COMPANY: Ash City Worldwide  
COUNTRY: Bangladesh  
FACTORY CODE: 910005197H  
MONITOR: PHULKI  
AUDIT DATE: December 8-12, 2009  
PRODUCTS: Woven (top to bottom)  
PROCESSES: Cutting, Sewing, Packaging, Finishing  
NUMBER OF WORKERS: 1433
CONTENTS:

Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses _________ 3
Wages, Benefits and Overtime Compensation: Timely Payment of Wages ________________________ 4
Wages, Benefits and Overtime Compensation: False Payroll Records ____________________________ 5
Wages, Benefits and Overtime Compensation: Other - Wages, Benefits and Overtime Compensation* 6
Forced Labor: Forced Overtime __________________________________________________________ 6
Freedom of Association: Facilities for Worker Representatives ___________________________________ 7
Freedom of Association: Grievance Procedure ______________________________________________ 8
Harassment or Abuse: Discipline/Worker Awareness and Participation of Workers _________________ 9
Harassment or Abuse: Discipline/Training of Management ______________________________________ 10
Harassment or Abuse: Discipline/Physical Abuse ____________________________________________ 11
Harassment or Abuse: Discipline/Verbal Abuse______________________________________________ 12
Code Awareness: ____________________________________________________________________ 13
Code Awareness: ____________________________________________________________________ 14
Code Awareness: ____________________________________________________________________ 15
Health and Safety: Other - Health and Safety ______________________________________________ 16
Hours of Work: General Compliance Hours of Work_________________________________________ 17
Hours of Work: Rest Day __________________________________________________________________ 18
Hours of Work: Time Recording System ____________________________________________________ 19
Hours of Work: Extraordinary Business Circumstance/Forced Labor ____________________________ 20
Hours of Work: Public Holidays __________________________________________________________ 21
Hours of Work: Sick Leave ________________________________________________________________ 22

*Denotes a notable feature
Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explaination: 1. Casual and sick leaves are not granted easily. Most of the workers do not get leave as per their need and in any emergency case workers go absent without pay.

2. The factory has a policy for maternity leave but the workers were informed that they were not aware about the maternity leave and benefits. Although the factory management provided us some documents on sanctioning maternity leave and benefits payment to their female workers, compared to the total female workforce of the factory the number is too small. The interviewed workers could not identify any workers in their production floor and also in the factory, who had received the said leave and benefits. They informed that the expecting mother has to leave/resign from their job before 1/2 months of their delivery date. The auditors also requested the management to take 1 or more worker(s) for interview but the management could not take any worker who enjoyed the benefit. We also interviewed some pregnant workers, who informed that the management did not inform them about entitlement of maternity leave or benefit.

3. Helpers of sewing section are not entitled for attendance bonus whereas supervisors, operator and others are entitled.


Plan Of Action: The plan of action is for the factory to implement educational sessions to inform all workers about their rights and benefits. This would be done by providing the employees education sessions and getting each worker to sign for their understanding. Also, the factory will advise that any employee that does not understand would meet with the Workers Participatory Committee (WPC) to ensure their full understanding. Also, any employee who feels that they were not given their leaves will be encouraged to report to the WPC for further action. The factory will provide benefits like casual and sick leaves appropriately in accordance to local laws and will ensure that women workers are appropriately provided the maternity benefits and helpers are being given the attendance bonus.

Deadline Date: 10/29/2010
Wages, Benefits and Overtime Compensation: Timely Payment of Wages

WBOT.4 All wages, including overtime compensation shall be paid within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month. (S)

Noncompliance

Explanation: Payment of excessive OT work is paid separately within 18th to 20th of the following month.

Local law reference: Sub clause 1 under section 123 of Bangladesh Labour Act 2006 - The wages of the workers (and this includes overtime payment) have to be paid within the 7th day of the wage period.

Plan Of Action: Wages will be paid according to Bangladesh laws which is within 7 days of month’s end. Education sessions will be done to ensure employees are aware of what is owed to them and when the payments are due.

Deadline Date: 06/30/2010
Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: 1. Time records for regular working hours and normal overtimes are recorded via swipe cards but record of excessive overtime is maintained manually in a separate sheet by supervisor. The factory has maintained 2 types of time recording systems. Working hour after 7:00 p.m., (if done) was not recorded by the electronic time keeping machine (swipe card). Only the working hours from 8:00 a.m. to 7:00 p.m. with 2 hours overtime were recorded by the workers themselves via the card. For excessive overtime after 7:00 p.m., (if done) factory maintained separate records and it was recorded manually by the supervisor (this was not, however, available for review).

2. Factory also maintained 2 types of wages sheet. One was “Salary and overtime sheet for the month ----“ and another was “Overtime Sheets for the month ---.” Time records of “Job Card Report,” maintained by swipe card (for regular wages and normal 2 hours OT benefit) matched with the first one. More than 2 hours of the daily regular OT and working on weekly off days (maintained in separate records) were given separately by the “Overtime Sheets for the month ---- .” In the closing meeting, management agreed with our finding and has provided 2nd sheet of “Overtime Sheets for the month -----“ some months.

Plan Of Action: Factory has upgraded time recording systems to include all OT hours. As of January 1, 2010, factory has upgraded time systems to show all hours on employee's swipe card.

Deadline Date: 01/01/2010

Action Taken: No

Plan Complete Date:
Wages, Benefits and Overtime Compensation: Other - Wages, Benefits and Overtime Compensation
Other

Notable Feature

Explanation: Good practice: The factory management arranged annual picnics and the workers enjoyed the picnics very much.

Forced Labor: Forced Overtime
F.14 The imposition of mandatory overtime beyond the limits set by the law, a freely negotiated collective bargaining agreement, and/or the FLA Code, in an environment where a worker is unable to leave the work premises, constitutes forced labor. (S)

Noncompliance

Explanation: Overtime work is not voluntary but mandatory. The workers informed that OT is mandatory and monitor did not find any evidence for voluntary OT. Management showed a paper to the monitors and it indicated that OT was not mandatory for all; it depends on workers’ willingness. But we did not find any written documents/notice on noticeboard. Management informed us that it was announced through PA system 2 hours before the end of the regular working hours. Management provided postdated (on January 1, 2008) records on workers’ consent for doing the voluntary overtime. Periodically updated records were not maintained on workers’ consent for doing the voluntary overtime.

Plan Of Action: Going forward, up-to-date records will be kept with employee’s consent to work voluntary overtime. In addition, the company is to hold educational sessions to ensure that all employees are fully aware of their rights and that overtime is NOT mandatory.

Deadline Date: 07/30/2010

Action Taken:
Freedom of Association: Facilities for Worker Representatives

FOA.25 Workers' representatives shall have the facilities necessary for the proper exercise of their functions, including access to workplaces. (S)

Noncompliance

Explanation: Workers were not aware of the WPC. The WPC members also did not know the role and responsibility of the committee. For any problems, the workers inform their floor in-charge or supervisor.

Plan Of Action: The factory will reintroduce the WPC. The committee will be properly trained and staffed. Meetings will take place each month at a designated time and accurate records are kept of meetings. The committee will consist of workers, supervisors, and management.

Deadline Date: 06/30/2010

Action Taken:

Plan Complete: No
Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Noncompliance

Explanation: There was a suggestion box in the toilet but it was almost nonfunctional. Some workers do not know about the existence of the suggestion box; some know of the existence but its purpose and procedure is not clear to them.

Plan Of Action: The factory will post suggestion boxes throughout the facility. The purpose and procedures for suggestions will be posted for all employees to understand. Issues found in the boxes will be addressed during the monthly WPC meetings and corrective action will be posted on the public board. Records will be maintained with copies of the suggestion in the WPC log book.

Deadline Date: 06/30/2010

Action Taken: No

Plan Complete Date:
Harassment or Abuse: Discipline/Worker Awareness and Participation of Workers

H&A.6 Workers must be informed when a disciplinary procedure has been initiated against them. Workers have the right to participate and be heard in any disciplinary procedure against them. Employers shall maintain written records of all disciplinary actions taken. Workers must sign all written records of disciplinary action against them. Such records must be maintained in the worker's personnel file. (P)

Noncompliance

Explanation: Practice of disciplinary policies and procedures do not exist in the factory. Only paper maintained on disciplinary action is the warning letter. Warning letter is issued in some cases and kept with respective worker's personnel file but workers reply and follow-up action or the steps and procedures of disciplinary actions is not recorded.

Plan Of Action: The factory will follow the policy which they have developed to record, manage and resolve all disciplinary issues. A new recording process will be developed to maintain issues, employee comments, actions and resolutions.

Deadline Date: 07/30/2010

Action Taken:

Plan Complete: No

Plan Complete Date:
Harassment or Abuse: Discipline/Training of Management

H&A.7 Employers shall ensure managers and supervisors are fully familiar with the factory disciplinary system and trained in applying appropriate disciplinary practices. (P)

**Noncompliance**

**Explanation:** Knowledge of floor level management and workers on disciplinary practices was very poor. Employer did not provide any training to the line chiefs, supervisors and workers in appropriate disciplinary practices. We interviewed some supervisor, floor chief and workers on handling discipline and disciplinary practice in the factory. They lacked knowledge on issuance of show cause letter, reply from worker, suspension, warning, suspension withdrawn, process/procedure of initial complain file by workers, if workers do not get any response than what the next steps, etc.

**Plan Of Action:** Factory will arrange training sessions with all management and staff on disciplinary policies and procedures. A new recording process will be developed to maintain issues, actions and resolutions.

**Deadline Date:** 07/30/2010

**Action Taken:**

- **Plan Complete:** No
- **Plan Complete Date:**


Harassment or Abuse: Discipline/Physical Abuse

H&A.10 Employers shall not use any form of - or threat of - physical violence, including slaps, pushes or any other forms of physical contact as a means to maintain labor discipline. (S)

Noncompliance

Explanation: Workers informed that the supervisors misbehaved with them if they make a mistake or could not meet the production target or if any worker goes absent. Sometimes they throw the product at workers, use bad language, slap or hit backside of the head on the production table for any mistake. The workers don't raise their voice because they believe that they will lose their job by the supervisors and in-charge.

Plan Of Action: The factory owner has attended a regular morning meeting and advised that management and supervisors’ misbehavior with any employee is strictly forbidden and will be dealt with according to the disciplinary policies and procedures. The factory will also be conducting training and has invited all buyers to attend. The reintroduction of the WPC committee will ensure employees have a forum to voice any noncompliance.

Deadline Date: 04/30/2010

Action Taken: 

Plan Complete: No

Plan Complete Date:
Harassment or Abuse: Discipline/Verbal Abuse

H&A.11 Employers shall not use any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline. (S)

Noncompliance

Explanation: The factory has a written policy on harassment and abuse which has been introduced to workers and floor level management. Although the policy expresses that any type of harassment or abuse (orally, physically, mentally and sexually) is strictly prohibited in the factory, verbal abuse still exists in the factory. Sometimes bad language and screaming are used with the workers. The workers don't raise their voice because they feel scared of losing their job.

Plan Of Action: The factory will train its management and staff on how to deal with pressure and stress and how to communicate with the staff more effectively. Any verbal abuse will be disciplined according to the disciplinary policies and procedures. The employees will be encouraged to raise issues at the WPC.

Deadline Date: 03/31/2010

Action Taken: 

Plan Complete: No 

Plan Complete Date: 


Code Awareness:
GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

Noncompliance

Explanation: The factory did not provide/post the Company Code of Conduct.

Plan Of Action: The company has provided another copy of its code of conduct to the factory. The company is also providing its Code of Conduct in a format that can be posted on the factory notice board for all employees' benefit.

Deadline Date: 03/31/2010

Action Taken: 

Plan Complete: No

Plan Complete Date: 


**Code Awareness:**

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

**Noncompliance**

**Explanation:** The company has not undertaken any training programs in the factory or did not visit the factory to assist them with the compliance norms. Or, the company does not have the designated staff or service providers to oversee their factory compliance program. The factory management also could not provide us any documents that indicated that any training program has been conducted.

**Plan Of Action:** The factory currently has 4 compliance officers. The company will conduct an informative Code Awareness program and training with these compliance officers and management. The company is providing its Code of Conduct in a format that can be posted on the factory notice board for all employees and contact information for employees to contact company.

**Deadline Date:** 09/30/2010

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**
**Code Awareness:**

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

**Noncompliance**

**Explanation:** There was no confidential noncompliance reporting mechanism which allows factory workers to contact the company independently/diverstly.

**Plan Of Action:** The company is providing its Code of Conduct in a format that can be posted on the factory notice board for all employees and contact information for employees to contact company. The company will provide direct telephone numbers for the local office representative where a bilingual person will be made available to speak to the employees in their language.

**Deadline Date:** 07/30/2010

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**
Health and Safety: Other - Health and Safety
Other

Noncompliance

Explanation: 1. The childcare facility is on the ground floor but it is not well ventilated. The environment is not perfect to keep children in the center.

2. There was no child and no trained caregiver at the childcare center.

Plan Of Action: It will be a mandate of the WPC committee to determine the needs around the childcare facility. The factory has agreed to meet the recommended needs of the WPC and Bangladesh laws as it pertains to childcare facilities and observations noted.

Deadline Date: 09/30/2010

Action Taken:

Plan Complete: No

Plan Complete Date:
Hours of Work: General Compliance Hours of Work

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

Noncompliance

Explanation: Excessive weekly OT work in week off work was carried out but no record was maintained or shown to the auditors and no explanation was shown. See details also against WBOT.19 and HOW.6.

Local law (Excessive Overtime): Sub clause 2 under section 102 of Bangladesh Labour Act 2006 Sub clause 1 under section 108 of Bangladesh Labour Act 2006

Plan Of Action: The factory has upgraded their time recording systems to include all overtime hours. As of January 1, 2010, the factory has upgraded their time systems to show all hours on the employee’s swipe card. The factory will ensure all overtime is paid in accordance with prescribed law.

Deadline Date: 01/30/2010

Action Taken: No

Plan Complete: No

Plan Complete Date: 


Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: Production related work was carried out on weekly off days/rest days and there were no substitute holidays or overtime provided to workers. In the month of November workers consecutively worked for 22 days from 5th - 26th November (including 3 weekly off days 11th, 18 and 25th November 2009) and also on 9th December 2009. The 9th December 2009 (Wednesday) was weekly off day of the factory. The auditor team visited the area for off-site interview on 9th December 2009 and found that factory was open and workers were working in the factory. Factory did not maintain time records of working in the weekly off days via swipe cards. It may be recorded separately (factory management did not provide those records for review). Workers also informed that they did not receive any compensation or replacement leave for working in the off days.

Plan Of Action: The factory has agreed to strictly commit to follow local law. Any working rest day will be given a substitute holiday. Accurate records will kept in employee’s files.

Deadline Date: 08/31/2010

Action Taken: No

Plan Complete Date:
**Hours of Work: Time Recording System**

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

**Noncompliance**

**Explanation:** The factory maintained double records relating to hours of work. Working hours after 7:00 p.m., (if required/done) was not recorded by the electronic timekeeping machine (swipe card). Only the working hours from 8:00 a.m. to 7:00 p.m. with 2 hours overtime was recorded by the workers themselves via swipe card. For excessive overtime after 7:00 p.m., factory maintained separate records and it was recorded manually by the supervisor.

Local law (Excessive Overtime): Sub clause 2 under section 102 of Bangladesh Labour Act 2006 Sub clause 1 under section 108 of Bangladesh Labour Act 2006

**Plan Of Action:** The factory has upgraded their time recording systems to include all overtime hours. As of January 1, 2010, the factory has upgraded their time systems to show all hours on the employee's swipe card. The factory will ensure all overtime is paid in accordance with prescribed law.

**Deadline Date:** 01/30/2010

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**
Hours of Work: Extraordinary Business Circumstance/Forced Labor

HOW.11 In case of extraordinary business circumstances, employers shall make reasonable efforts to secure voluntary overtime work prior to mandating involuntary overtime. Employers must get workers voluntary consent periodically for all overtime that is above the 12 hours as provided for in the Code and that is not due to extraordinary business circumstances. (P)

Noncompliance

Explanation: The workers informed that OT is mandatory and monitor did not find any evidence for voluntary OT. Management showed a paper to the monitors and it indicated that OT was not mandatory for all; it depends on workers’ willingness. But we did not find any written documents/notice on notice board. Management informed us that it was announced through PA system 2 hours before the end of the regular working hours. Management provided postdated (on January 1, 2008) records on workers consent for doing the voluntary overtime. Periodically updated records were not maintained on workers’ consent for doing the voluntary overtime. The factory also did not provide explanation for the periods when the extraordinary business circumstances exception has been used. The factory did not take reasonable steps to inform workers about the nature and expected duration of the circumstances sufficiently in advance to allow workers to make alternative plans.

Plan Of Action: Going forward, up-to-date records will be kept with employee's consent to work voluntary overtime. In addition, the company is to hold education sessions to ensure that all employees are fully aware of their rights and that overtime is NOT mandatory.

Deadline Date: 07/30/2010

Action Taken: No

Plan Complete Date: 07/30/2010
**Hours of Work: Public Holidays**

HOW.13 Employers shall provide workers with all official public holidays as required under local laws, regulations and procedures. (S)

**Noncompliance**

**Explanation:** The workers did not get replacement leave or overtime for weekly holiday's work. In the month of November, workers consecutively worked for 22 days from 5th - 26th November (including 3 weekly off days 11th, 18 and 25th November 2009) and also on 9th December 2009. The 9th December 2009 (Wednesday) was weekly off day of the factory. The auditor team visited the area for off-site interview and found that factory was open and workers were working in the factory. Factory did not maintain time records of working in the weekly off days via swipe cards. It was recorded separately (factory management did not provide us those records for review). Workers also informed that they did not receive any compensation or replacement leave for working in the off days.

Local law reference: (Weekly holiday): Section 103 of Bangladesh Labour Act 2006 “An adult worker employed in an establishment - (a) which is a shop or commercial establishment, or industrial establishment, shall be allowed in each week one and half days holiday and in factory and establishment one day in a week.” Normal day off of the area is Wednesday.

**Plan Of Action:** The factory has agreed to follow local law. Any working rest day will be given a substitute holiday. Accurate records will kept in employee’s files.

**Deadline Date:** 06/30/2010

**Action Taken:** No
Hours of Work: Sick Leave

HOW.19 Employers shall provide workers with sick leave as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: Sick leaves were not granted easily. Most workers did not get leave as per their need and in an emergency case workers go absent without pay. They informed that the supervisors misbehaves and uses bad language to the workers, if they request for any leave. On record review, it was noted that in maximum cases there was no sanction of leave (casual and sick leave).


Plan Of Action: The plan of action is to work with the factory to implement educational sessions to inform all workers about their rights and benefits. This would be done by providing the employees training and getting each worker to sign for their understanding. Also will advise that any employee that does not understand would meet with the WPC committee to ensure their full understanding. The factory will grant sick leaves to workers in accordance with local laws and they will be permitted to apply for leaves without any issues.

Deadline Date: 08/31/2010

Action Taken: No

Plan Complete Date: 