



COMPANY: **PUMA SE, PVH Corp, The s.Oliver Group**
COUNTRY: **Bangladesh**
ASSESSMENT DATE: **11/01/14**
MONITOR: **ELEVATE Global Limited**
PRODUCTS: **Apparel**
PROCESSES: **Full [= full package]**
NUMBER OF WORKERS: **5558**
NUMBER OF WORKERS INTERVIEWED:
ASSESSMENT NUMBER: **AA0000000582**

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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 such 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.

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.

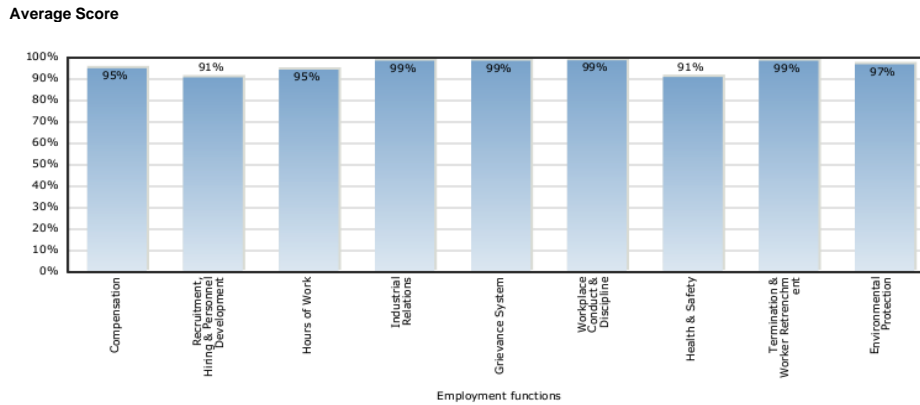
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that 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.

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

Factory Profile

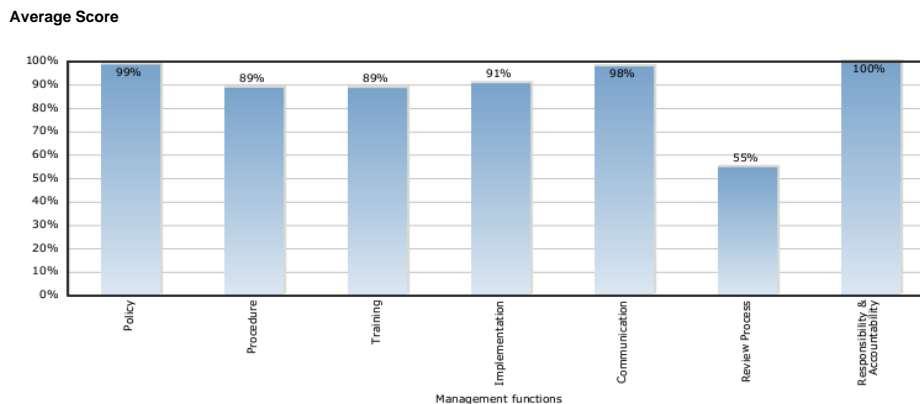
Score by Employment Function

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 assessment conducted for FLA by independent, accredited assessors. 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	95.29%	100%	100%	100%	100%	100%	100%	100%	100%
Procedure	60.64%	100%	100%	100%	100%	100%	100%	88.24%	100%
Responsibility & Accountability	100%	100%	100%	100%	100%	100%	100%	100%	100%
Review Process	50%	50%	50%	50%	50%	50%	50%	66.67%	66.67%
Training	78.57%	100%	100%	100%	100%	100%	100%	87.5%	100%
Implementation	91.19%	90.48%	83.33%	100%	100%	100%	100%	88.69%	93.33%
Communication	83.33%	100%	100%	100%	100%	100%	100%	100%	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	Number of Violations	Violations
Compensation	3	Record Maintenance False Payroll Records Training and Probation Wage
Employment Relationship	7	General/Human Resource Management Systems Terms and Conditions/New Employee Orientation General/Documentation and Inspection Administration of Hours/Time Recording System Skills Development/Management of Performance Reviews Skills Development/Promotion, Demotion and Job Reassignment Health, Safety, and Environmental Management System/Policies and Procedures
Forced Labor	1	Freedom of Movement/Workers Ability to Terminate
Hours of Work	1	Overtime/Calculation over Period Longer than One Week
Health, Safety and Environment	4	Material Safety Data Sheets/Workers Access and Awareness Machinery Safety, Maintenance and Workers Training Medical Facilities Chemical Management and Training

Findings and Action Plans

FINDING NO.1

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not the legally required business license.

Local Law or Code Requirement

The City Corporations (Taxation) Rules 1986, chapter-V, section-43, subsection-1

Recommendations for Immediate Action

1. Obtain and annually renew the required business license.

COMPANY ACTION PLANS

1. We have business license valid until 30-Jun-2015; [File attached]

Action plan status: Completed

Planned completion date: 06/08/15

Progress update: 09/01/15 : We have business license valid until 30-Jun-2015; [File attached]

Completion date: 06/08/15

FINDING NO.2

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The orientation program does not cover any human resources policies, and workers are not aware of any of the human resources policies.
2. Workers receive written documentation during the orientation training session; however, Recruitment, Hiring & Personnel Development and Termination are not covered in the orientation program.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.15.1 and ER.15.3)

COMPANY ACTION PLANS

1. 1. Worker's training on human resource policies is an ongoing activity of our general awareness program; however, these kind of activity will be further strengthened.

2. Recruitment, Hiring & Personnel Development and Termination will be covered in the orientation program

Action plan status: In Progress

Planned completion date: 12/31/15

Progress update: 09/01/15 : Continuous Practice

FINDING NO.3

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has written policies for Recruitment & Hiring, but no policies are available for personnel development and performance reviews.
2. The factory does not have a formal consultative review process for any of the Employment Functions. For all Employment Functions, the factory does not communicate its policies and procedures to the general workforce. Nor does the factory have a system to receive worker input/feedback on the creation, implementation, and revision of its policies and procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25.2, ER.29, ER.30.2, and ER.31)

COMPANY ACTION PLANS

1. 1. We have regular training program on employee development that includes – regular employment, human rights, Policies and Procedures, Workplace Safety, Skill development etc. All categories of employees are also covered under periodic (yearly) performance review process. 2. Workers are regularly communicated about the policies and procedures by regular awareness and training programs, notice boards & using Public Address Systems. However, a system will be developed through which the Workers' Participation Committee can take part in the policy and procedures development process. 3. We have already created policies for personnel development and performance reviews of workers and a formal consultative review process for any of the Employment Functions. 4. Workers will be regularly communicated to about the policies and procedures by regular awareness and training programs, notice boards

Action plan status: In Progress

Planned completion date: 12/31/15

Progress update: 09/01/15 : Training Calendar and related documents will be uploaded.

FINDING NO.4

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. According to factory policies on Recruitment, Hiring & Personnel Development, and in actual practice, worker probation lasts between three and six months. This is not aligned with the three-month probation period limit required by FLA benchmarks.

Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmark C.3)

Recommendations for Immediate Action

1. Adjust probation period to no more than three months, in line with the FLA Workplace Code.

COMPANY ACTION PLANS

1. As per industry practice & law of the land, majority of the workers' are regularized automatically after completion of probation period (i.e. 3 months). However, employment related issues are executed as per Bangladesh Labour Law 2006 (with amendment on 2013) in our workplace, where based on workers' performance probation period can be extended up to 6 months. We have revised the policy aligned with 3- month in accordance with the FLA benchmark. Workers will be communicated to about the policy and procedures by regular awareness and training programs and notice boards.

Action plan status: Completed

Planned completion date: 11/02/14

Progress update: 09/01/15 : We follow local labour law

Completion date: 11/02/14

FINDING NO.5

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. During the assessment, Hours of Work and Compensation could not be verified due to inconsistencies between records provided by the management and records collected & reviewed by the auditor. The daily short leave register (gate pass) for the sewing section showed that the facility was open on June 27, 2014, as well as, September 5 and 12, 2014 (weekly day off). S. Oliver production records from the printing section show that the factory was open on July 25, 2014 (weekly day off). None of these working days were recorded in the set of records provided by the management.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.23; Compensation Benchmarks C.15 and C.16)

Recommendations for Immediate Action

1. Keep accurate and complete records to enable verification of the factory's Compensation and Hours of Work.

COMPANY ACTION PLANS

1. It was a clerical mistake by respective security guard who maintained the daily short leave register. We have checked our payroll on particular holidays (mentioned above) and we did not find any evidence that workers have performed their duty on the same day; However, We took immediate action and stopped maintaining such short leave register so that this kind of confusions does not take place in future. 1. We are providing pay slip to the workers with necessary information related to working day, overtime hour and wages. 2. As recommended we will keep working hour and production record properly. 3. As per recommendation we have revised hours of work and compensation policy and providing training to related staff as well as the workers. 4. We will conduct monthly internal audit on working hour, wages and benefit so that no inconsistency found between working hour and wages. 5. Prior consent is taking from the workers to conduct overtime.

Action plan status: Completed

Planned completion date: 11/02/14

Progress update: 09/01/15 : We have stopped maintaining such short leave register so that this kind of confusions does not take place in future.

Completion date: 11/02/14

FINDING NO.6

HOURS OF WORK

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory's production plan always includes overtime, with 60 working hours/week as the standard working time.

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.7)

COMPANY ACTION PLANS

1. We have Implemented 8 (eight) hours based production planning. Industrial Engineers section has clear instruction of making 8 hours production planning. Factory initiated additional projects for production efficiency and quality control. 1. We have made a working hours policy to follow the local labor law and instructed to HR and production planning staff to maintain it strictly. 2. Also we have developed an overtime reduce plan and our production concern personal are instructed to maintain it certainly. 3. Workers and staff will communicate about the policies and procedures by regular awareness and training programs, notice boards. 1. Lean Six Sigma - last December 2014 2. Gargy Project (related to multi-skill development) - February 2015

Action plan status: Completed

Planned completion date: 12/01/14

Progress update: 09/01/15 : 8-hours planning ongoing

Completion date: 12/01/14

FINDING NO.7

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There are no Material Safety Data Sheets (MSDS) for any of the chemicals stored in the washing, dyeing, and compressor rooms.
2. Chemicals are not properly stored in the sub-chemical store at Dyeing Section-1; there is no secondary containment provided for the chemicals.

Local Law or Code Requirement

Bangladesh Labour Law 2006, section- 78 (a) & 79; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE. 9 and HSE.10)

Recommendations for Immediate Action

1. Obtain and post MSDS for all chemicals.
2. Ensure that all chemicals are properly stored, and provide secondary containment.

COMPANY ACTION PLANS

1. MSDS has been provided for washing chemicals in respective places. In addition, responsible maintenance persons have been engaged to ensure those MSDS are properly posted and followed. [picture uploaded]
2. Secondary containments are provided in Dyeing Section- 1. [picture uploaded]
3. Maintenance personal are now maintaining a daily checklist to ensure that all MSDS & secondary containment are in proper condition.

Action plan status: Completed

Planned completion date: 11/16/14

Progress update: 09/01/15 : Corrected

Completion date: 11/10/14

FINDING NO.8

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The rib-cutting machines on the sewing floor, auto-placket machine on the knitting floor, and one dyeing machine in dyeing unit-1 do not have safety guards.

Local Law or Code Requirement

Bangladesh Labour Law 2006, section- 63 (d) 3; FLA Workplace Code (Health, Safety & Environment HSE.14)

Recommendations for Immediate Action

1. Install missing safety guards on all machinery.

COMPANY ACTION PLANS

1. Safety guards have been provided in those particular machines. 1. We are now maintaining a daily safety checklist to ensure that no safety guards missing, broken and unusable. 2. We have started placing more emphasis on occupational health and safety training among the workers.

Action plan status: Completed
Planned completion date: 11/04/14
Progress update: 09/01/15 : Corrected
Completion date: 11/04/14

FINDING NO.9

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not employ an appropriate number of medical staff to be on duty during all working hours, including all shifts and overtime. The factory does not employ any medical staff for 2nd and 3rd shifts in the embroidery, knitting, and dyeing sections.

Local Law or Code Requirement

Bangladesh Labour Law 2006, section- 89 (5); FLA Workplace Code (Health, Safety & Environment Benchmark HSE.18)

Recommendations for Immediate Action

1. Ensure that there is medical staff on duty during all working hours and all shifts.

COMPANY ACTION PLANS

1. Factory recruited a medical assistant, who resides with the factory premises (in factory staff apartment) so that he's available during all emergencies. His picture (with contact number) posted in all strategic areas of the factory. Besides trained first aid providers in each section (embroidery, knitting & dyeing) are available in all shifts. Management has been following up on this issue on regular basis.

[Picture Uploaded]

Action plan status: In Progress
Planned completion date: 02/17/15
Progress update: 09/01/15 : In progress : since effectiveness of this step is being observed by management.