

FLA Audit Profile	
Country	Bangladesh
Factory Code	34005396E
IEM	LIFT Standards Ltd.
Date(s) in facility	October 3, 5, 6 & 9, 2006
PC(s)	VF Corp.
Number of workers	2017 permanent workers (Male 1210 and Female 807)
Product(s)	Knit and Woven Garments
Production processes	Fabric Processing - Fabric Store - Cutting - Stitching - Checking - Pressing - Packing - Finished goods store - Shipping

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings					Remediation			Updates (August 16, 2007)		
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company Follow up	Documentation
1. Code Awareness													
Worker/management awareness of Code		FLA Principle of Monitoring, Obligation of Companies: 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.	1) Code of Conduct is not communicated to the workers and management. No training or orientation system to the workers and management on Code of Conduct awareness. 2) Workers and management are not aware of the Code of Conduct and its contents.				Management & workers interview and documents review Visual observation and interview with the workers and management		Schedule COC training to workers by groups & supervisors separately in training room (G/F) from Mid December 06 through Mid March 07.	Mid March 2007.	Will set up a time table for the groups training; agenda of training; report of training; attendance report and photographs.	8/16/2007 - The factory has implemented a policy to provide all buyers COC training to the managers and workers on a regular basis and maintains records.	Policy posted in a visible location and maintains training record with date and signature.
Confidential non-compliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: 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 non-compliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	No confidential non-compliance reporting channel exists.				Visual inspection and workers & management interview		Develop a team who will report to the company on non-compliance issues with the workplace standard. A check list may be submitted on a regular basis.	Mid March 2007.	Will maintain regular check list.	8/16/2007 - Factory has Welfare Committee to raise workers complaints. Also suggestion boxes have been placed in the toilet area for the workers to raise any issues, the factory tries to solve it ASAP. But no complaints have been raised by the employees to date.	
2. Forced Labor													
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise													
3. Child Labor													
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.													
4. Harassment or Abuse													
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.													
Progressive Discipline		Employers will utilize progressive discipline, e.g., escalating discipline using steps such as verbal warning, written warning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or assault, shall be in writing and clearly communicated to workers.	No policy exists on harassment, abuse, disciplinary system and not communicated to workers				Management interview, workers interview and records review		Develop a Disciplinary system and include this in the COC training program. Include policies regarding harassment and abuse in the Disciplinary system and also cover these policies in COC training program.	Mid March of 2007.		8/16/2007 - The factory has implemented a policy to provide all buyers COC training to the managers and workers on a regular basis and maintains records.	Policy posted in a visible location and training records maintained with date and signature.
Progressive Discipline		Employers will utilize progressive discipline, e.g., escalating discipline using steps such as verbal warning, written warning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or assault, shall be in writing and clearly communicated to workers.	1) Factory gives 'force absence' for 2 to 3 days to the workers, if any worker is absent 1 day without any notice or leave application. As a result 2-3 days wages is deducted from their salary. 2) Factory workers were not allowed to join work after 3 days of consecutive leave (their due payment were also not paid). If a worker is absent for three consecutive days without prior notice, it results in lock out by the factory which leads to a continued absence and a Show Cause Letter is issued and only through courier service. But workers interviewed and records reviewed showed that workers were not paid their due payment (payment is withheld).				Offsite workers interview and personnel files and due payments records review		Include clear statement of absence policy in the Disciplinary system and provide training to workers in COC training. Follow the local law stipulation of terminating and compensating a worker who was absent for consecutive days exceeded the law stated.	Mid March of 2007.		8/16/2007 - The factory was deducting wages for unauthorized absent as per law. If any employee absent for a long time they are issuing a letter to employees address.	If the factory deduct any amount, they are maintaining record.
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices.	No structured and effective training for managers and supervisors on disciplinary practice.				Management interview and documents review		The policy on harassment and abuse will include training on this disciplinary practice in COC training for supervisors and managers group.	Mid March of 2007.		8/16/2007 - The factory has implemented a policy to provide all buyers COC training to the managers and workers on a regular basis and maintains records. Harassment policy has been implemented and posted in a visible location. Training records on harassment or abuse for the supervisor, managers and workers have been maintained.	Policy posted in a visible location and maintaining training record with date and signature.
Record Maintenance		Employers will maintain written records of disciplinary actions taken.		Only Show Cause Letter is issued to workers for unauthorized long absence. Show cause letter are sent who have left the factory without notice and are sent by registered or by courier service to the unspecified workers addresses with the effect that those letters are not deliverable.			Records review and workers interview		First the factory management would check the reason of the absentees. They will discuss with the employee regarding their absence and if they get reliable answer from the employee, they would not deduct any money from their salary. They would adjust with their casual and annual leave.			8/16/2007 - The factory has stopped such types of policy. They are not deducting any amount from the employees. If any employee is absent for a long time they are issuing a letter to them to provide the factory with an explanation of unauthorized absence.	Policy posted in a visible location and maintaining record.
Verbal abuse		Employers will prohibit screaming, threatening, or demeaning verbal language.	Verbal abuse issue was raised against different level of management in case of failing to achieve production target and mistakes.				Workers interview		Develop policy and include this policy training in COC training program to Supervisors and Managers.	Mid March of 2007.		8/16/2007 - The factory has implemented a policy to provide all buyers' COC training to the managers and workers on a regular basis and maintains records.	Policy posted in a visible location and training is provided to the managers and supervisors and training record with date and signature is maintained.

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings					Remediation			Updates (August 16, 2007)			
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company Follow up	Documentation	
Gender Sensitive Security		Security practices will be gender-appropriate and non-intrusive.	Body search (pat search) is conducted by the security at the main gate when workers go out from the factory (During lunch and at the end of the work).					Visual observation and workers interview		Develop a guideline to security guards and post the guideline at security posts.	End December, 2006.		Body Search (Pat Search) is the common practice in Bangladesh. The factory will develop a security policy and follow the workers in the production floors to protect their goods instead of body search.	
Monetary Fines and Penalties	In accordance with the Payment of Wage Act 1936, Section 9, the illegal or unauthorized wage or benefit deduction was prohibited by the factory.	Employers will not use monetary fines and penalties for poor performance.	Overtime is deducted if a worker or group of workers or a particular line failed to achieve production target or for any production mistakes.					Documents review and worker interview (offsite)		Develop clear statement in Disciplinary system and include in COC training to workers.	Mid March of 2007.		According to the management it was not their practice to deduct money for poor performance.	The factory has implemented a policy not to deduct any money from the employees' salary for poor performance.
5. Nondiscrimination														
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.														
6. Health and Safety														
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.														
Document Maintenance/ Accessibility		All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.	MSDS is not posted at the spot removing room in local language.					Visual observation		Translate MSDS in Bengali and post it at the spot removing room.	Mid December of 2006.		MSDS has been implemented for the employees and provided training to the employees and maintained records.	
Evacuation Procedure	In accordance with The Factories Act 1965, Section 22, (6) all windows, doors or other exits affording escape in case of fire shall be distinctively marked in red letters in the local language. A free passageway giving access to each means of escape shall be maintained for the use of all workers in every room of the factory.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Sewing section aisles were partially blocked by semi finished goods, cartons and fabrics.					Visual observation		Train floor supervisors to enhance supervision of free obstruction to any evacuation walk paths.	Mid December of 2006.		Factory has re-arranged floor to move freely and safely.	
Safety Equipment	In accordance with The Factories rules, 1979, Rules-52, Sub-rule-8, every factory shall keep and maintain sufficient number of spare charges for each type of extinguisher provided in the factory with a maximum of 12 spare charges always in stock and readily available.	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.		Some fire extinguisher (at marked places) were found empty and available spare fire extinguisher wasn't found. However, the factory has 35 fire extinguishers, the law requirement being 9.				Visual observation		The factory has implemented a policy to check all fire fighting facility regularly. They are maintaining a check list.			The factory has provided training to the fire fighting team. Fire fighting team are checking fire fighting facility and maintaining records.	Training records maintained.
PPE		Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	1) Masks and gloves were not used while removing spot and using the thinner. 2) Scissors are not fixed on the table or hand with cord.					Visual inspection and worker interviews		Train supervisors to enhance floor supervision and provide training to relevant workers on using of PPE.	Mid December of 2006.		Factory provided PPE to the related employees and provided PPE training to the employees and maintained records.	
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Protective finger guard/needle guard found missing with some of the single needle sewing machines.					Visual inspection		Inspect all single needle sewing machines and install needle guard to those missing it.	Mid December of 2006.		Installed safety guards in all machines	
Sanitation in Facilities	In accordance with The Factories Act 1965, Section-20, sub-section (d), all such latrines and urinals shall be maintained in a clean and sanitary condition at all times with suitable detergents or disinfectants or with both.	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	Deodorant tablets were not used in any toilets.					Visual Inspection		Maintain the exhaust fans operating during working hours and supplydeodorant tablets at timely manner.	Mid December of 2006.		Provided deodorant tablets in toilet.	
7. Freedom of Association and Collective Bargaining														
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.														
8. Wages and Benefits														
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.														
Wage Benefits Awareness		Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law.		Workers are not well aware about the wages and benefits as there is no formal effective training for workers (only selected 2 to 3 workers / line is taken for training / month)				Worker interview and documents review		Maintain this training process on going.	End May of 2007.		Regular training was provided to the employees and records maintained.	
Time-recording system		Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards.	Excessive OT was observed to be carried out by the factory on Friday 6th of Oct 2006 but not recorded in the attendance register or time card.					Visual observation, documents review and workers interview		Develop Overtime policy including extraordinary circumstances and accurate time records.	Mid March of 2007.		All working hours are indicated in the time cards.	
Record Maintenance		All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.	Factory maintains separate attendance register for excessive OT and rest day work. This separate register has been provided for June and July 06, but not for Aug and Sep 06.					Documents review and worker interview		Develop OT policy and accurate time recording system.	Mid March of 2007.		8/16/2007- The factory has installed swipe card system to indicate actual working hours.	
Record Maintenance		All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.	As factory couldn't provide complete records of OT and Friday's work (for August and September06) auditors were unable to determine actual payment.					Documents review and worker interview		The factory is maintaining records to verify the wages and benefits as well as working hours, OT included.			The factory has implemented a policy not to work more than legal limits.	Time record.

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings						Remediation			Updates (August 16, 2007)		
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company Follow up	Documentation	
Legal benefits		Employers will provide all legally mandated benefits to all eligible workers.	During the final settlement 14 days earned leave payment is given less from the EL balance of the workers. (does not match with the company policy) (Wrong EL calculation: first year of service makes an employee eligible to start the earned leave.) [The factory when told] Revised the current policy and paid pro rate immediately.					Management interview and documents review		Follows the legal EL calculation and requirement to all eligible employees.	Immediate		Factory now calculating Annual leave as per law. They have revised the leave policy as per law.	
Legal Compliance for holiday/leave	In accordance with The Factories Act 1965, Section 51, a regularly scheduled work week of one day off in every seven day period are encouraged.	Workers will be paid for holidays and leave as required by law.	1) Friday work is paid as OT but not compensated with another day off within 3 days. 2) Continuous work of 51 consecutive days without any rest day from June 10, 2006 to July 30, 2006 was found.					Documents review and worker interview		Process a plan to cut down on Friday work. Compensate another day off in 3 days if production plan is allowable. Guarantee the compensatory day off not exceeding the prevailing industry standard and within 21 days	Immediate		The factory has reduced the working hours as per law. If any worker works any off day, they are providing substitute holidays as per law.	
Timely Payment	In accordance with The Payment of Wages Act 1936, Section 5 (b) any factory in which above than one thousand persons are employed, shall be paid before the expiry of the tenth day after the last day of the wage-period in respect of which the wages are payable.	All compensation shall be paid in a timely manner.	Attendance bonus is given after the 10th of the following month.					Documents review		Follow the legal stipulation of payment compensation	Immediate steps will be taken after the installation of sweep card system.		Sweep card system has been installed. Payment provided before the 7th day of the following month.	
False Payroll Records		Employers will not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.			Factory maintains separate attendance register for excessive OT and rest day work. This separate register has been provided for June and July 2006, but not for Aug and Sep 2006. Actual payment doesn't reflect the amount that worker supposed to get. Excessive Work hours and production on Friday was found on the register of production floor. Auditors has collected the record of Sep 8, Sep 29 and Oct 6, 06 from production line. However, these hours were not recorded on workers time card.	Given the unavailability of complete records of OT and work on rest days it is not possible to verify the compensation of excessive OT.		Production document review and workers interview		Maintain accurate records for payroll and time attendance including overtime.	Immediate		Sweep card system has been installed to indicate actual working hours.	
9. Hours of Work														
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.														
Overtime Limitations	1. In accordance with The Factories Act 1965, Section-50, 51, 53, no adult worker shall be required or allowed to work in a factory for more than nine hours in a day or forty eight hours in a week. And not exceed sixty hours in any week and on the average fifty-six hours per week in any year. 2. The Factories Act 1965, Section-65 (b) no woman shall be allowed to work in a factory except between 7 a.m. and 8 p.m.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	1) Excessive working hours was found in June 2006 ranging up to 98 hours/week, in July up to 94 hours/week, in August up to 66 hours/week. 2) Female workers worked beyond 8:00 pm: On July 25 2006, in time: 08:00 am, out time: 01:00 am of next day.					Documents review and worker interview		Establish progressive system to reduce overtime hours to meet 60 hours per week. Follow the legal requirement regarding female employees not to work beyond 8pm. Implement OT reduction system such as share extra production load with group factories, maintain regular 2 OT hours a day starting from cutting and extending to sewing & other departments eventually, operating 2 shifts in finishing etc. If female workers are arranged OT after 8pm, will get female workers to sign OT consent voluntarily.	Mid March of 2007.		8/16/2007- Management did not deduct any OT for delayed production. Employees were working as per law.	
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary.	Daily eight hours regular work and two hours OT work is acknowledged/ signed by workers on the time card, but the excessive hours OT is not signed by workers as voluntary.					Management interview and documents review		Develop Overtime policy to include accurate time records.	Mid March of 2007.		Employees are working as per law limits.	
10. Overtime Compensation														
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.														
OT Compensation Awareness		Workers shall be informed about overtime compensation rates, by oral and printed means.	Workers are not aware about overtime compensation rates and benefit.					Workers interview and documents review		Provide training to all employees on new Overtime Policies.	Mid March of 2007.		All employees are getting training on factory policies like overtime payment, leave policy, abuse or harassment policy etc. and maintains records.	