



COMPANY: Kay & Emms (Pvt) Limited
COUNTRY: Pakistan
ASSESSMENT DATE: 11/19/12
MONITOR: FLA Assessor Team (Turkey)
PRODUCTS: Apparel
PROCESSES: Cut, Sew
NUMBER OF WORKERS: 750
ASSESSMENT NUMBER: AA0000000149

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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.

Glossary

De minimis: a de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of the facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

Facility performance: how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

Fair labor standards: the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

Employment life cycle: all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

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

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

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.

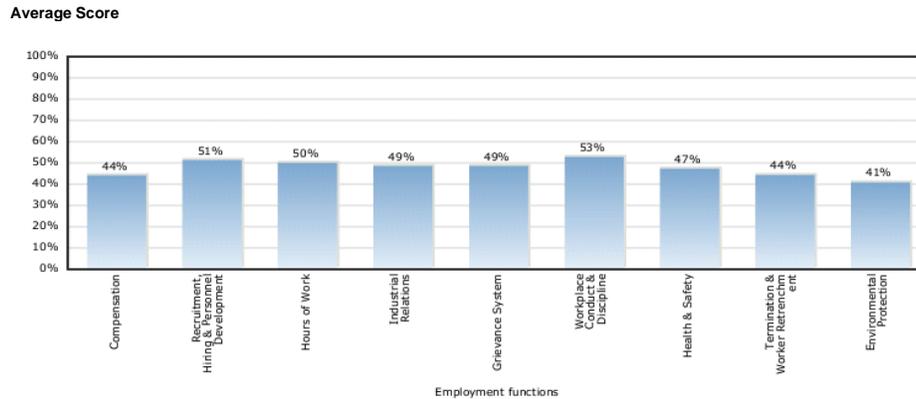
Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

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.

Uncorroborated Risk of Noncompliance: indicates a serious issue that has surfaced during the assessment, but one which the assessors were not able to corroborate through additional sources of information (e.g., allegation of retaliation against a worker by the factory management for participating in the assessment).

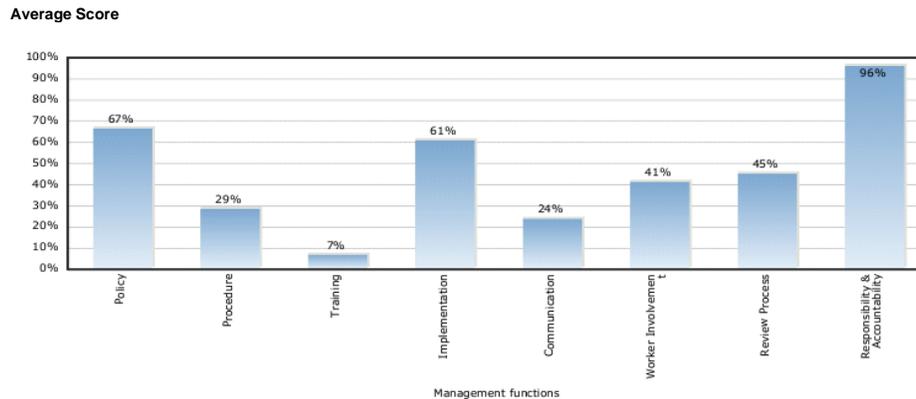
Score by Employment Function

Scores indicate a factory's performance related to a specific employment function based on an FLA assessment. A score of 100 percent indicates flawless operation of an employment function. A score of less than 100 percent indicates need for improvement.



Score by Management Function

Scores indicate a factory's performance related to a specific management function based on an FLA assessment. A score of 100 percent indicates flawless operation of a management function. A score of less than 100 percent indicates need for improvement.



Score Summary

Scores indicate the strength of management functions as they relate to different elements of the employment relationship (employment functions). For example (reading left to right), a score of 100 percent in the cell on the top left corner would indicate the existence of appropriate policies related to recruitment, hiring and personnel development.

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection
Policy	69%	75%	90%	50%	0%	75%	47.22%	50%	66.67%
Procedure	55.22%	13.95%	53.33%	22.92%	70%	87.5%	12.88%	16%	24.44%
Responsibility & Accountability	85.89%	100%	100%	100%	100%	100%	100%	100%	100%
Review Process	60%	60%	54.55%	54.55%	54.55%	60%	55.56%	55%	57.69%
Training	19.05%	23.53%	23.53%	22.22%	23.53%	23.53%	23.53%	16%	20%
Implementation	70.67%	48.4%	55.92%	86.96%	88.89%	73.91%	69.33%	71.32%	24.2%
Communication	50%	0%	18.75%	0%	27.78%	62.5%	0%	0%	0%
Worker Involvement	33.33%	N/A	N/A	100%	0%	N/A	N/A	37.5%	100%

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
Compensation
Employment Relationship
Freedom of Association and Collective Bargaining
Harassment and Abuse
Hours of Work
Health, Safety and Environment
Non-Discrimination

Findings and Action Plans

FINDING NO.1

(4) TRAINING

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has an annual training plan, which covers subjects such as policies, procedures, contagious diseases, and health & safety (H&S); however, the plan does not include retrenchment, termination, grievances, and industrial relations/freedom of association.
2. Although the training plan covers orientation and ongoing trainings, it was observed that workers do not have sufficient knowledge and awareness on the subjects covered in trainings. The training program is not implemented according to the plan. For instance, although management states that information regarding the factory's policies and procedures; wages; compensation; working hours; and H&S are communicated to workers during the recruitment process through monthly orientation trainings for new recruits, it was observed that none of the new employees have received the orientation training within the past year. As a result, workers are not well informed, for example, about their annual leave benefits and count the weekly holidays (Sundays) as annual leave.
3. HR management maintains a record of the trainings. Participants' names are available on the attendance sheet; however, training dates and subjects are not mentioned in the records, making it impossible to verify whether all training subjects have been covered.
4. HR department has participated in several trainings, some of which were given by FLA; however, no records are kept for the ongoing trainings that HR and management staff attend.
5. The communication system in place is ineffective. The factory's policies and procedures on wages, working hours, and H&S are communicated to workers through trainings and notice board postings. However, as the training plan is not implemented effectively and the level of worker literacy is not high, there is a lack of awareness among workers on the factory's policy, procedures, and

practices.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.15, ER:16 and ER.17; Health, Safety and Environment Benchmarks HSE.5.2, HSE.6, and HSE.8)

Root Causes

1. Factory management does not fully recognize the importance of orientation and ongoing trainings for workers and communication of policies and procedures.
2. The factory has only 2 staff members in the HR department that are in charge of planning and conducting all trainings. The insufficient number of HR staff hinders the implementation of a robust training program.
3. The company has participated in FLA-provided trainings. However, management still lacks awareness of FLA Codes and Benchmarks
4. Although the written policy and procedures on training are robust, there are no systems at the factory for effective implementation.
5. There is no internal audit/review system of existing policies and procedures in place.

COMPANY ACTION PLANS

1. We have established the annual training plan consists of; Retrenchment, termination, grievances and freedom of association. We have arranged regular trainings for all personnel in order to ensure the awareness of policy and procedures through implementation of local laws and by bench marking the FLA codes.
2. We have established an orientation training plan for new employees and ensure its effective implementation through sufficient staff at the time of recruitment and during the employment.
3. We have maintained all records concerning training activities like subjects of training and dates. We make sure the training subjects coverage effectively and its awareness to all concerned.
4. Internal and external training record also maintained also has the training plan for the following year in accordance with factory's needs and this is implemented according to this plan.
5. Training plan is implemented and communicated effectively and we have established the effective system to review the policy and procedures.

Action plan status: Completed
Planned completion date: 08/08/13
Progress update: 12/16/16 : Completed
Completion date: 08/08/13

2. 1. We have established the annual training plan consists of; Retrenchment, termination, grievances and freedom of association. We have arranged regular trainings for all personnel in order to ensure the awareness of policy and procedures through implementation of local laws and by bench marking the FLA codes.
2. We have established an orientation training plan for new employees and ensure its effective implementation through sufficient staff at the time of recruitment and during the employment.
3. We have maintained all records concerning training activities like subjects of training and dates. We make sure the training subjects coverage effectively and its awareness to all concerned.
4. Internal and external training record also maintained also has the training plan for the following year in accordance with factory's needs and this is implemented according to this plan.
5. Training plan is implemented and communicated effectively and we have established the effective system to review the policy and procedures.

Action plan status: Completed
Planned completion date: 08/08/13
Progress update: 12/16/16 : completed
Completion date: 08/08/13

3. 1. We have established the annual training plan consists of; Retrenchment, termination, grievances and freedom of association. We have arranged regular trainings for all personnel in order to ensure the awareness of policy and procedures through implementation of local laws and by bench marking the FLA codes.
2. We have established an orientation training plan for new employees and ensure its effective implementation through sufficient staff at the time of recruitment and during the employment.
3. We have maintained all records concerning training activities like subjects of training and dates. We make sure the training

subjects coverage effectively and its awareness to all concerned.

4. Internal and external training record also maintained also has the training plan for the following year in accordance with factory's needs and this is implemented according to this plan.

5. Training plan is implemented and communicated effectively and we have established the effective system to review the policy and procedures.

Action plan status: Completed

Planned completion date: 08/08/13

Progress update: 12/16/16 : completed

Completion date: 09/08/13

4. 1. We have established the annual training plan consists of; Retrenchment, termination, grievances and freedom of association. We have arranged regular trainings for all personnel in order to ensure the awareness of policy and procedures through implementation of local laws and by bench marking the FLA codes.

2. We have established an orientation training plan for new employees and ensure its effective implementation through sufficient staff at the time of recruitment and during the employment.

3. We have maintained all records concerning training activities like subjects of training and dates. We make sure the training subjects coverage effectively and its awareness to all concerned.

4. Internal and external training record also maintained also has the training plan for the following year in accordance with factory's needs and this is implemented according to this plan.

5. Training plan is implemented and communicated effectively and we have established the effective system to review the policy and procedures.

Action plan status: Completed

Planned completion date: 09/08/13

Progress update: 12/16/16 : completed

Completion date: 09/08/13

5. 1. We have established the annual training plan consists of; Retrenchment, termination, grievances and freedom of association. We have arranged regular trainings for all personnel in order to ensure the awareness of policy and procedures through implementation of local laws and by bench marking the FLA codes.

2. We have established an orientation training plan for new employees and ensure its effective implementation through sufficient staff at the time of recruitment and during the employment.

3. We have maintained all records concerning training activities like subjects of training and dates. We make sure the training subjects coverage effectively and its awareness to all concerned.

4. Internal and external training record also maintained also has the training plan for the following year in accordance with factory's needs and this is implemented according to this plan.

5. Training plan is implemented and communicated effectively and we have established the effective system to review the policy and procedures awarness.

Action plan status: Completed

Planned completion date: 08/08/13

Progress update: 12/16/16 : completed

Completion date: 08/08/13

6. 1. We have established the annual training plan consists of; Retrenchment, termination, grievances and freedom of association. We have arranged regular trainings for all personnel in order to ensure the awareness of policy and procedures through implementation of local laws and by bench marking the FLA codes.

2. We have established an orientation training plan for new employees and ensure its effective implementation through sufficient staff at the time of recruitment and during the employment.

3. We have maintained all records concerning training activities like subjects of training and dates. We make sure the training subjects coverage effectively and its awareness to all concerned.

4. Internal and external training record also maintained also has the training plan for the following year in accordance with factory's needs and this is implemented according to this plan.

5. Training plan is implemented and communicated effectively and we have established the effective system to review the policy

and procedures.

Action plan status: Completed
Planned completion date: 08/08/12
Progress update: 12/16/16 : completed
Completion date: 08/08/12

FINDING NO.2

(8) HEALTH AND SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. 1 of the 2 emergency exits in the stitching unit: a) was obstructed by boxes and b) had no exit signs and emergency lighting.
2. 1 of the canteen's 2 emergency exits was locked.

Local Law or Code Requirement

Factories Act, 1934, Sections 25(3) and 25(4); FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.5.1 and HSE.5.4)

Root Causes

1. The factory has not performed a detailed risk assessment and created a related action plan that also covers emergency plans/actions.
2. Administrative Manager is also responsible for H&S issues. The lack of expertise and training on H&S causes delays in taking immediate actions.
3. There is a lack awareness of FLA Codes and Benchmarks.
4. There is no effective system in place for monitoring H&S issues.

Recommendations for Immediate Action

1. Keep all emergency exits unlocked and free from obstructions. Provide all emergency exits with the necessary exit signs and emergency lighting.

COMPANY ACTION PLANS

1. We keep all emergency exits unlocked and free from obstructions and make sure the emergency exits with the necessary exit signs and emergency lighting. Detailed risk assessment has been done and emergency action plan has been established.

Action plan status: Completed
Planned completion date: 11/26/12
Progress update: 12/16/16 : completed
Completion date: 11/26/12

2. 2. We have trained our HR staff and Administrative Manager has been trained on the related H&S issues and an internal monitoring system has also been established.

Action plan status: Completed
Planned completion date: 11/26/12
Progress update: 12/16/16 : Completed
Completion date: 11/26/12

FINDING NO.3

TERMINATION & WORKER RETRENCHMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. In case of termination by fault of a worker, written notices are kept in the respective worker's file; however, factory management does not hold an investigation or hearing to understand the causes behind the incident.
2. The factory does not follow the legal requirements regarding notice dates and documentation for termination (with or without cause). Although the local law requires termination notices to be sent to workers via mail, there were no records of these notices being sent by mail.
3. There are no dates noted on the resignation letters. Therefore, it was not possible to verify if the termination payments were made within the timeframe required by the law.
4. The factory does not have a system in place to communicate the termination and retrenchment procedures to workers. The majority of workers are unaware of the steps for termination (notice dates/disciplinary procedures) in cases where the termination is based on worker misconduct or mistake.
5. There are some documents in workers' files on termination payouts to workers; however, it was not possible to verify that all termination payments were made in full, as these payments could not be traced in account records (ledgers/accounts day book). Moreover, length of service is not taken into consideration while determining the payments.

Local Law or Code Requirement

West Pakistan Industrial & Commercial Employment (Standing Order) Ordinance, 1968 Sections 12 (1), 12 (3), 12 (5), 12 (6), 12 (7), 15 (4) and 15 (5); FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.2,, ER.19.1, ER.27.1, ER.32.1, and E.R.32.2)

Root Causes

1. The factory has a procedure on selection and recruitment, which also covers the termination process, e.g., in case workers give false information, such as their age or preexisting health problems, they might be terminated. However, the factory does not have either written policy or procedure on termination and retrenchment.
2. The written policy and procedures on termination and retrenchment in place are not robust.
3. The factory lacks knowledge on the legal requirements on termination, such as notice dates and payments.
4. The company has participated in trainings given by FLA, yet management stills lacks awareness on FLA Codes and Benchmarks.

COMPANY ACTION PLANS

1. We have established the policy for disciplinary practices which covers the subject termination in detail. We are also committed to hold the record of investigations or hearing of incident for Terminated persons.
2. We have improved the termination policy and termination notice (with cause) is sent to concerned and its record is maintained.
3. Date is being written on final settlement against resignation letter for accurate payments disbursement.
4. We have established the communication system for termination against disciplinary practices. We also make sure the awareness of termination system and reasons of termination which may cause of misconducts (i.e. record for termination notice is maintained, e.g. mail or any other intimation).
5. We make sure the termination payments in accounts record.

Action plan status: Completed
Planned completion date: 08/08/13
Progress update: 12/16/16 : Completed
Completion date: 08/08/13

2. 1. We have established the policy for disciplinary practices with clarity of rules (record of warnings, distinction of results in warning vs. termination and in this policy disciplinary committee members have been addressed for affectivity.
 2. HR involved in warning or termination process and active disciplinary committee accomplish the disciplinary process as per described disciplinary steps.
- All disciplinary actions are documented and its communication is on formal basis.

Action plan status: Completed
Planned completion date: 08/08/13
Progress update: 12/16/16 : Completed
Completion date: 08/08/13

FINDING NO.4

(6) WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Workplace rules are not clearly stated and the procedures do not cover legal requirements, such as the requirement to record all warnings; distinction between cases that result in warning vs. termination; and a timeframe for taking necessary actions. Nor does the factory make the necessary distinction between the different types of misconduct as required by local law.
2. The Disciplinary Committee holds meetings every 3 months; however, the committee is not involved in the warning and termination processes. The factory prefers to resolve acts related to disciplinary actions verbally, instead of following the necessary steps through the Disciplinary Committee.

Local Law or Code Requirement

West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance 1968, Section 15; FLA Workplace Code (Employment Relationship Benchmarks ER.27.1, ER.27.2, and ER.27.3)

Root Causes

1. The Disciplinary Committee does not work effectively.
2. The HR staff has limited knowledge of the legal requirements related to disciplinary regulations.
3. The written disciplinary procedure is limited to a few issues, is not detailed, and is not in compliance with the actual disciplinary practices.

Recommendations for Immediate Action

COMPANY ACTION PLANS

1. We have established the policy for disciplinary practices with clarity of rules (record of warnings, distinction of results in warning vs. termination and in this policy disciplinary committee members have been addressed for affectivity.
 2. HR involved in warning or termination process and active disciplinary committee accomplish the disciplinary process as per described disciplinary steps.
- All disciplinary actions are documented and its communication is on formal basis.

Action plan status:	Completed
Planned completion date:	08/08/13
Progress update:	12/16/16 : completed
Completion date:	08/08/13

FINDING NO.5

(2) COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Pakistan law determines different wage structures for unskilled, semi-skilled, and skilled workers (simple jobs, such as cleaners and office boys, are considered unskilled; jobs such as those involving thread cutting and assistant operators are included in the semi-skilled group; and knitting operators are included in the skilled group). It was observed that the factory pays the minimum wage, which should be applicable only to unskilled workers, to all workers, rather than implementing a wage structure as defined by law.
2. There are 2 types of workers in the factory, those who are paid at piece rate and permanent workers. It was observed that despite the permanent nature of their jobs, piece rate workers are employed temporarily and not provided any annual leave, which is in violation of legal requirements.
3. It was observed that some permanent workers have not been able to take their annual leave for the past 2 years.
4. Although workers are entitled to 16 days of paid sick and medical leave a year (in addition to annual leave) as per local law, the factory does not provide more than 8 days of paid sick leave.
5. It was observed that the factory uses different types of databases for recording overtime and wages. Since the assessors were not given access to the database where the authentic information is stored, it was not possible to verify whether the factory actually pays benefits, overtime, annual bonus, company profit, worker welfare fund, and termination dues (gratuity).

Local Law or Code Requirement

West Pakistan Industrial & Commercial Employment Ordinance 1968, Sections 5 and 8; The Punjab Factories Rules, 1978, Rule 119; Factory's Act 1934 Sections 47, 49-B, 49-H(1), 60-2(2); FLA Workplace Code (Compensation Benchmarks C.1, C.2, C.13, C.15, C.16, C.17,

Root Causes

1. There is no governmental audit/monitoring on working conditions, such as compensation, paid annual/sick leave, or working hours.
2. Workers lack awareness on their legally guaranteed rights and benefits.
3. Management lacks awareness of: a) FLA Codes and Benchmarks and b) legal requirements on compensation and working hours.
4. Denying workers legally mandated compensation and benefits is a significant cost-cutting measure for the factory.

Recommendations for Immediate Action

1. Implement the local law on minimum wage levels, adjusting the minimum wage for semi-skilled and skilled workers accordingly.
2. Reimburse all workers who have been underpaid with respect to regular working hours, overtime, and bonuses going back at least 6 months from the day of the SCI assessment.
3. Use a single timekeeping and payroll system that reflects actual working hours and compensation.
4. Follow local legal requirements on the implementation of sick and medical leave and allow workers to use up to 16 days of paid leave per year with half pay.

COMPANY ACTION PLANS

1. We have implemented the local law on minimum wage levels, and adjusted the minimum wage for semi-skilled and skilled workers accordingly.
2. Piece rate/wage rate workers are being paid for annual leaves, working hours, overtime and bonuses accordingly
3. Management has established the system for compensation (annual leaves) by using the single record keeping and payroll system. Management also makes sure the awareness of compensations to all stakeholders.
4. We follow the local legal requirements of sick and medical leaves, and allow workers to use up to 16 days of paid leave per year with half pay.
5. We have establish a system which portrait all single data base with transparency to pay the benefits, overtime, annual bonus, and Gratuity etc.

Action plan status: Completed

Planned completion date: 11/26/12

Progress update: 12/16/16 : Completed

Completion date: 11/26/12

FINDING NO.6

(5) GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Although there are worker representatives in the factory, it was observed that they were assigned by management, rather than being elected by workers. Nor do these worker representatives participate in the meetings of the Joint Works Council (JWC) where grievances are discussed.
2. It was observed that the factory's grievance mechanism is not robust. Although there are complaint boxes on the factory floor, the grievance procedure has no detailed statement related to their use, such as the frequency of opening the boxes, the person in charge of opening the boxes, how grievances reported thereof are dealt with, and how workers receive related feedback.
3. Factory management records the grievances put in the boxes, but does not keep the originals. Therefore, it was not possible to verify if all grievances are recorded/processed.
4. The results of the grievances from the complaint boxes are not communicated to workers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.25.2 and ER.25.3)

Root Causes

1. The factory is not aware of the importance of a grievance system and prefers to solve complaints verbally, instead of documenting the steps taken to address them.
2. The grievance procedure in place does not cover: a) elections for worker representatives to JWC and their participation in the JWC meetings, b) handling of the complaints, and c) communicating the decisions to workers.
3. Factory management lacks awareness of FLA Code and Benchmarks related to industrial relations.

Recommendations for Immediate Action

COMPANY ACTION PLANS

1. We make sure the leading role of the representation from worker welfare council and for this we elect the members through proper election process and will give all required resources.
2. We have established the Grievances procedure which covers the election process and its representation and their participation in grievances meeting. This procedure also covers the handling of complaints (complaints box) and communication of decisions to workers.
3. We keep the record of Grievances on original basis and also make sure the verification grievance's proceeding.
4. We also make sure the communication of complaint's results to all stake holders effectively through appropriate channels.

Action plan status: Completed
Planned completion date: 08/08/13
Progress update: 12/16/16 : completed
Completion date: 08/08/13

FINDING NO.7

(8) HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. An emergency eyewash and shower station is installed in the printing hall, but the shower does not work properly.
2. Adequate personal protective equipment (PPE), such as goggles, is not provided to maintenance workers.
3. Needle guards are missing on many of the stitching machines.
4. It was observed that stain removal chemicals used in the stitching area are stored away under the workstations. Although management stated that only water is used for stain removal, it was observed that workers use special masks and a number of chemical stain remover cans were hidden under workstations, some of them open.

Local Law or Code Requirement

Factories Act, Sections 33-G, Punjab Factories Rules 1978, Chemical Works Part 2- 9(1), 11; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.6.1, HSE.7, HSE.8, HSE.9, and HSE.11)

Root Causes

1. There was no sufficiently trained personnel in charge of H&S who could conduct regular checks on PPE usage and other H&S issues. Administrative Manager is also responsible for H&S; however, he has not had any specialized trainings on the topic.
2. There is no active worker representation and participation on ongoing H&S efforts.
3. There is no monitoring system in place for conducting periodic internal audits.
4. The factory has no chemical management system.
5. Although the risk assessment reported several risks and the necessary measures to reduce these risks (wearing masks in the cutting section, the availability of gloves, finger, and eye guards in stitching sections, etc.), workers were not informed about any of these measures.

Recommendations for Immediate Action

Make sure that all emergency equipment, i.e., eyewash and shower stations, are available and easily accessible to workers and are maintained regularly.

COMPANY ACTION PLANS

1. We have Provide adequate PPE to workers and provide training on PPE and H&S issues regularly. Persons involved in H&S also have been Provided Training.
2. We have provided PPE to maintenance workers (such as goggles and other required) its monitoring will be done on continuous basis.
3. We have Installed the machine guards on stitching machines, such as over lock and lock- stitching and its monitoring is done on Continuous basis.
4. We have identified the chemicals used for stain removal and provided material safety data sheets (MSDS) on the factory floor.
5. We have created a chemical management system in order to follow which chemicals are used for what and to ensure that they

do not threaten either the health of workers or the environment

6. We have taken measures for reducing the risks identified during the risk assessment (MSDS and other PPE) and have communicated to concerned workers.

Action plan status: Completed
Planned completion date: 08/08/13
Progress update: 12/16/16 : completed
Completion date: 08/08/13

FINDING NO.8

(9) ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

It was observed that hazardous waste is not disposed of in a safe manner. The factory mixed hazardous waste with non-hazardous waste in the waste collection area. There is no waste management plan in place.

Local Law or Code Requirement

Factories Act, Section 14; FLA Workplace Code (Health, Safety and Environment Benchmark HSE. 9.1)

Root Causes

1. There is no specialized personnel in charge of health, safety and environmental (HSE) issues. While the Administrative Manager is responsible for H&S issues, the HR employees oversee environmental issues. Neither the Administrative Manager nor the HR personnel have specific training on HSE.
2. Management lacks awareness of FLA Codes and Benchmarks.

COMPANY ACTION PLANS

1. We will prepare the "Waste Management Plan" for the prevention of environmental impacts and H&S officer will be deputed for its management.
2. We will distinguish the waste collection area so as will be kept hazardous waste and non-hazardous waste separate.

Action plan status: Completed
Planned completion date: 08/08/13
Progress update: 12/16/16 : Completed
Completion date: 08/08/13

FINDING NO.9

(2) COMPENSATION

FINDING TYPE: Uncorroborated Risk of Non Compliance

Finding Explanation

1. Based on worker interviews, their salary is not enough to cover all of their basic needs and still provide a discretionary income. *(FLA Comment: The assessment methodology in use by the FLA at the time of this assessment did not involve collection of compensation data nor specific benchmarks against which to measure the adequacy of compensation received by the workers. Fair Compensation findings were based solely on worker interviews/perception and are therefore not actionable for remediation purposes. In 2015, the FLA launched its Fair Compensation Work Plan which requires the collection and benchmarking of compensation data.)*

Local Law or Code Requirement

Root Causes

1. Currently, Pakistan's apparel industry does not provide wages that allow workers to fulfill their basic needs, plus a discretionary income. More than 60% of the total labor force in the country is employed in the informal sector and more than 80% of the total population lives under the poverty level; this general economic climate also adversely impacts the formal sector.
2. This issue has not been brought to the attention of the factory management during previous external audits.
3. There is no wage structure in the factory that would enable workers to progressively earn a wage level that meets basic needs.

COMPANY ACTION PLANS

1. As a first step we complied the minimum wage as per gazette. In second step we will interview the workers to assess the fulfillment their basic needs and will take necessary actions to fulfill their requirements and also to work together with FLA to create strategies that would progressively ensure workers a wage level that covers both their basic needs and a discretionary income.

Action plan status: In Progress
Planned completion date: 06/10/13
Progress update: 12/16/16 : in progress

FINDING NO.10

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Employment contracts are available on workers' personnel files; however, it was observed that copies of the contracts are not given to workers.
2. The job application form includes questions regarding marital status, religion, gender, and father's occupation that may lead to discrimination during hiring.
3. The probation period changes between 3 and 6 months, depending on management's decision, while local law and FLA benchmarks limit the probationary period to 3 months.
4. The factory has no policies or procedures with respect to personnel development.
5. Although the management said that there were no disabled workers at the factory, 1 disabled worker was observed during factory tour; therefore, the actual number of disabled workers was not verified; however the number of disabled workers is certainly below the local legal requirements (2% of the workforce).

Local Law or Code Requirement

West Pakistan Industrial & Commercial (Standing Order) Ordinance 1968, Schedule Standing Orders Section 2(G) – 1(b) and (c); Disabled Persons (Employment and Rehabilitation) Ordinance 1998, Sections 10 and 11; FLA Workplace Code (Employment Relationship Benchmarks ER.3 and ER.30; Compensation Benchmark C.3)

Root Causes

1. Factory management lacks awareness and knowledge of: a) the FLA Workplace Code of Conduct and Compliance Benchmarks and b) the legal requirements related to non-discrimination, the hiring of disabled workers and the probationary period.

COMPANY ACTION PLANS

1. We make sure and provide workers a copy of their contracts
2. We have no any discrimination against inputs provided on job application, these inputs are just for departmental internal management.
3. We will limit the probationary period to 3 Months as per FLA requirement.
4. We will create a policy and procedures for Personnel development and will communicate to workers accordingly.
5. We will work closely with the Joint Works Council to define the positions/areas suitable for employing disabled workers and start employing disabled persons to reach at least the legal quota (2% of total workforce).
We will also review the health and safety requirements for special categories of workers, and prepare guidelines according to these requirements

Action plan status: Completed
Planned completion date: 08/08/13

Progress update: 12/16/16 : completed

Completion date: 08/08/13

FINDING NO.11

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Several inconsistencies in time records revealed that the factory maintained more than 1 record for working hours and wages. For example, although 400 workers were present on the day of the assessment when the payroll system was reviewed, only 118 workers were registered on the time recording system. The remaining 282 workers were not recorded on the database displayed to assessors. Therefore, the working hours could not be verified.

Local Law or Code Requirement

Punjab Factories Rules 1978, Rule 85 and 98; The Factories Act Section 39 (1); FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.10; Employment Relationship Benchmark ER. 2)

Root Causes

1. Factory management lacks awareness of the importance of transparency and cooperation.
2. The factory uses the different types of records to avoid reporting noncompliances during external audits.
3. There is a lack of governmental audits/monitoring on working conditions.

Recommendations for Immediate Action

1. Start using only 1 timekeeping and payroll system that reflects actual working hours and compensation.

COMPANY ACTION PLANS

1. We have started to use only 1 timekeeping and transparent payroll system reflects actual working hours and compensation.
2. We have revised hours of work policy and align with local law requirements and ensure the active participation of the elected worker representatives in the process (Joint Works Council). We communicate revisions to all Management, mid -management, and workers.
3. We prepare and implement an effective internal monitoring procedure for monitoring working hours

Action plan status: Completed

Planned completion date: 11/26/12

Progress update: 12/16/16 : completed

Completion date: 11/26/12

FINDING NO.12

HEALTH AND SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has a separate room for the childcare facility, but it is clearly for appearance's sake as the physical conditions are far from sufficient: there are no beds, toilets or a kitchen and no consideration for fire safety (emergency exits, emergency lighting, fire extinguishers, first aid boxes), and sanitation.
2. Factory management stated that there was a fire accident on July 10, 2012. However, the concerned authorities were not informed on Form "J-1" as required by law.
3. Factory management did not prepare any guidelines on emergency action and evacuation plans concerning special categories of workers.

Local Law or Code Requirement

Punjab Factories Rules 1978, Rule 85: First Accident Report "Form J-1", Rule 94; FLA Workplace Code (Employment Relationship

Root Causes

1. Factory management has designated a separate room as the childcare facility solely to be in compliance with legal requirements; however, it appears that the factory never intended to use it exclusively for that purpose.
2. There is no active worker representation and participation on ongoing H&S efforts.
3. Management lacks awareness of : a) FLA Code and Benchmarks and b) local law requirements.
4. Risk assessment report does not include the current childcare area in terms of physical conditions and fire safety.
5. Factory management lacks awareness of the FLA Workplace Code of Conduct and Compliance Benchmarks related to the terms and conditions regarding special categories of workers.

COMPANY ACTION PLANS

1. We have provided a functional and safe childcare facility room that meets all legal requirements. Ensure that the facility is used exclusively for childcare and that it is separated from the production floor;
2. Notify the relevant national/local authorities of all accidents/injuries, as required by applicable laws.
3. Revised the risk assessment report so as to include the childcare area.
4. We have reviewed the H&S requirements (including emergency evacuation procedures) for special categories of workers and prepare guidelines according to these requirements

Action plan status: Completed

Planned completion date: 08/08/13

Progress update: 12/16/16 : Completed

Completion date: 08/08/13