



COMPANY: PUMA SE, The s.Oliver Group
COUNTRY: Bangladesh
ASSESSMENT DATE: 12/08/12
MONITOR: Level Works Bangladesh
PRODUCTS: Apparel
PROCESSES: Full [= full package]
NUMBER OF WORKERS: 3537
ASSESSMENT NUMBER: AA0000000159

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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.

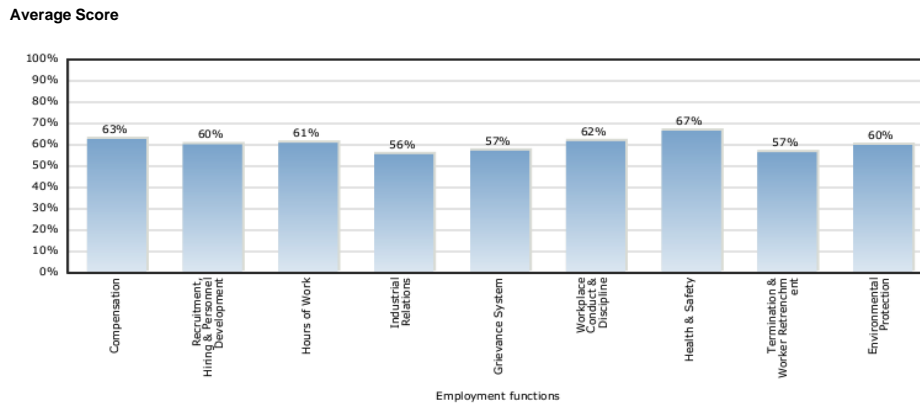
Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

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).

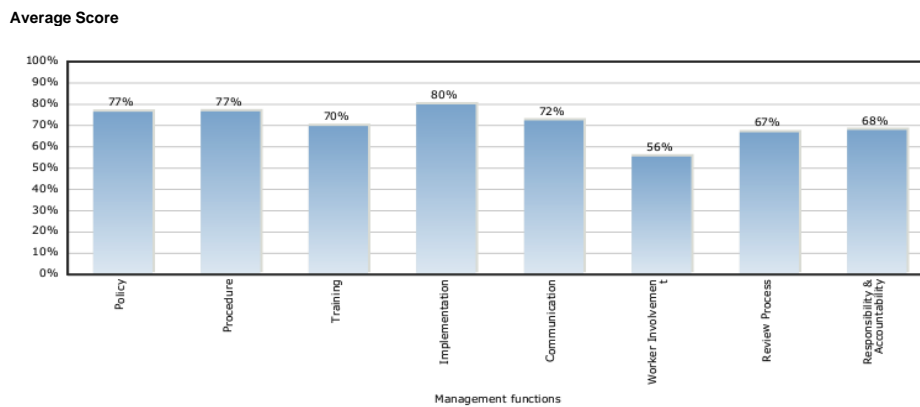
Score by Employment Function

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	64.29%	25%	90%	75%	85.71%	100%	66.67%	83.33%	100%
Procedure	70.84%	59.52%	100%	64.58%	100%	100%	60.61%	82.81%	81.11%
Responsibility & Accountability	69%	56.6%	69%	56.6%	80%	70%	70%	63.83%	70%
Review Process	45%	55%	75%	59.09%	66.67%	55%	55%	55%	65%
Training	61.76%	69.7%	46.15%	57.69%	50%	63.93%	58.29%	65.1%	63.33%
Implementation	90.67%	89.58%	66.13%	88.89%	79.41%	100%	100%	77.11%	63.82%
Communication	50%	85%	75%	100%	77.78%	87.5%	50%	75%	52.86%
Worker Involvement	66.67%	N/A	N/A	100%	0%	N/A	N/A	50%	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
Hours of Work
Health, Safety and Environment
Non-Discrimination

Findings and Action Plans

FINDING NO.1

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

- i. There are no designated (marked) emergency assembly areas.
- ii. Some electrical panels at compressor room were overheated, posing a risk of fire.
- iii. 1 fire exit in the Puma sewing section was locked; some emergency exit signs were missing.
- iv. No fire drills were conducted for the dormitory building. The width of the dormitory's second exit (additional stairway) is very narrow; subsequently, it is not wide enough for easy evacuation.
- v. Machines and trolleys blocked some evacuation routes.
- vi. Most fire fighters were not sufficiently trained on their roles and responsibilities.
- vii. The additional door in front of the emergency exit door at the new cutting section room office obstructs the second emergency exit.
- viii. Several required items are missing from the emergency evacuation plans, such as "You are here" labels and the individual locations of first aid kits, fire exits, and water dispensers.
- ix. The welding equipment (O2 and acetylene) was observed unattended and laying in a horizontal position.
- x. Some stoves were observed turned on and left without supervision in dormitories.
- xi. There is no IPS backup for emergency lights and the fire alarms in the first printing section and the warehouse.
- xii. Fire drill logs are missing important information, such as the exact time for evacuating the building, number of participants, alarm types, attendance time, etc.
- xiii. There is no system in place for periodic tests of diesel fire pump.
- xiv. Fire alarm panel is not active as many fire detectors are on pre-alarm condition.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Chapter 6, Section 62 (3); The Factories Rule 1979, Section 52 (9); Bangladesh Labor Code 2006, Chapter 6, Section 62 (5); FLA Workplace Code (Health, Safety and Environment Benchmark HSE.5)

Root Causes

- i. The risk analysis was not conducted properly, as it does not cover any fire safety risks within the factory and dormitory.
- ii. There is no active worker representation on the ESH Committee; therefore, there is no worker participation on ongoing ESH efforts.
- iii. The ESH Committee is not active and not conducting internal audits on a regular basis.
- iv. Although the factory holds all legally required operational certificates/permits, including a fire safety report, the current local fire safety legislation in Bangladesh: a) falls short on safety precautions and b) does not include any reference to many important topics about fire safety, such as evacuation routes or location of exits.
- v. These issues have not been brought to the attention of the factory management during previous external audits by local government or the brands; therefore, management thought that the factory's physical conditions and general fire preparedness levels were satisfactory.

Recommendations for Immediate Action

- i. Arrange safe designated emergency assembly areas for both production and dormitory buildings;
- ii. Electrical panels at the compressor room should be checked with a thermal camera to detect all hotspots (like overheated connections, load distribution problems, etc.);
- iii. Activate fire alarm panel;
- iv. Ensure that all fire exits are unlocked and unblocked at all times;
- v. Conduct a fire drill in the dormitory and ensure that the second emergency exit (additional stairway) in the dormitory is wide enough for safe evacuation;
- vi. Ensure that all aisles and emergency evacuation routes are free from any obstacles at all times;
- vii. Ensure that the fire fighting team is adequately trained on their roles and responsibilities;
- viii. Remove the additional door before the emergency exit door at the new cutting section, and install 1 more fire alarm button in this section;
- ix. Update the emergency evacuation plans and ensure that all necessary details are indicated;
- x. Assign a person to be responsible for storing and maintaining the welding equipment (O2 and acetylene);
- xi. Assign a person to be responsible for gas stoves and cooking;
- xii. Install IPS backup for emergency lights and the fire alarms on the first printing section and the warehouse;
- xiii. The diesel fire pump should be checked at least twice a month.

COMPANY ACTION PLANS

1. There are huge free space available for emergency assembly. But it wasn't marked. Now it is marked.

Action plan status: Completed
Planned completion date: 12/15/13
Progress update: 06/05/15 : done already
Completion date: 12/15/13

2. We have checked all electrical panel boxes and carry out the modification works for defective electrical panel.

Action plan status: Completed
Planned completion date: 03/31/13
Progress update: 06/05/15 : done
Completion date: 03/31/13

3. fire exit in the Puma sewing section was locked; some emergency exit signs were missing.

It was an unintentional mistake of security guard. Now it is open and will be maintained.

Action plan status: Completed
Planned completion date: 12/11/13
Progress update: 06/05/15 : done
Completion date: 12/11/13

4. No fire drills were conducted for the dormitory building. The width of the dormitory's second exit (additional stairway) is very narrow; subsequently, it is not wide enough for easy evacuation.

Fire drill is now conducting regular basis at the dormitories.

We removed the existing metal made stairway of secondary exit and constructing new RCC stairway for secondary exit, which

width is 5 feet.

Action plan status: Completed
Planned completion date: 12/11/13
Progress update: 06/05/15 : done
Completion date: 12/11/13

5. Machines and trolleys blocked some evacuation routes.

We rearrange machine layout of sewing line. We also removed hanging system metal made trolley from sewing line output area and provided box and wheel system trolley.

Action plan status: Completed
Planned completion date: 06/30/13
Progress update: 06/05/15 : done
Completion date: 06/30/13

6. vi. Most fire fighters were not sufficiently trained on their roles and responsibilities.

We have provided fire fighting & first aid training to the employees from both internal and external sources (fire service & civil defense authority, Bangladesh Govt.). We also applied to the Fire service & civil defense authority to get more training in fire fighting & first aid.

Action plan status: Completed
Planned completion date: 06/30/13
Progress update: 06/05/15 : done
Completion date: 06/30/13

7. vii. The additional door in front of the emergency exit door at the new cutting section room office obstructs the second emergency exit.

We modified secondary exit door location. Now it is free from all kinds of obstacles.

Action plan status: Completed
Planned completion date: 01/30/13
Progress update: 06/05/15 : done
Completion date: 01/30/13

8. viii. Several required items are missing from the emergency evacuation plans, such as "You are here" labels and the individual locations of first aid kits, fire exits, and water dispensers.

Missing items are included.

Action plan status: Completed
Planned completion date: 01/30/13
Progress update: 06/05/15 : done
Completion date: 01/30/13

9. ix. The welding equipment (O2 and acetylene) was observed unattended and laying in a horizontal position.

We removed workshop from said area and now located in far from the production floor. Also the welding equipments are now maintained properly.

Action plan status: Completed
Planned completion date: 01/30/13

Progress update: 06/05/15 : done

Completion date: 01/30/13

10. x. Some stoves were observed turned on and left without supervision in dormitories.

We increase supervision in dormitories to ensure all Gas stoves, electrical switch and water tap are turned off when there is no attendant at such area. Now it is ok.

Action plan status: Completed

Planned completion date: 12/31/13

Progress update: 06/05/15 : done

Completion date: 12/31/13

11. xi. There is no IPS backup for emergency lights and the fire alarms in the first printing section and the warehouse.

We installed IPS for all Emergency lights and fire alarm system.

Action plan status: Completed

Planned completion date: 01/30/13

Progress update: 06/05/15 : done

Completion date: 01/30/13

12. xii. Fire drill logs are missing important information, such as the exact time for evacuating the building, number of participants, alarm types, attendance time, etc.

All the information's are updated in fire drill logs.

Action plan status: Completed

Planned completion date: 11/17/12

Progress update: 06/05/15 : done

Completion date: 11/17/12

13. xiii. There is no system in place for periodic tests of diesel fire pump.

We have checked diesel fire pump for minimum twice in a month.

Action plan status: Completed

Planned completion date: 01/01/13

Progress update: 06/05/15 : done

Completion date: 01/01/13

14. xiv. Fire alarm panel is not active as many fire detectors are on pre-alarm condition.

At the time of audit it was under maintenance. Now all fire alarm panels are active

Action plan status: Completed

Planned completion date: 01/01/13

Progress update: 06/05/15 : done

Completion date: 01/01/13

FINDING NO.2

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

- i. The childcare facility is located on the building's first floor. There are no separate emergency evacuation plans for the childcare facility. Furthermore, current second emergency exit of the childcare facility is not suitable for easy evacuation because of the height and its opening direction to the roof of the building.
- ii. Photos of the persons responsible for the first aid kits were not posted. First aiders are not trained according to local law provisions.

Local Law or Code Requirement

The Bangladesh Labor Code 2006, Section 94; Rooms for Children, Bangladesh Labor Code 2006, Chapter 8, Section 89, First Aid Appliances; FLA Workplace Code (Health, Safety and Environment Benchmark HSE. 27)

Root Causes

- i. There is no active worker representation on the ESH Committee; therefore, there is no worker participation in ongoing ESH efforts.
- ii. The risk analysis report does not include any of the factory's fire safety risks.
- iii. The ESH Committee is not active and does not conduct periodic internal audits on a regular basis.
- iv. There is an insufficient training program for first aiders and regular refreshers/opportunity for feedback.

Recommendations for Immediate Action

- i. Second fire exit door at the childcare facility should be improved to ensure that its size and opening direction is suitable for easy evacuation. Also protective barriers should be placed throughout the evacuation route on the roof to ensure safe evacuation of the children.
- ii. Post the photos of the persons responsible for the first aid kits next to the kits.

COMPANY ACTION PLANS

1. i. The childcare facility is located on the building's first floor. There are no separate emergency evacuation plans for the childcare facility. Furthermore, current second emergency exit of the childcare facility is not suitable for easy evacuation because of the height and its opening direction to the roof of the building.

Separate evacuation plan has been posted.

Also reconstructed new secondary emergency exit for the child care room.

Action plan status: Completed
Planned completion date: 01/30/13
Progress update: 06/05/15 : done
Completion date: 01/30/13

2. ii. Photos of the persons responsible for the first aid kits were not posted. First aiders are not trained according to local law provisions.

First aiders training conducting now on every month and all first aid boxes are now labelled with respective first aid personnel's photo identification.

Action plan status: Completed
Planned completion date: 01/30/13
Progress update: 06/05/15 : done
Completion date: 01/30/13

FINDING NO.3

RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i. Workers' probation period is between 3 and 6 months; this is in line with local law, but exceeds the 3-month limit defined in FLA benchmarks.
- ii. There is no formal training plan for mid-level managers and HR staff. The factory only conducts an informal orientation program for newly-recruited HR staff.
- iii. There is no system in place to monitor if compensation for contractor workers (including minimum wage, leaves, and overtime premiums) are in compliance with: a) FLA Code and Benchmarks and b) the local law.
- iv. There are no employment contracts or personnel files for contractor workers.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Section 5, Appointment Letter and Identity Card; FLA Code (Compensation Benchmark C.1; Employment Relationship Benchmark ER.1)

Root Causes

- i. Management lacks awareness of FLA Code and Benchmarks.
- ii. Bangladeshi law allows employers to have an extended probation period of up to 6 months.
- iii. Management considers contractors to be outside the purview of their social compliance system.

Recommendations for Immediate Action

N/A

COMPANY ACTION PLANS

1. i. Workers' probation period is between 3 and 6 months; this is in line with local law, but exceeds the 3-month limit defined in FLA benchmarks.

At that moment there is no option to violate the local law but extension of probation period is beneficial for workers to stay in existing job and we can consider it as a good chance.

Action plan status: Completed
Planned completion date: 03/28/14
Progress update: 06/05/15 : done
Completion date: 03/28/14

2. ii. There is no formal training plan for mid-level managers and HR staff. The factory only conducts an informal orientation program for newly-recruited HR staff.

Now we have prepared training calendar and providing training to mid-level managers and HR staff.

Action plan status: Completed
Planned completion date: 03/28/14
Progress update: 06/05/15 : done
Completion date: 03/28/14

3. iii. There is no system in place to monitor if compensation for contractor workers (including minimum wage, leaves, and overtime premiums) are in compliance with: a) FLA Code and Benchmarks and b) the local law.

We are now monitoring all contractor workers and their wages, over time, working hour, Leave etc.

Action plan status: Completed
Planned completion date: 03/28/14
Progress update: 06/05/15 : done
Completion date: 01/30/14

4. iv. There are no employment contracts or personnel files for contractor workers.

Contractor workers personnel files are now maintained.

Action plan status: Completed
Planned completion date: 01/31/14

Progress update: 06/05/15 : done

Completion date: 01/31/14

FINDING NO.4

COMPENSATION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

Although factory management has developed a policy about Participation & Welfare Fund, this fund has not yet been established.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Section 234, Establishment of Participation Fund and Welfare Fund; FLA Code (Compensation Benchmark C.1)

Root Causes

- i. This issue has not been brought to the attention of the factory management during previous external audits.
- ii. The industry is in the initial stage of implementing the Participation & Welfare Fund. In keeping with the industry practice, the factory is giving workers attendance, festival, and production bonuses.

COMPANY ACTION PLANS

1. Although factory management has developed a policy about Participation & Welfare Fund, this fund has not yet been established.

Participation & Welfare Fund has well established and maintain properly.

Action plan status: Completed

Planned completion date: 03/31/13

Progress update: 06/05/15 : done

Completion date: 03/31/13

FINDING NO.5

HOURS OF WORK

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i. In previous months, workers from all sections (cutting, sewing, quality, and finishing) worked an average of 72 hours overtime per month, with a maximum of 78 total hours per week.
- ii. The pay slip's format does not include information on overtime premiums.
- iii. Usually, the factory gives workers Friday as the weekly off day. But in some cases when there is high volume work of production, workers work during their rest day (1 to 2 times per month), which is paid as overtime.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Article 102 and 109; FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.2)

Root Causes

- i. Management is more interested in the factory's production, shipment, and quality performance, rather than social compliance performance, which are usually at odds with one another. As a result, there are no defined Key Performance Indicators (KPIs) for either the factory's social or Health, Safety and Environmental performance.
- ii. Management thinks that the seasonality of orders is the cause of excessive overtime and that, consequently, there is no cure for it.
- iii. There is no clear written guideline/procedure for overtime work approval. Currently, the social compliance department has no role in the overtime approval process.
- iv. The current legal minimum wage is not enough to meet workers' basic needs and provide some discretionary income; as a

result, workers rely on overtime to boost their income.

v. No buffer time or deadline extensions are granted in case of contingencies (e.g., raw material delays, late approvals, etc.).

vi. The order volume's seasonality causes capacity planning problems.

vii. There are productivity and quality issues, which result in considerable . The annual re-work time adds up to a total of 22,131 hours.

COMPANY ACTION PLANS

1. i. In previous months, workers from all sections (cutting, sewing, quality, and finishing) worked an average of 72 hours overtime per month, with a maximum of 78 total hours per week.

Our planning and production department working on it to ensure the supply of required materials / accessories for smooth & timely operation and increased the follow up to maintain the working hours within the limit.

Action plan status: In Progress
Planned completion date: 01/01/20
Progress update: 06/05/15 : in progress

2. ii. The pay slip's format does not include information on overtime premiums.

We are providing Salary and over time in two separate dates, which are 4th and 7th of the following months. For this reason overtime information's are not included in salary pay slip. We will also develop a pay slip for overtime information's.

Action plan status: In Progress
Planned completion date: 03/31/14
Progress update: 06/05/15 : in progress

3. iii. Usually, the factory gives workers Friday as the weekly off day. But in some cases when there is high volume work of production, workers work during their rest day (1 to 2 times per month), which is paid as overtime.

This is the general practice of our country. The company provides only three days festival leave for EID but it is not enough for the workers to meet their requirements. This is the time when they meet their relatives and natives. For this reason a proposal from workers' side were raised in the participation committee meeting to avail extra leave and these days will be adjusted with weekend holiday work. For some other days, it was done partially in some section for emergency purposes to meet the shipment date.

It was not our planned work but in future we will try to avoid weekend work. It will be monitory in all stages of production and support service areas. We already have given instruction to the respective department to take appropriate action for avoiding weekend work.

Action plan status: In Progress
Planned completion date: 01/01/20
Progress update: 06/05/15 : in progress

FINDING NO.6

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i. There are no elected worker representatives.
- ii. The Workers' Participation Committee (WPC) is not functional.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Article 205; FLA Workplace Code (Freedom of Association Benchmarks FOA.10 and FOA.11)

Root Causes

- i. Management lacks awareness on the importance and benefits of worker representation and participation at different levels (from H&S to disciplinary actions).

ii. Management and workers lack awareness of FLA Code and Benchmarks about worker representation.

COMPANY ACTION PLANS

1. i. There are no elected worker representatives.

We have a participation committee in the factory premises. The members of the participation committee are selected by workers from different work process.

Action plan status: Completed
Planned completion date: 03/31/14
Progress update: 06/05/15 : it has already been implemented
Completion date: 03/31/14

2. ii. The Workers' Participation Committee (WPC) is not functional.

Member of participation committee is selected by workers from different work process. PC committee is effectively working in our factory from 2002.

We also educated the members of participation committee for dealing their responsibilities more effectively.

Action plan status: Completed
Planned completion date: 03/31/13
Progress update: 06/05/15 : done
Completion date: 03/31/13

FINDING NO.7

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i. It was observed that in order to counteract theft, the factory has a body search/physical pat-down search for all workers.
- ii. There is no progressive disciplinary system in place, as there is no worker representation or involvement in the decision-making process. In the current system, disciplinary penalties are under the sole control of management and there is no control mechanism or means to appeal on an objective basis.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Article 23; FLA Workplace Code (Harassment or Abuse Benchmark H/A.10; Employment Relationship Benchmark ER.27)

Root Causes

- i. Management lacks awareness of FLA Code and Benchmarks.
- ii. Body searches/physical pat downs are very common practices in Bangladesh; they are in line with local law and regulations. Therefore, factory management did not think that this might be an issue.

COMPANY ACTION PLANS

1. i. It was observed that in order to counteract theft, the factory has a body search/physical pat-down search for all workers.

This is only for the suspected people. Female guards check female worker and male guards check male worker at separate places.

Action plan status: Completed
Planned completion date: 12/15/12
Progress update: 06/05/15 : done
Completion date: 12/15/12

2. ii. There is no progressive disciplinary system in place, as there is no worker representation or involvement in the decision-making process. In the current system, disciplinary penalties are under the sole control of management and there is no control mechanism or means to appeal on an objective basis. Disciplinary system and penalties are as per local law but there is no case happened regarding financial penalties within last two years. If required, we

Action plan status: Completed
Planned completion date: 12/15/12
Progress update: 06/05/15 : done
Completion date: 12/15/12

FINDING NO.8

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i. The main electrical switches are not marked.
- ii. Standard operating procedures are not posted on the freight elevator and the warning signs are missing.
- iii. There is no reverse gear siren and no seat belt usage on forklifts.
- iv. Some manhole covers were open.
- v. Canteen workers do not receive periodic health checks.
- vi. There is no grounding system or lightning rod at the facility.
- vii. There are several insulation problems observed in the factory's wiring. Some were fixed with plaster tape.
- viii. Some electrical panels were in poor condition and missing grounding connections.

Local Law or Code Requirement

The Factories Rules 1979, Section 41, Precautions Against Electrical Hazards; The Factory Rules 1979, Section 51; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.13, HSE.14, and HSE.17)

Root Causes

- i. Some of these issues have not been brought to the attention of the factory management during previous external audits by local government or brands.
- ii. The ESH Committee is not active and does not conduct internal audits on a periodic basis. Also, there are no periodic internal audits conducted by representatives from group headquarters.
- iii. There is no active worker representation on ESH Committee; therefore, there is no worker participation on ongoing ESH efforts.
- iv. The risk analysis report is incomplete; the current risk analysis report only roughly covers risks in the spot-removing section and sewing departments.
- v. Neither management nor maintenance department representatives know about the condition of the current grounding system.

COMPANY ACTION PLANS

1. i. The main electrical switches are not marked.

All electrical switch's are marked now.

Action plan status: Completed
Planned completion date: 03/31/13
Progress update: 06/05/15 : done
Completion date: 03/31/13

2. ii. Standard operating procedures are not posted on the freight elevator and the warning signs are missing. SOP and warning signs are now posted in the Freight elevator.

Action plan status: Completed

Planned completion date: 03/31/13
Progress update: 06/05/15 : done
Completion date: 03/31/13

3. iii. There is no reverse gear siren and no seat belt usage on forklifts.

Reverse gear siren and seat belt are now in working properly.

Action plan status: Completed
Planned completion date: 03/31/13
Progress update: 06/05/15 : done
Completion date: 03/31/13

4. iv. Some manhole covers were open.

All missing manhole covers are covered.

Action plan status: Completed
Planned completion date: 03/31/13
Progress update: 06/05/15 : done
Completion date: 03/31/13

5. v. Canteen workers do not receive periodic health checks.

Canteen workers periodic health checkup is done and it will continue

Action plan status: Completed
Planned completion date: 03/31/13
Progress update: 06/05/15 : done
Completion date: 03/31/13

6. vii. There are several insulation problems observed in the factory's wiring. Some were fixed with plaster tape.

We identified all problematic insulations and repaired all the insulation on the correct way.

Action plan status: Completed
Planned completion date: 06/30/13
Progress update: 06/05/15 : done
Completion date: 03/31/13

7. viii. Some electrical panels were in poor condition and missing grounding connections.

Action plan status: Completed
Planned completion date: 01/31/13
Progress update: 06/05/15 : done
Completion date: 01/31/13

FINDING NO.9

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i. There is no eye wash station in the printing section.
- ii. There are no secondary containers provided for chemicals.
- iii. The labeling and actual location of chemicals do not match.
- iv. There is no spill kit in the chemical and dye oil storage area.
- v. Extraction of dye mixing section opens to the working environment.
- vi. Material Safety Data Sheet (MSDS) for kerosene was not available.
- vii. Anti-fatigue floor mats and ergonomic chairs were not provided.

Local Law or Code Requirement

The Bangladesh Labor Code 2006, Section 79 (e), Bangladesh Labor Code 2006, Articles 57-52, Factory Rules, 1979, Article 48; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.9, HSE.10, and HSE. 17)

Root Causes

- i. These issues have not been brought to the attention of the factory management during previous external audits by the local government or the brands.
- ii. The ESH Committee is not active and does not conduct periodic internal audits on a regular basis. Also, there are no periodic internal audits conducted by someone from group headquarters.
- iii. There is no active worker representation on the ESH Committee; therefore, there is no worker participation on ongoing ESH efforts.

COMPANY ACTION PLANS

1.
 - i. There is no eye wash station in the printing section.
 - ii. There are no secondary containers provided for chemicals.
 - iii. The labeling and actual location of chemicals do not match.
 - iv. There is no spill kit in the chemical and dye oil storage area.
 - v. Extraction of dye mixing section opens to the working environment.
 - vi. Material Safety Data Sheet (MSDS) for kerosene was not available.
 - vii. Anti-fatigue floor mats and ergonomic chairs were not provided.

everything has been done:

Eye wash station installed in the printing section

Secondary containers provided

It was happened due to lack of monitoring and negligence of concern persons. Now we are maintaining that all chemicals are stored under respective chemical labels.

Spill kit has been provided in the chemical and dye oil storage area.

Appropriate arrangement has been taken.

Now it is available.

Floor mats and sitting tools have been provided

Action plan status: Completed

Planned completion date: 03/31/13

Progress update: 06/05/15 : done

Completion date: 03/31/13

FINDING NO.10

ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

The following issues were observed in waste management:

- i. The waste management plan does not include all of the hazardous and recyclable waste generation from within the factory (e.g., machine oil, printer cartridges, asbestos containing materials).
- ii. The sludge that comes out of the wastewater treatment plant is buried/dumped in several locations on factory premises.
- iii. Recyclable and hazardous waste is collected and stored in mixed formation.
- iv. Although the factory keeps records on energy and water consumption, it was observed that there are no efforts to increase

energy efficiency or reduce water usage.
v. Air and water leakages were found in different sections.

Local Law or Code Requirement

Bangladesh Labor Law 2006, Article 54; The Bangladesh Environment Conservation Act, 1995 (Act No. 1 of 1995); FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.4)

Root Causes

- i. The ESH Committee is not active and there is no system in place for conducting periodic assessment of the factory's environmental issues.
- ii. The current local environmental legislation in Bangladesh falls short on safety precautions and does not include any reference to many important topics about environmental protection, such as any specifics about a waste management plan. Furthermore, the factory holds all legally required operation certificates/permits.
- iii. There are no waste-management companies that handle hazardous and recyclable waste in this area. Therefore, factory management could not find a service provider. This is a common issue across Bangladesh.
- iv. These issues have not been brought to the attention of the factory management during previous external audits.
- v. Compliance staff is also responsible for environmental issues. Their background and qualifications make them unsuitable for handling this task.
- vi. Management is not fully aware of the potential benefits of increasing energy and water usage efficiency.
- vii. There is no system for conducting periodic energy and water audits.

COMPANY ACTION PLANS

1.
 - i. The waste management plan does not include all of the hazardous and recyclable waste generation from within the factory (e.g., machine oil, printer cartridges, asbestos containing materials).
 - ii. The sludge that comes out of the wastewater treatment plant is buried/dumped in several locations on factory premises.
 - iii. Recyclable and hazardous waste is collected and stored in mixed formation.
 - v. Air and water leakages were found in different sections.

corrective actions all been done:

The waste management plan includes all of the hazardous and recyclable waste generated from within the factory
Due to rearrange of sludge dumping area it was happened at that time. Now we designated sludge dumping area and all waste treatment sludge are dumping there.

Due to rearrange of storage area it was happened at that time. Now we designated separate area for recyclable and hazardous waste storage.

We repaired all Air and Water leakages.

Action plan status: Completed
Planned completion date: 03/31/13
Progress update: 06/05/15 : done
Completion date: 03/31/13

2.
 - iv. Although the factory keeps records on energy and water consumption, it was observed that there are no efforts to increase energy efficiency or reduce water usage.

We are working on several projects with different buyers to reduce energy and water consumption. We are also working to reduce 25% of energy, waste, water and CO2 from our production process. To meet this target we are working cleaner production projects, Enablon, SAVE projects etc.

Action plan status: In Progress
Planned completion date: 01/01/20
Progress update: 06/05/15 : done

FINDING NO.11

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i. The ESH Committee is not active; compliance staff is trying to deal with all ESH-related issues, rather than doing so in a collaborative manner with the ESH Committee. It was also observed that this committee is not conducting internal ESH audits, reviewing/following up on ESH efforts, or taking part in ESH training planning. Topics discussed during monthly ESH Committee meetings are too broad and are mainly related to some general issues and the factory's cleanliness.
- ii. The general H&S policy does not cover the protection of special categories of workers, such as young/elderly workers, pregnant/lactating workers, trainees, apprentices, interns or employees with disabilities.

Local Law or Code Requirement

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

Root Causes

- i. There is no active worker representation on the ESH Committee; therefore, there is no worker participation on ongoing ESH efforts.
- ii. There is no active system for encouraging workers to participate in ongoing ESH efforts.
- iii. Management is more interested in the factory's production, shipment and quality performance, rather than social compliance performance, which are usually at odds with one another. As a result, there are no defined Key Performance Indicators (KPIs) for the factory's social or ESH performance.
- iv. Management is not aware of the potential benefits of an active ESH Committee's, such as the prevention of work accidents and occupational diseases.
- v. Management lacks awareness on FLA Code and Benchmarks.
- vi. These issues have not been brought to the attention of the factory management during previous external audits by local government or brands.

COMPANY ACTION PLANS

- 1. i. The ESH Committee is not active; compliance staff is trying to deal with all ESH-related issues, rather than doing so in a collaborative manner with the ESH Committee. It was also observed that this committee is not conducting internal ESH audits, reviewing/following up on ESH efforts, or taking part in ESH training planning. Topics discussed during monthly ESH Committee meetings are too broad and are mainly related to some general issues and the factory's cleanliness.
- ii. The general H&S policy does not cover the protection of special categories of workers, such as young/elderly workers, pregnant/lactating workers, trainees, apprentices, interns or employees with disabilities.

already done:

We reorganized ESH committee with active participants. Now ESH audit has been conducted with concern internal auditors and all findings are discussed at the ESH monthly meeting.

The Health and Safety policy have been revised with covering the protection of special categories of workers.

Action plan status:	Completed
Planned completion date:	03/31/13
Progress update:	06/05/15 : done
Completion date:	03/31/13

FINDING NO.12

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i. The drinking water and the water dispenser are not clean. There is no periodic sanitation.
- ii. There are shared cups around the water dispensers.
- iii. Non-potable water sources are not marked.
- iv. All medicines in health units are kept at room temperature, although some of them might require to be refrigerated.
- v. There is no water filtering system and it is not clear where drinking water samples were taken. The last water analysis report was dated July 12, 2012.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Articles 58 and 59; FLA Workplace Code (Health, Safety and Environment Benchmark HSE.23)

Root Causes

- i. There is no effective control system over the drinking water filtration system and the risk of drinking water contamination. While the maintenance department is responsible for this task, the staff is not knowledgeable about the types of the filters in the system, as there is a service provider company that maintains the system. There is no written documentation about the nature of

the work performed by this service provider.

- ii. These issues have not been brought to the attention of the factory management during previous external audits.
- iii. There is underground water contamination due to the direct discharge of domestic/industrial wastewater; high arsenic levels in the underground water is a concern throughout Bangladesh.
- iv. Workers' overall understanding of hygiene is low. Most of the time, they prefer not to use soap, toilet paper or sandals.
- v. There is no active worker representation on the ESH Committee; therefore, no worker participation on ongoing ESH efforts.
- vi. The risk analysis report is incomplete; the current risk analysis report only roughly covers the risks in the spot removing section and sewing department.
- vii. The ESH Committee is not active and does not conducting periodic internal audits on a regular basis. Also, there are no periodic internal audits conducted by representatives from group headquarters.

COMPANY ACTION PLANS

- 1. i. The drinking water and the water dispenser are not clean. There is no periodic sanitation.
- ii. There are shared cups around the water dispensers.
- iii. Non-potable water sources are not marked.
- iv. All medicines in health units are kept at room temperature, although some of them might require to be refrigerated.
- v. There is no water filtering system and it is not clear where drinking water samples were taken. The last water analysis report was dated July 12, 2012.

all corrective actions are already implemented:

Cleaned all drinking water dispensers and will be continued.

Refrigerator provided at the medical room.

Now we have provided separate cup to all individual workers and the same procedure will maintaining for every new join employee.

Action plan status:	Completed
Planned completion date:	03/31/13
Progress update:	06/05/15 : done
Completion date:	03/31/13

FINDING NO.13

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

- i. There is no gas detector in the generator and boiler room.
- ii. The main gas shutoff valve is not marked at gas usage areas.
- iii. There are no gas detectors in the dormitory kitchens and there is uncontrolled usage.
- iv. The manometers of pressure vessels area are not marked.
- v. Handrail and protective barriers are missing in some areas, such as the rain water reservoir and the boiler and generator room.
- vi. The cutters' vacuum system exhaust is located inside the production area, which negatively affects the air quality in the production area.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Section 78, Explosive or Inflammable Dust, Gas, Etc.; FLA Workplace Code (Health, Safety and Environment Benchmark HSE.1)

Root Causes

- i. These issues have not been brought to the attention of the factory management during previous external audits.
- ii. The ESH committee is not active and does not conduct periodic internal audits on a regular basis. Also, there are no periodic internal audits conducted by representatives from group headquarters.
- iii. There is no active worker representation on the ESH Committee; therefore, no worker participation on ongoing ESH efforts.

COMPANY ACTION PLANS

- 1. ii. The main gas shutoff valve is not marked at gas usage areas.
- iv. The manometers of pressure vessels area are not marked.
- v. Handrail and protective barriers are missing in some areas, such as the rain water reservoir and the boiler and generator room.

vi. The cutters' vacuum system exhaust is located inside the production area, which negatively affects the air quality in the production area.

all the abovementioned findings are solved now:

The main gas shutoff valve now marked.

The manometers of pressure vassels now marked.

Handrails have been provided to the respective area.

The cutters' vacuum system exhaust has removed from the production area.

Action plan status: Completed

Planned completion date: 03/31/13

Progress update: 06/05/15 : done

Completion date: 03/31/13

2. i. There is no gas detector in the generator and boiler room.

... is under Under management consideration.

Action plan status: Planned

Planned completion date: 01/01/20

3. iii. There are no gas detectors in the dormitory kitchens and there is uncontrolled usage.

Gas detector installation is under management consideration.

We increase monitoring to stop uncontrolled usage of gas.

Action plan status: Planned

Planned completion date: 01/01/20

FINDING NO.14

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 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

FLA Workplace Code (Compensation Benchmark C.1.3)

Root Causes

- i. The Bangladeshi apparel industry currently does not provide wages that allow for the fulfillment of workers' basic needs plus a discretionary income.
- ii. There is no wage structure in the factory that would enable workers to progressively earn a wage level that meets their basic needs.

COMPANY ACTION PLANS

1. Based on worker interviews, their salary is not enough to cover all of their basic needs and provide a discretionary income.

There is no living wage bench mark in Bangladesh but minimum wage is defined by law. We are providing more than minimum wages declared.

remark here: I discussed it with Kenan, this should not be a finding because it is a finding that is solely based on the perception of workers only!

Action plan status: Completed
Planned completion date: 03/31/14
Progress update: 06/05/15 : done
Completion date: 03/31/14

FINDING NO.15

HEALTH & SAFETY

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

Following issues with respect to worker protection were observed:

- i. The type of mask used in the printing section was not selected with respect to chemical hazards in this section; furthermore workers did not confirm usage of these masks.
- ii. Machine guards were missing on some machines at maintenance department, such as grinding machines and drills.
- iii. Some workers were not using existing needle guards and eye guards.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Section 79; Bangladesh Labor Code 2006, Section 62; Precautions in Case of Fire (8); FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.6 and HSE.7)

Root Causes

- i. These issues have not been brought to the attention of the factory management during previous external audits by local government or brands.
- ii. There is no active worker representation on the ESH Committee; therefore, there is no worker participation in ongoing ESH efforts.
- iii. The risk analysis report does not include any issues around personal protection.
- iv. The ESH Committee is not active and does not conduct periodic internal audits on a regular basis.

COMPANY ACTION PLANS

1. "i. The type of mask used in the printing section was not selected with respect to chemical hazards in this section; furthermore workers did not confirm usage of these masks."
ii. Machine guards were missing on some machines at maintenance department, such as grinding machines and drills.
iii. Some workers were not using existing needle guards and eye guards.

remark: all corrective actions have already been implemented!

Chemical masks have been provided to the printing section employee. Also provided awareness training on use of chemical mask.

It was an unintentional mistake. Machine guards installed in the grinding and drill machines.

It was the unintentional negligence of the operators. We arranged awareness training on use of needle and eye guards.

Action plan status: Completed
Planned completion date: 03/31/13
Progress update: 06/05/15 : done
Completion date: 03/31/13

FINDING NO.16

TRAINING

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

Although there are different types of grievance/complaint handling systems in place, such as the Workers' Participation Committee, it was observed that workers' awareness on existing procedures were very low.

Local Law or Code Requirement

Bangladesh Labor Code 2006, Article 33; FLA Workplace Code (Employment Relationship Benchmark ER.25)

Root Causes

- i. Management lacks awareness on FLA Code and Benchmarks.
- ii. There is no effective orientation/regular training on existing procedures and practices.
- iii. Management believes that the current open door policy would suffice for solving any kind of issue/dispute.
- iv. These issues have not been brought to the attention of the factory management during previous external audits.

COMPANY ACTION PLANS

1. Although there are different types of grievance/complaint handling systems in place, such as the Workers' Participation Committee, it was observed that workers' awareness on existing procedures were very low.

Now all the employee's are well known about grievance/complaint handling systems because we increase the awareness regarding this issue.

Action plan status:	Completed
Planned completion date:	02/28/13
Progress update:	06/05/15 : done
Completion date:	02/28/13