



COMPANIES: PVH Corp
COUNTRY: Sri Lanka
ASSESSMENT DATE: 06/20/18
ASSESSOR: Insync Global
PRODUCTS: Apparel
NUMBER OF WORKERS:

Understanding this Assessment Report

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

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

Summary of Code Violations

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

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

FLA Code Element	Violations
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Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The factory does not maintain written policies on the employment functions pertaining to Industrial Relations and Personnel Development. [ER.1, ER.28, ER.29, ER.30]

2. The factory does not maintain written procedures on the employment functions pertaining to Compensation, Hours of Work, and Termination & Retrenchment. [ER 1, ER.19, ER.23, ER.32]

3. The written procedures do not define the need to train employees on Hiring & Personnel Development, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline (except parameters on Health & Safety and Environment). [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.23, ER.28, ER.29, ER.30, ER.32).

COMPANY ACTION PLANS

1. 1 & 2 . Factory already have the policies for all mentioned areas and have the procedures to follow the same. The procedures need to be documented and include to HR manual. 3. Factory will be add the training procedures for particular areas.

Action plan status: Completed

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not provide supervisors with training on the following employment functions: Recruitment, Hiring & Personnel Development, Compensation, Industrial Relations, Workplace Conduct & Discipline, Environmental Procedures, and Health & Safety. [ER.17]

2. The factory does not provide ongoing training for workers on the following employment functions: Recruitment, Hiring & Personnel Development, Compensation, Industrial Relations, Workplace Conduct & Discipline, Environmental Procedures, and Health & Safety. [ER.1]

Local Law or Code Requirement

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

COMPANY ACTION PLANS

1. Factory will arrange the required training for Supervisors.
2. Factory will arrange the required trainings for the employees.

Action plan status: Completed

Completion date: 12/31/18

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory does not define a review period for written policies and procedures on the employment functions. [ER.1, ER.29.1.1, ER.30.2, ER.31.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1, ER.29.1.1, ER.30.2, ER.31.1)

COMPANY ACTION PLANS

1. All required policies are reviewing by annually. Will be prepare a SOP for the policy review as a document.

Action plan status: Completed

Completion date: 12/31/18

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not have a Competency Certificate of the engineer who inspected the factory building for the safety of the building structure. The report for the inspection conducted on July 8, 2017 was made available for review. [HSE.1]

2. The factory safety officer conducted a training on waste management on November 16, 2017 for the maintenance team and one

worker from each production process. This training is not adequate to communicate the objective and procedures and create awareness for all employees. This training should be provided for all employees. [HSE.1]

3. There are no Standard Operating Procedures for each job with the focus on performing the job safely, measures to protect the reproductive health of workers through minimizing exposures to workplace hazards, steps for workers to raise health and safety concerns, and/or protection against retaliation for workers who raise health and safety concerns. [ER.31]

4. Training on Personal Protective Equipment is provided to workers from the cutting, packing sections and to maintenance workers. Training is not provided to workers who may be required to use dust masks to prevent breathing in fabric dust. 93 out of 466 workers have been trained so far. Trainings were conducted on November 1, 2015 (17 workers), November 8, 2016 (22 workers), and on November 11, 2017 (54 workers). [HSE.8]

Local Law or Code Requirement

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

COMPANY ACTION PLANS

1. Chartered Engineers are not providing their certificates seal mentioned their authorized membership number in their seal which has observed the auditor. Interested parties able to check with the chartered institute for the required authenticity.
2. Waste management training will be conducted for all employees.
3. Factory already have a committee to discuss health and safety related matters, factory always encouraged them to provide inputs instead the retaliation. How ever the EHS meeting and communication proceed will be documented.
4. factory will conduct training for employees to wear dust mask during working hours .

Action plan status: Completed

Completion date: 12/31/18

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not have a written policy on Personnel Development. [ER.28, ER.29, ER.30]
2. The written procedures do not define steps for hiring indirect employees, including the seven security guards. [ER.1]
3. The written policy for Performance Management does not include steps and processes for conducting evaluations, does not demonstrate linkages to job grading, does not prohibit discrimination, and does not provide for written feedback. [ER.1]
4. The factory's procedures do not include steps for promotion, demotion and reassignment. There is no requirement for providing written outcomes of evaluations to employees. [ER.1]
5. The factory does not conduct performance evaluations for all workers and there are no defined timelines for conducting performance reviews. Performance evaluations related Based on the observations from the daily evaluation conducted by work study team, performance evaluations related to skills are conducted upon worker request and are used to give workers wage increase. Workers do not sign evaluation reports (sheets). [ER.29]
6. The orientation program is conducted for a period of two hours and information on the factory's policy and procedures is provided. Workers are provided with a handbook that contains information on policies and procedures. Information on Freedom of Association and Industrial Relations, Recruitment, Hiring and Personnel Development, and Environmental Procedures is not included in the handbook. The orientation program is not detailed and does not include information on calculations of wages, benefits, and incentives. [ER.15]
7. The factory does not provide written communication to workers when they are given raises and their wages are increased. Written communication is provided only when increments are provided based on seniority or there is a change in designation (such as a worker transitioning from a machine operator to a training supervisor). [ER.1]
8. The factory does not provide job descriptions for those responsible for managing employment functions. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1, ER.15, ER.28, ER.29, ER.30)

COMPANY ACTION PLANS

1. 1. Factory will prepare a policy for personnel development.
2. Factory will add the 3rd party employees hiring procedures to the existing hiring procedure.
3. Factory will prepare a detailed employee grading procedures and add to the performance management systems.
4. Factory will improve the existing procedures with required points.
5. Factory will include the required points for the grading procedures.
6. Factory will strengthen the induction program with required information, and update the hand book accordingly.
7. Factory will take action to issue a letter for increments such as grading allowances etc in future. 8. Factory will provide the JDs for required staff accordingly.

Action plan status: Completed

Completion date: 12/31/18

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. The HR Procedure Manual, Clause no 20.5.1 Age of Retirement states that the age of retirement in the company shall be 55 years for male employees and 50 years for female employees. This clause violates FLA Workplace Code on Non-discrimination. No notice of retirement is required but the factory issues letters confirming retirement to the employees reaching their 50th or 55th birthdays. [ND.2.1]

Local Law or Code Requirement

FLA Workplace Code (Non-discrimination Benchmark ND.2.1)

COMPANY ACTION PLANS

1. This issue already have addressed to the senior management level and discussion is going on to finalize the retirement age for one flat form.

Action plan status: Completed

Completion date: 12/31/18

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The written procedures do not define the process for the election of representatives to the Employee Council. Management stated that they received only one nomination from each department and each nominee was confirmed as a member of the council. Management is not aware of what election process is to be followed. Although there was only one nominee from each department, the factory should have election processes and document evidence of workers' consent for the nominated person to represent them. [ER.1]

2. Clause 16.1.3 of the HR Manual under composition of employee council is not clear, as it states that elections for all Employee Council members will be held "on one occasion twice a year." Management was not sure and could not explain what "one occasion twice a year" means. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

COMPANY ACTION PLANS

1. 1. Management will follow the BOI guide line for operate the JCC and it's elections.

2. One occasion twice a year, means conduct one election by 2 year period of time as advised by the BOI guideline.

Action plan status: Completed

Completion date: 12/31/18

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Content #14 in the HR Manual defines the administration of discipline and states expectations for employees. However, the document does not define the factory's policy on workplace conduct and reasons to have a policy. [ER.27]

2. The written steps for progressive discipline defines the following steps: Clause 14.2.2 Verbal Warning; Clause 14.2.3 Written Warnings; Clause 14.2.4 Final Written Warnings; and Clause 14.2.5 as Termination of Employment. Thereafter, Clause 14.2.6 defines Domestic Inquiry; Clause 14.2.7 Suspended Without Pay; and final Clause 14.2.8 Punishments, Back Wage and Termination. Clause 14.2.5 should not be implemented prior to Clause 14.2.6 and consequent clauses. [ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27)

COMPANY ACTION PLANS

1. Factory will take actions to review and add the policy to HR manual.
2. 14.2.5 is mention about the termination. (It's include about the inquiry) 14.2.6. Is mentioned about how to do the inquiry.

Action plan status: Completed

Completion date: 12/31/18

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The written procedure does not contain information on non-retaliation for workers who report grievances. [ER.25]

2. Timelines to address grievances at each step and through multiple channels are not defined. [ER.25]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

COMPANY ACTION PLANS

1. 1.Factory will review and take actions to revise the grievance handling procedures based on the FLA requirements.

Action plan status: Completed

Completion date: 12/31/18

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no Standard Operating Procedures for each job with the focus on performing the job safely, measures to protect the reproductive health of workers through minimizing exposures to workplace hazards, steps for workers to raise health and safety concerns, and/or protection against retaliation for workers who raise health and safety concerns. [ER.31]

2. Training on Personal Protective Equipment is provided to workers from the cutting, packing sections and to maintenance workers. Training is not provided to workers who may be required to use dust masks to prevent breathing in fabric dust. 93 out of 466 workers have been trained so far. Trainings were conducted on November 1, 2015 (17 workers), November 8, 2016 (22 workers), and on November 11, 2017 (54 workers). [HSE.8]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety and Environment Benchmark HSE.8)

COMPANY ACTION PLANS

1. Factory already have a committee to discuss health and safety related matters, factory always encouraged them to provide inputs instead the retaliation. However the EHS meeting and communication proceed will be documented.
2. Factory will be conduct a training for all employees who required to wear the dust masks in the work floor..

Action plan status: Completed

Completion date: 12/31/18

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The pay period is from the 21st of a month to the 20th of the following month. Review of pay records from May 2018 (April 21 to May 20, 2018), revealed that the wages for one day (Saturday, April 21) were deducted for six out of thirty sampled workers. Management stated that April 21, 2018 was an off day and wages were not calculated for that day due to an error in the system. However, for those workers who worked (considered overtime) on April 21, the system calculated the wage for the day as these workers had punched their cards. Those workers who worked and were paid were paid at the overtime rate. Management stated that the that wages for the six workers would be paid in June 2018 wages (May 21 to June 20, 2018). [ER.18, C.1]

2. The date of payment of terminal dues is not recorded on a pay record for terminal dues paid after August 2017. [ER.2, C.15]

3. Additional holidays were provided on April 17 and April 18, 2018 for New Year's but workers worked on April 28, 2018 and May 5, 2018 which were scheduled to be off days (Saturdays) to cover for the additional holidays. Work beyond regular work hours is required to be compensated at 1.5 times the wage rate. The workers were paid at the normal wage rate for these scheduled off days instead of the 1.5X rate. Management agreed with the finding. The assessor confirmed that workers were able to refuse the overtime work. [C.1, ER.18]

4. The deposit receipt for contributions towards the Employee Provident Fund for March 2018 and April 2018 were not available for review and hence could not be verified as compliant with local law and FLA code benchmark. [ER.22, C.15]

5. A review of time and payroll records from March 2018, April 2018, and May 2018 for three out of three sampled male security guards revealed that all three guards worked 63 hours of overtime in the month of March 2018 but were compensated for 36 hours. In April 2018, they worked 60 hours of overtime and were not compensated at all. Pay records for May 2018 were not available for verification though time records reflect overtime hours worked. [ER.22, C.1, C.7]

6. The factory has a signed agreement with a Security Service Provider. On Page 4, Part III, Clients Obligation, Clause No. 15 defines wages payable for 12 hour shifts. This clause indicates that additional work post regular hours are compulsory. This clause violates the FLA benchmark on voluntary work. The clause also violates compensation for overtime hour work. Legally, wages are defined for regular hours of work and any work beyond regular hours of work is required to be compensated at 1.5 times the wage rate. [ER.10, HOW.1.3, HOW.8.2, HOW.8.3, C.1, C.7]

Local Law or Code Requirement

Wages Board Ordinance Part 1, Section 2; Board of Investments of Sri Lanka Labor Standards and Employment Relations Manual, Section 3.3.1 and 3.3.2; FLA Workplace Code (Employment Relationship Benchmark ER.2, ER.10, ER.18, and ER.22; Compensation Benchmarks C.1, C.7, and C.15; Hours of Work Benchmark HOW.1.3, HOW.8.2, HOW.8.3)

Recommendations for Immediate Action

1. Accurately calculate and pay wages for all days worked. Pay the workers who worked on April 21, 2018 but were not paid.

2. Record the date of payment on pay records for terminal dues.
3. Compensate all hours worked on off days to cover for additional holidays as per legal requirements.
4. Maintain deposit slips for contributions on site, including deduction from wages of employees towards social security benefits and deposited with concerned authorities.
5. Overtime hours worked by Security Guards should be accurately calculated and compensated. The factory shall work with the security service provider to backpay the security guards for hours worked that they were not compensated for. The factory shall start with the months reviewed by the assessor.
6. Ensure that all work post regular hours is voluntary and ensure that all overtime work is compensated at 1.5 times the normal wage rate.

COMPANY ACTION PLANS

1. 1 Completing the further analyzing on same issue for said period by end of August 2018, and paying arrears along with August wages paid on or before September 10th , 2018.
02. Already the date of actual resigning is entered in the pay system and the balance leave payment is paid under separate transaction instead of applying the balance leave to the employee's last pay cycle.
03. The company is under the discussion with the Department of labor to finalize the issue within local rule requirement.
04. Discussion with Central bank of Srilanka is under progress to collect a proper receipt note instead of online acknowledgement.
05. The Security firm was already advised to pay the areas.
06. Will revised the clause up to 8 hours by next agreement renewal.

Action plan status: Completed

Completion date: 12/31/18

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Chemical containers are not labeled with content and hazard status. [HSE.9]
2. There is no spill response provided near the diesel and machine oil storage and handling areas. [HSE.9]

Local Law or Code Requirement

FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.9)

Recommendations for Immediate Action

1. Label chemical containers with content and hazard labels in English as well as in the local language.
2. Provide spill response near the diesel and machine oil storage and handling areas.

COMPANY ACTION PLANS

1. 1. Chemical Containers are labeled with all required details.
2. Factory will arrange the spill response kits for required places.

Action plan status: Completed

Completion date: 10/31/18

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The Factory does not implement a Lock –out / Tag –out arrangement. [HSE.1]
2. Lighting arrestors are not installed in the factory. [HSE.13]
3. As per report of November 16, 2017 from IES (Industrial Environmental Services (Pvt) Ltd), the lighting level was 450 lux in cutting table Number 2 was 450 lux, 425 lux in the numbering areas, 185 lux at the finishing and packing table, and 380 lux at the training line. Management confirmed that no remedial action was taken to improve lighting levels. [HSE.13]
4. The ladder used to climb the water tank does not have handrails or a fall protection arrangement. [HSE.1]
5. The needle guards on the sewing machines have been pushed upwards, rendering them ineffective in preventing injury to machine operators. [HSE.14]

Local Law or Code Requirement

FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1, HSE.13, HSE.14)

Recommendations for Immediate Action

1. Implement a Lock-out / Tag-out arrangement in the factory for maintenance work.
2. Install lighting arrestors.
3. Improve lighting (illumination) levels in work areas as recommended – 600 to 750 lux.
4. Install handrails on the ladder to prevent injuries from accidental falling.
5. Install appropriate needle guards on sewing machines to prevent injury.

COMPANY ACTION PLANS

1. 1. Factory already have raised the Purchase order to purchase a kit for LOTO implementation.
2. Already assigned the maintenance team to fix the lighting arrestors.
3. Already assigned the maintenance team to take necessary actions to meet required standards based on the report.
4. Maintenance team will fix a fall protection for the ladder.
5. Management assigned the mechanical team to make sure all needle guards available in the machines and adjust to correct positions, and assigned the supervisors to make sure the adherence all employees.

Action plan status: Completed

Completion date: 12/31/18

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Two workers in the sewing station were seen sitting back to back to each other, leaving no room for their chairs to be pushed back. This arrangement could restrict quick and easy evacuation in case of an emergency. [HSE. 5]
2. The factory is located on a hill and the assembly areas are outside the factory, close to steep drops in ground levels. There is no fall protection (fencing) installed to prevent falls during an emergency evacuation procedure. [HSE.5]

Local Law or Code Requirement

Board of Investments – Labor standards and employment relations manual- Section 6 – Industrial Safety subsection 6.15; FLA Workplace Code (Employment Relationship Benchmark HSE.5)

Recommendations for Immediate Action

1. Provided adequate space between workstations on the production floors for quick and easy evacuation in case of an emergency.

2. Make appropriate arrangements in the assembly areas to prevent falling during emergency evacuation procedures.

COMPANY ACTION PLANS

1. 1. Already changed the place, assigned the work-study team to check all areas and make sure the enough space to evacuate. And follow the given instructions in future too.
2. Assigned the maintenance team to construct a fence for the assembly point area

Action plan status: Completed

Completion date: 10/30/18

FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Workers attaching metal hooks to pants are not provided with eye shields. [HSE.7]
2. The two band knife machine operators use mesh gloves on only one hand instead of both hands. The operators are not provided with metal gloves. [HSE.7]
3. Maintenance workers are not provided with safety shoes and helmets. [HSE.7]
4. Electrical safety gloves are not provided to electricians. [HSE.7]

Local Law or Code Requirement

Board of Investments of Sri Lanka – Labor standards and employment relations manual- Section 6.3; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.7)

Recommendations for Immediate Action

1. Provide and ensure workers use eye shields while attaching metal components using snap button machines.
2. Provide metal gloves for the two band knife machine operators for both hands.
3. Provide safety shoes and helmets to maintenance workers.
4. Provide electrical safety gloves to electricians.

COMPANY ACTION PLANS

1. 1. Mechanical team has already fixed an eye guards for hooks & bar machines.
2. Already provided the metal glove for both hands of band knife machine operators.
3. Already raise POs for purchase required PPEs for maintenance employees.
4. Already raised the POs for safety gloves to electricians.

Action plan status: Completed

Completion date: 10/31/18