

2011

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Ash City
COUNTRY: Bangladesh
FACTORY CODE: 1170005446J
MONITOR: Nurul Azam
AUDIT DATE: December 17, 2011
PRODUCTS: Woven Goods
PROCESSES: 750
NUMBER OF WORKERS: Cutting, Sewing,

Finishing, Embroidery

Company Comment: Ash City has decided to end their business relationship with this supplier, as they are discontinuing the production of the apparel item ordered from them in the past. This supplier is restructuring, and will be putting more focus on producing different types of apparel items (e.g., suits); items that are not the subject of future sourcing interest by Ash City. The termination agreement between Ash City and this supplier was conducted amicably, with the last shipment scheduled for mid-October 2012. The noncompliance issues revealed during the FLA's December 2011 audit were followed up by Ash City through an independent third-party auditor; their results were reported back to Ash City in March 2012 and showed improvement. Since then, the supplier has been cooperative, updating Ash City on a monthly basis regarding their remediation progress. We are not aware of any other FLA-affiliated companies currently sourcing from this supplier that could take over remediation once Ash City exits.



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Wages, Benefits and Overtime Compensation: Deposit of Legally Mandated Deductions

WBOT.13 All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc. The employer shall not hold over any of these funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g., monthly deposits, weekly pay). If the law does not specify, then deposits shall be made before the next pay period in all cases. (S)

	Noncompliance
Explanation	During the current assessment it was identified that approximately 15% of workers (in particular those recruited after May 2011) are not covered under group insurance. Factory has a group insurance certificate valid until May 2012, but did not update the new workers' list for the relevant department after May 2011.
Plan Of Action:	
Deadline Date:	
Action Taken:	Ash City has hired an independent third-party auditor to ensure that all noncompliance issues were corrected. The facility updated the group insurance every 2 months and sent their employee list (newly hired and resigned) to the concerned group for covering the group insurance. Employees received orientation training covering organization rules and regulations, including training on working hours, wages and benefits. This training information is also included in the employee handbook. Sources: document review, management interviews
Plan Complete:	Yes
Plan Complete Date:	03/28/2012



Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and **Overtime Compensation**

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: During the current assessment, complete working hour wages and benefits could not be verified; there was an inconsistency identified between factory-provided records and records collected from the floor. The records provided by factory indicate that none of the workers ever worked more than 10 hours per day. On the other hand, the electronic attendance records (electronic in and out time records) identified during the audit indicated that some workers worked more than 10 hours per day, up to 12 - 13 hours a day. Excessive hours occurred in October, November and December 2011. Therefore, the complete working hours, wages and benefits could not be verified.

Plan Of Action:	
Deadline Date:	
Action Faken:	Ash City has hired an independent third-party auditor to ensure that all noncompliance issues were corrected. No inconsistency was found between the facility-provided electronic time card, salary sheet and production records.

Auditors' document review found that minimum wages and overtime wages were confirmed as per local law. Auditor found that facility is providing minimum wages (TK 3000), and that overtime is paid at 200% of basic wages. Employees received orientation training covering the organization's rules and regulations, including training on working hours' compliance with local laws, wages and benefits. Employees also received an employee handbook outlining everything that was covered in training.

Sources: facility-provided document review (salary sheet, time cards and production records), salary sheet, time cards, and production records from December 2011 to February 2012

Plan No Complete:



Plan 03/28/2012

Complete Date:

Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: Factory has 1 code of conduct (in English only, not in local language) for Ash City

Worldwide posted in the sewing section.

Plan Of Factory shall collect and post the brand's code of conduct in the local language in

Action: prominent places.

Deadline Date:

Action Ash City has hired an independent third-party auditor to ensure that all noncompliance

Taken: issues were corrected. The facility posted the Ash City Code of Conduct in the local

language. Employees also received orientation training covering the organization's rules

and regulations, including training on the Ash City Code of Conduct.

Sources: plant tour, employee interviews

Plan Yes

Complete:

Plan 03/28/2012

Complete Date:



Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: There is no confidential communication channel established to communicate with Ash

City Worldwide.

Plan Of Participating company shall establish a confidential communication channel in the

Action: factory.

Deadline Date:

Action Ash City has hired an independent third-party auditor to ensure that all noncompliance issues were corrected. The facility had already established a confidential communication

channel for all employees through the supervisors, welfare officer, WPC member, floor-in-charge, production manager, grievance or suggestion box. Employees also received orientation training on the organization's rules and regulations, including grievance and suggestions' procedures. For a communication channel, Ash City has established a complaints policy. Ash City has created a poster that communicates the policy to

workers; this poster has been posted it in each factory.

Sources: document review, employee interviews

Plan Yes

Complete:

Plan 03/28/2012

Complete Date:



Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation:	ation: Some of the aisles were partly blocked by products and some workers were working of aisles in the finishing and packing section.			
Plan Of Action:				
Deadline Date:				
Action Taken:	Ash City has hired an independent third party auditor to ensure that all noncompliance issues were corrected. 15% of the aisles were partly blocked by tables, heaps of garments, and standing workers in the finishing section. The factory took about 1 week to complete this task. The independent third party auditor has verified this.			
	Source: plant tour			
Plan Complete:	Yes			
Plan Complete Date:	03/28/2012			



Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation	It was observed that the factory conducts fire training and training records were available. However, some of the listed fire fighters were found unaware of the different types of fire extinguishers and fire equipment and their proper use on different types of fire.
Plan Of Action:	
Deadline Date:	
Action	Ash City has hired an independent third party auditor to ensure that all noncompliance

issues were corrected. Employees received effective training from BGMEA on fire evacuation drills and operating procedures for different types of fire extinguishers and fire equipment. Employees also received orientation training that covered the organization's rules and regulations, including training on fire safety, first aid and health

and safety.

Sources: employee review, document review

Plan Yes Complete:

Plan 05/28/2012

Complete Date:

Taken:



Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation:	The factory was found to provide an insufficient dining facility; workers were found eating their lunch while sitting on the dining floor.
Plan Of Action:	

Deadline Date:

Action Ash City has hired an independent third party auditor to ensure that all noncompliance issues were corrected. The facility now has sufficient sitting capacity for employees to

take their lunch. The sitting capacity is now 552, more than 30% of the total number of

employees.

Source: plant tour

Plan Yes

Complete:

Plan 03/28/2012

Complete Date:



Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: Complete working hour wages and benefits could not be verified, and an inconsistency was identified between factory-provided records and records collected from the floor. Factory-provided working hour records showed that no worker ever worked more than 10 hours work a day. However, the electronic attendance (electronic time-in and timeout records) records provided showed that a number of workers worked more than 10 hours per day, up to 12 - 13 hours per day; subsequently, the complete working hours could not be verified. Around 10 - 20 workers were identified working extra overtime on different occasions in 2011, in October (16, 26, 30), November (3, 4), and December (4, 5, 11).

PΙ	an	Of
Α	ctic	n:

Deadline Date:

Action Taken: Ash City has hired an independent third party auditor to ensure that all noncompliance issues were corrected. No inconsistency was found between the facility-provided electronic time cards, salary sheets, and production records. Auditor observed that maximum work hours of 10 hours (8 regular hours, 2 overtime hours) per day and 60 (48 regular hours, 12 overtime hours) hours per week were followed. Employees all received re-training and orientation on the organization's rules and regulations, working hours, wages and benefits.

Sources: facility-provided document review (salary sheet, time cards and production records), salary sheets, time cards, and production records from December 2011 to February 2012

Plan Yes

Complete:

Plan 03/28/2012

Complete Date: