the company policy.</p>
Completion Date:	

Verification Result:

1. Finding Status: Not Remediated

Explanation:

Based on management interviews and documentation review, it was found that are no written procedures for providing loans to employees. Festival advance (35% of monthly basic salary) is provided and amount is recovered in 10 equal installments. Hire Purchase loans are deducted in mutually agreed period (two to five years depending on the loan amount). [F.2 and F.7]

Root Causes:

Lack of clear understanding of the finding and the requirement to document the procedure.

Local Law or Code Requirement

FLA Workplace Code (Forced Labor Benchmarks F.2 and F.7)

Action Plan Status:	
Planned Completion:	06/30/18
Progress Update:	<p>Immediate Action: Factory will update the written procedures for providing loans to employees & hire Purchase loans.</p> <p>Sustainability Action: Factory will educate head of the departments & employees about written policy & follow up will be conducted by HR department.</p>
Completion Date:	

FINDING NO.8

COMPENSATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There are no written procedures for the following cash benefits provided by the factory:

- a. Production incentives, although there are calculation formulas, there are no written procedures.
 - b. Merit incentive
 - c. Attendance incentive and deductions on late arrival
 - d. Festival Advances
 - e. Death donation (including repayment procedures)
 - f. Scholarship for grade 5 student employees
 - g. Welfare contributions
2. There are no procedures for outstanding/due/unclaimed wages, and the payout process to resigned/terminated workers.
 3. According to management, for workers who are paid in cash and have left the company without prior notice or claiming their wage balance; the wages are transferred into a separate bank account and the worker is notified in writing. However, this is not included in the written procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.1; Compensation Benchmark C.17)

Action Plan Status:	<ol style="list-style-type: none"> 1. Planned 2. In Progress
Planned Completion:	<ol style="list-style-type: none"> 1. 07/31/15 2. 07/31/15
Progress Update:	<p><u>Original Action Plan</u></p> <ol style="list-style-type: none"> 1. Immediate action: Factory will create a procedure for the mentioned activities and will communicate to the employees and HR staff. The workers will have the opportunity to inquire about any of the benefits at the employees council. Sustainable Action: Established procedure will be include in the induction program and communicated to new employees. Worker suggestions will be accepted and initiated to make for better worker well-being. 2. Immediate action: Factory management will create a procedure for outstanding and unclaimed wages, which will specify how accumulated balances will be handled. Sustainable Action: Developed procedure will be communicated to HR and the Finance teams for future accounting of wages. Auditing the balance of this fund will also be included to annual labor/finance assessments. <p><u>Progress Updates</u></p> <ol style="list-style-type: none"> 1. N/A 2. 09/28/15 : 9/23/15: Policy and procedures are drafted being implemented. Employees are trained regularly on the benefits of these policies & procedures. Training has been provided to all the employees on the updated policy & procedures.
Completion Date:	

Verification Result:

1. Finding Status: Not Remediated

Explanation:

Based on management interviews and documentation review, there are no written procedures for cash benefits provided by the factory. [ER.1.1, C.17]

Root Causes:

As stated by the management, the payroll system and policies are being updated and all policies and procedures will be documented in 2018.

2. Finding Status: Not Remediated

Explanation:

Based on documentation review, the factory does not have written procedures for claiming outstanding dues. [ER.1.1, C.17]

Root Causes:

As stated by the management, the payroll system and policies are being updated and all policies and procedures will be documented in 2018.

3. Finding Status: **Not Remediated****Explanation:**

Based on management interviews and documentation review, there are no written procedures for transfer of wages to the bank accounts of workers who have left employment. [ER.1.1, C.17]

Root Causes:

As stated by the management, the payroll system and policies are being updated and all policies and procedures will be documented in 2018 hence this was not addressed earlier.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.1; Compensation Benchmark C.17)

Action Plan Status:	
Planned Completion:	<ol style="list-style-type: none"> 1. 06/30/18 2. 06/30/18 3. 06/30/18
Progress Update:	<ol style="list-style-type: none"> 1. Immediate Action: Factory will update the written procedures for cash benefits given to employees. Sustainability Action: Factory will educate head of the departments & employees about written policy & follow up by HR department. 2. Immediate Action: Factory will update the written procedures for claiming outstanding dues. Sustainability Action: Factory will educate head of the departments & employees about written policy & follow up by HR department. 3. Immediate Action: Factory will update the written procedures for transfer of wages to the bank accounts of workers who have left employment. Sustainability Action: Factory will educate head of the departments & employees about written policy & follow up by HR department.
Completion Date:	

FINDING NO.9**COMPENSATION**

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is a voluntary welfare system for workers with a monthly deduction of LKR 15. However, worker interviews revealed that this scheme is mandatory for workers, and that many workers were unaware of purpose and usage of this deduction. There were no workers who were not part of this system. Although interviewed workers consider this system beneficial, none of them were aware that this deduction was voluntary. Management keeps signed documents from all workers authorizing this deduction; however, the document is signed prior to orientation about the welfare system.

Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmark C.12)

Action Plan Status:	In Progress
Planned Completion:	05/30/15
Progress Update:	<u>Original Action Plan</u> Immediate action: Factory will conduct training first at induction of workers, explaining the welfare system to the employees and only take signatures of those who want to participate after understanding the process and benefits. Sustainable action: Factory will include discussion of the welfare system in the monthly employees council and display the meeting minutes in the common notices board, which will allow all workers to understand the amount of funds collected, how the system has been used, and what type of benefits they have received. Anyone who wants to withdraw from the system will be permitted, and processes for such withdrawal will be communicated through minutes posted on the notice board. <u>Progress Updates</u> 09/28/15 : 9/23/15: Awareness training has been provided to all workers on the purpose and need for deducting 15 LKR monthly. Records on the awareness training have been maintained. The training module is also included in the induction training for the newly hired workers.
Completion Date:	

Verification Result:

1. Finding Status: **Not Remediated**

Explanation:

Based on worker interviews and documentation review, the workers are unaware of the calculations for voluntary deduction towards welfare system. [C.12]

Root Causes:

As a requirement of signing on all employment related documents during the hiring process, workers sign on the consent form as well. Workers interviewed were not aware of the calculations for the deductions though they are aware of the deductions. Training and awareness programs were not effectively conducted and no feedback is taken to confirm awareness and understanding.

Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmark C.12)

Action Plan Status:	
Planned Completion:	06/30/18
Progress Update:	Immediate Action: Training and awareness programs will be conducted regarding calculations for voluntary deduction and no feedback will be taken to confirm awareness and understanding. Sustainability Action: This will be Monitored by HR & payroll during random Interviews.
Completion Date:	

FINDING NO.10

WORKER INTEGRATION (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The Worker Integration component is missing from all Employment Functions. The factory does not have policies and procedures to receive worker input/feedback on the creation, implementation, and revision of its policies and procedures. Although there is an Employee Council, workers are neither systematically integrated nor consulted in the decision-making processes.

Local Law or Code Requirement

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

Action Plan Status:	In Progress
Planned Completion:	07/31/15
Progress Update:	<u>Original Action Plan</u> Immediate Action: Factory will develop a policy and a procedure on worker engagement on the operation of the Employee Council. HR manager will be present in all respective meetings. The president of the committee will be made responsible to communicate and work together with management on worker-related decisions. Sustainability Action: HR Manager will monitor all the worker council meetings and work with the workers on worker well-being. Minutes of the meetings will be communicated to all the workers by posting on the notice board. Policies will be updated annually to ensure that they are followed accordingly. <u>Progress Updates</u> 09/28/15 : Follow-up visit is required at the factory to verify the progress in corrective action as planned by the factory management. 9/23/15: Factory has a functional Joint Council Committee (composed of workers and management), which meets once per month and also as otherwise required. The minutes are posted. Changes in policies and procedures are discussed by the Joint Council Committee and such information is passed to the rest of the workers by the members individually and also the posting of minutes in local language.
Completion Date:	

Verification Result:

1. Finding Status: **Not Remediated**

Explanation:

Based on worker interviews and documentation review, worker integration is missing across all employment functions and workers are not consulted while drafting policies and procedures. [ER.1.3 and ER.25.2, ER.29, ER.30]

Root Causes:

Policies and procedures are made by the factory management based on legal guidelines. Irrespective of worker's integration, changes cannot be made unless approved by the labor department and Board of Investments.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25.2, ER.29, ER.30)

Action Plan Status:	
Planned Completion:	06/30/18
Progress Update:	Immediate Action: Factory will implement the procedure to improve the worker integration when drafting policies & procedures through the employee council. Sustainability Action: HR Manager will monitor all the worker council meetings and work with the workers on worker well-being. Minutes of the meetings will be communicated to all the workers by posting on the notice board. Policies will be updated annually to ensure that they are followed accordingly.
Completion Date:	

(NEW) FINDING NO.11

POLICIES & PROCEDURES (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is no written policy on Industrial Relations. Procedure on Employee Relations defines action that would be taken in case of illegal strike or riots, however, it does not define steps for communication between management and workers. [ER.1, ER.25]
2. Workplace conduct, and discipline written procedures do not define the requirement to record all warnings and disciplinary actions, and filing requirements. [ER.27]
3. There are no written procedures regarding compensation, however, some information on compensation and benefits is provided in hand book. [ER.1]
4. There is no written procedure for Retrenchment. Furthermore, written procedure for termination does not include information on calculation of payouts. Written procedures on Termination and Retrenchment are not dated and review period is not defined. [ER.32, ER.19]
5. Health and Safety written procedures do not include the following information:
 - a. Standard Operating Procedures (SOPs) for each job with a focus on performing the job safely,
 - b. Steps for workers to raise health and safety concerns,
 - c. What workers should do in case of injury.

Furthermore, there are no written procedures on safe evacuation of special category of workers including designated assembly areas for these workers. [ER.16 and ER.31]
6. Environment written procedures do not include the following information: [HSE.1]
 - a. Procedures for monitoring usage of water,
 - b. Procedures enable workers to raise environmental concerns
 - c. Procedures for reporting environmental emergencies
 - d. Protections for workers who allege environmental violations

Local Law or Code Requirement

FLA Workplace Code (Employment Relation Benchmarks ER.1, ER.1.3, ER.16, ER.19, ER.25, ER.27, ER.31, and ER.32; Health, Safety & Environment Benchmarks HSE.1)

Action Plan Status:	
Planned Completion:	<ol style="list-style-type: none"> 1. 12/30/2018 2. 12/30/2018 3. 12/30/2018 4. 12/30/2018 5. 12/30/2018 6. 12/30/2018
Progress Update:	<ol style="list-style-type: none"> 1. Immediate Action: Factory will develop and communicate the Industrial Relations policy to all workers. Sustainability Action: Factory will develop a written policy on Industrial Relations and communicate the policy to all employees. 2. Immediate Action: The factory will update the procedures to define the requirements relating to warnings, disciplinary actions and filing requirements. Sustainability Action: The factory will train the team handling implementation of this procedure. 3. Immediate Action: A manual on compensation will be developed. Sustainability Action: The factory will develop / communicate information contained in the manual to Management / employees / HR personals. 4. Immediate Action: The factory will draft a written procedure on retrenchment which will be dated and a review period defined. Sustainability Action: The factory will use the ISO standard to write / update

	<p>documents / procedures as required.</p> <p>5. Immediate Action: The factory will draft policies to address the non-compliances mentioned. Sustainability Action: The factory will draft SOP's for each job task, steps to raise health and safety issues and steps to follow in case of injury.</p> <p>6. Immediate Action: Policies will be updated as required. Sustainability Action: Policies will be developed and implemented. All parameters will be checked.</p>
Completion Date:	

(NEW) FINDING NO.12

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Performance evaluation is conducted for machine operators only and no evaluation is conducted for other category of workers like helpers, cutters, ironers and packers. Annual increments as legally required are provided for these workers. [ER.29]
2. Review of signed agreements with service providers revealed (1)Working hours defined for workers for janitorial services is from 7am to 6pm (11 hours) from Monday through Saturday with a day with a break of 1 hour. This could be a risk fir involuntary overtime. (2) Age for hiring is not recorded and (3) use of PPE is not recorded. Information on working hours and age of hiring workers is not defined in the agreement with Security service provider. "Bren Security (Pvt) Ltd. Requirement for use of PPE is not included in the agreement with canteen service provider. [ER.1]
3. Factory does not clearly define the responsible/accountable person(s) for Freedom of Association, Workplace conduct and Discipline, Grievance and Environment while it is defined in writing for other employment functions like Compensation, hours of work, Health and Safety, Recruitment and Hiring and Termination and Retrenchment. [ER.1]
4. There is no written job description prepared for any positions. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relation Benchmarks ER.1, and ER.29)

Action Plan Status:	
Planned Completion:	<ol style="list-style-type: none"> 1. 12/30/18 2. 12/30/18 3. 12/30/18 4. N/A
Progress Update:	<ol style="list-style-type: none"> 1. Immediate Action: An evaluation will be conducted for the remaining category of works. Sustainability Action: We will make sure to develop, and implement the system for an evaluation of all categories. 2. Immediate Action: The documents will be reviewed and all clauses which are not in compliance with the standard will be amended with immediate effect. Sustainability Action: All agreements and procedures will be reviewed and amended accordingly. 3. Immediate Action: The factory will define a responsible and accountable person for the policies in question. Sustainability Action: These policies will be reviewed and updated accordingly. 4. Immediate Action: Job descriptions are drafted. Please see attached as evidence.

Completion Date:	
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(NEW) FINDING NO.13

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- Supervisors have not been trained on Recruitment, Hiring and Personnel Development, Workplace conduct and Discipline, Compensation and Hours of Work. [ER.17]
- Freedom of Association and Hiring and Recruitment practices are not included in the induction program. [ER.15]
- Training on compensation has been provided to 159 out of 877 workers in the past 12 months. Termination training has been provided to 159 out of 877 workers in the past 12 months. [ER.1, ER.15]
- The factory does not provide ongoing training to all workers on the following Employment Functions: Recruitment, Hiring and Personnel Development, Hours of Work, Industrial Relations and Freedom of Association, Workplace Conduct and Disciplinary Practices, Environmental Protection. In the past 12 months, 159 out of 877 workers are trained and the rest will receive training later. [ER.1, ER.25]
- Out of 877 workers, 374 have been provided with specific training on use of PPE in the last 12 months. Training on ergonomics, including lifting techniques has only been provided to 514 out of 877 workers in the last 12 months. [ER.1, HSE.17]

Local Law or Code Requirement

FLA Workplace Code (Employment Relation Benchmarks ER.1, ER.15, ER 17, and ER.25; Health, Safety & Environment Benchmark HSE.17)

Action Plan Status:	
Planned Completion:	<ol style="list-style-type: none"> 08/30/18 12/30/18 12/30/18 12/30/18 12/30/18
Progress Update:	<ol style="list-style-type: none"> Immediate Action: This parameter will be added to the Training Calendar 2018 Sustainability Action: We will monitor and implement this training to all levels required. Immediate Action: The factory will add Freedom of Association and Hiring and Recruitment practices to the induction program Sustainability Action: The factory will add the topics to induction training. Immediate Action: The factory will train the remaining employees on compensation. Sustainability Action: All employees will be trained on compensation by the end of 2018. Immediate Action: The factory will provide training on Recruitment, Hiring and Personnel Development, Hours of Work, Industrial Relations, Freedom of Association, Workplace Conduct, Disciplinary Practices and Environmental Protection. Sustainability Action: All trainings are planned to make sure all employees have been educated on these areas. By the end of 2018 we will train all employees as required. Immediate Action: The factory will ensure that all employees are trained on the use of PPE including ergonomics and lifting techniques. Sustainability Action: All trainings are planned to ensure all employees are educated on the respective topic. By 2018 we will train all employees as required.
Completion Date:	

(NEW) FINDING NO.14

HEALTH AND SAFETY (GENERAL)

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Traffic lanes and walk paths are not marked. The factory does not provide any visual management such as indicators, convex mirrors in dead ends, reflectors, etc., to ensure safe driving practices on factory premises. HSE.1
2. Confined spaces do not have signs. HSE.1
3. While the factory provides helmets in the fabric and accessories storage area, workers are not using them. HSE.7, HSE.8
4. Hand gloves are kept in open packets in first aid kits instead of being kept in sealed containers. HSE.18
5. Load capacity is not marked on the storage racks on the fabric and accessories storage area. HSE.1
6. Lifting belts are not provided to loaders and un-loaders. HSE.17
7. Locking arrangement on wheels attached to two step ladders was not effective and ladders could be moved after locking the wheels. HSE.14
8. Hand drying facility is not provided in toilets. HSE.20
9. Safety shoes used by a worker working near the boiler is damaged. HSE.8
10. Hazard label is not posted on paint thinner container, and no spill response kit is provided in oil and paint storage areas. HSE.9
11. Cooks are not using hair nets, nose masks, and aprons while cooking. One cook handles raw food without gloves. Shoes are not provided to washers and cooks to prevent injury from spilling of hot oil or water. Cloth aprons are provided to kitchen workers and washers, which does not prevent water/oil from sticking to clothes and this could cause infection. Raw and cooked food is kept open in containers with no lids on them. HSE.22
12. Insect and fly repellent is not installed in kitchen and dining areas. Consequently, flies were found in these areas. Fans in dining areas had lint, which could fall in food when they are switched on. HSE.22
13. The drinking water is from the same taps that are used for hand washing, therefore water from the hand washing may contaminate drinking water. While most workers have individual cups, some use their hands to collect drinking water. HSE.23
14. There are no safety instructions displayed or posted near machinery. HSE.14

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.7, HSE.8, HSE.9, HSE.14, HSE.17, HSE.20, HSE.22, and HSE.23)

Recommendations for Immediate Action

1. Mark traffic lanes and walk paths inside the factory. Provide visual management such as indicators, convex mirrors at blind turns and reflectors to ensure safe driving practices on factory premises.
2. Mark confined space indicating it as such and to warn workers.
3. Educate and monitor use of helmets when workers work at heights in the fabric and accessories storage area.
4. Store hand gloves in sterilized condition in first aid kits instead of keeping them in open packets.
5. Mark load capacity on storage racks on the fabric and accessories storage area.
6. Provide lifting belts to loaders and un-loaders.
7. Repair and ensure locking arrangement on wheels attached to two step ladders is effective and ladders don't move after locking the wheels.
8. Provide hand-drying facility in toilets.
9. Post hazard label on chemical container and provide spill response kit in oil and paint storage areas.
10. Monitor and ensure cooks wear nose mask, hair caps, hand and aprons while cooking food. Finger nails of food handlers should be trimmed. Provide appropriate clothing to kitchen workers. Cooked and raw food should be kept covered.
11. Install insect and fly repellents in kitchen and dining areas and maintain fans free of lint.
12. Drinking water and hand wash taps should be separated to avoid contamination of drinking water.
13. Post safety instructions near applicable machinery.

Action Plan Status:	
Planned Completion:	<ol style="list-style-type: none"> 1. 07/20/18 2. 03/30/18 3. 03/29/18 4. 03/29/18 5. 06/22/18 6. 07/22/18 7. 07/22/18 8. 07/22/18 9. 04/07/18 10. 04/07/18 11. 04/07/18 12. 04/07/18 13. 04/07/18
Progress Update:	<ol style="list-style-type: none"> 1. Immediate Action: Factory will mark Traffic lanes and walk paths & will provide visual management such as indicators, convex mirrors in dead ends, reflectors, etc., to ensure safe driving practices on factory premises. Sustainable Action: Factory will monitor the progress 2. Immediate Action: Factory will display confined space signs at relevant areas. Sustainable Action: Factory will educate the employees regarding confined space requirements. 3. Immediate Action: Factory educate all relevant employees on using helmets when applicable. Sustainable Action: Compliance officer will monitor the progress during internal audits. 4. Immediate Action: Factory will inform the medical center staff to keep hand gloves in sealed containers. Sustainable Action: Compliance officer will monitor the progress during internal audits. 5. Immediate Action: Factory will mark the load capacity on storage racks on the fabric and accessories storage area. Sustainable Action: The factory will communicate with the relevant employees and authorities on this topic to ensure compliance. This will monitor by internal audits. 6. Immediate Action: Factory will purchase the lifting belts for loaders and un-loaders. Sustainable Action: Compliance executive will monitor the availability of belts. 7. Immediate Action: Factory will reorder the ladder wheels for step ladders. Sustainable Action: Compliance officer will check monthly & will aware the relevant employees. 8. Immediate Action: Factory will purchase the hand driers for toilet area. Sustainable Action: Compliance officer will check the working condition during internal audits. 9. Immediate Action: Factory will label the thinner containers & will arrange the spill response kit for oil and paint storage area. Sustainable Action: Compliance officer will check the labels & spill kit during the internal audit. 10. Immediate Action: Factory inform the kitchen workers to use hair nets, nose masks, gloves and aprons while cooking, meanwhile factory will advise the service provider to provide the shoes for washers & cooks and suitable apron to prevent infection. Furthermore, the factory will advise kitchen workers to keep cooked and raw food covered. Sustainable Action: Administrative Executive, compliance executive & nurse will check during random visits. 11. Immediate Action: Factory will purchase & install insect and fly repellent in kitchen and dining area & will move the fan or food to prevent falling foreign objects. Sustainable Action: Administrative Executive, compliance executive & nurse will check during random visits. 12. Immediate Action: Factory will arrange separate taps for drinking water & will separate washing taps to prevent contamination.

	<p>Sustainable Action: Administrative Executive, compliance executive & nurse will check during random visits.</p> <p>13. Immediate Action: Factory will display the safety instructions near the machinery. Sustainable Action Maintenance manager & compliance executive will check the availability of the instructions.</p>
Completion Date:	

(NEW) FINDING NO.15

HEALTH AND SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The in house fire brigade does not have the appropriate equipment to fight fires (including the correct PPE, e.g., breathing apparatus). [HSE.5]
2. Fire drill logs do not have information on special category of worker and visitors. ER.2

Local Law or Code Requirement

FLA Workplace Code (Employment Relation Benchmark ER.2; Health, Safety & Environment Benchmarks HSE.1 and HSE.5)

Action Plan Status:	
Planned Completion:	04/07/18
Progress Update:	<p>Immediate Action:</p> <ol style="list-style-type: none"> 1. Factory will discuss with the cluster compliance team regarding in-house fire team equipment's & will comply accordingly. 2. Factory will include a section in the fire drill log for special category of workers & visitors. <p>Sustainable Action:</p> <ol style="list-style-type: none"> 2. Factory will monitor the visitors & special category workers during the fire drill.
Completion Date:	

(NEW) FINDING NO.16

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not have a time recording system to identify pregnant or lactating women, or workers under age 18. [HOW.5]

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmark HOW.5)

Recommendations for Immediate Action

1. Establish a system to identify pregnant and lactating women and workers under age 18 to ensure their entitled legal rights concerning work hours.

Action Plan Status:	
Planned Completion:	04/07/18
Progress Update:	Immediate Action: The factory will establish a system to identify pregnant and lactating women and workers under age 18 to ensure their legal rights concerning work hours are respected. Sustainable Action: The factory will monitor the process through the medical center & will follow up with the HR team.
Completion Date:	

(NEW) FINDING NO.17

REVIEW (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not regularly review of its policies and procedures for the following Employment Functions: Recruitment, Hiring and Personnel Development, Termination and Retrenchment, Workplace Conduct and Discipline, Industrial Relations Policy and Procedures, Grievance System, Environmental Protection, and Health and Safety. Additionally, the date of creation for all policies is January 1, 2017. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relation Benchmark ER.1)

Action Plan Status:	
Planned Completion:	08/30/18
Progress Update:	Immediate Action: The Factory will put in place a procedure for regular review of policies and procedures for Recruitment, Hiring and Personnel Development, Termination and Retrenchment, Workplace Conduct and Discipline, Industrial Relations Policy and Procedures, Grievance System, Environmental Protection, and Health and Safety. Sustainable Action: The factory will communicate this revision in procedure to the divisional HR team.
Completion Date:	