

Workplace Conditions Assessment Report

Measured Results — Improved Performance



MODERN NEEDLE CRAFT LTD.

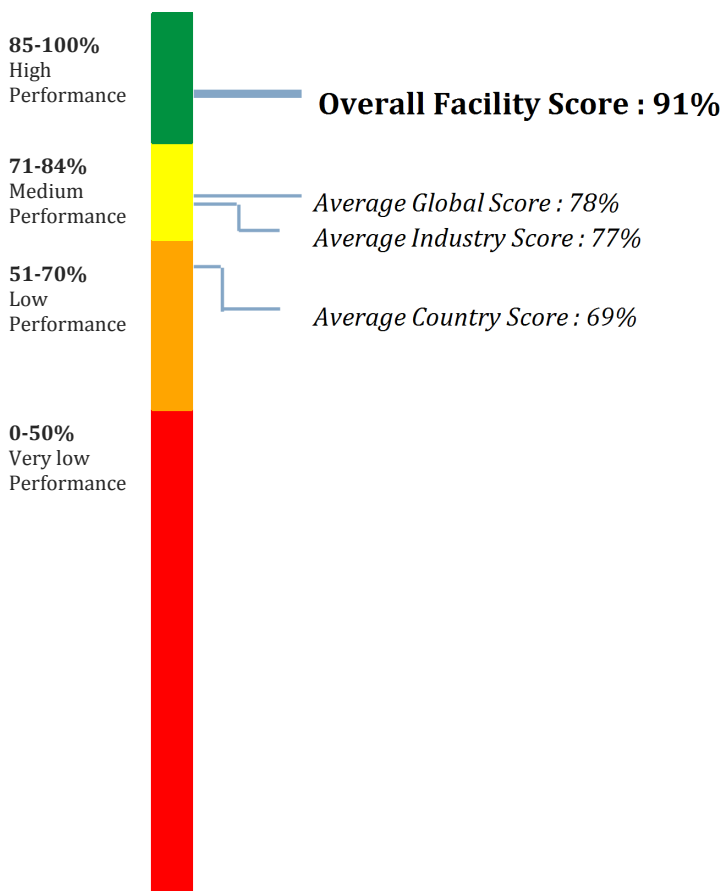
GENERAL INFORMATION

Overall Facility Score : **91%**

Report No :	F_IAR_80483	City :	Gazipur, Bangladesh
Audit Date :	Jun 18, 2016	Country :	Bangladesh
Last Audit :	NA	Auditors :	Primary: Mohammad Kashem
Assessment Stage :	Initial		Secondary: None
Schedule Type :	Announced	Service Provider:	Intertek

WORKPLACE PERFORMANCE INDEX AND SUMMARY

Participating facilities: 20847



Assessment area	Score results	Number of non-compliances by rating				
		Zero Tolerance	Major	Moderate	Minor	Notscored
Overall	91%	-	-	3	3	-
Labor	100%	-	-	-	-	-
Wages & Hours	100%	-	-	-	-	-
Health & Safety	84%	-	-	3	-	-
Management Systems	89%	-	-	-	3	-
Environment	100%	-	-	-	-	-

A. FACILITY PROFILE

A1. FACILITY INFORMATION

Facility Name:	Modern Needle Craft Ltd.	Facility Legal Status:	Privately owned
Facility Legal Name:	Modern Needle Craft Ltd.	Year facility began operations:	2014
Audit Location:	B/52, BSCIC Industrial Area, Tongi, Gazipur, Bangladesh.	Located in special economic zone:	No
City:	Gazipur, Bangladesh	Person responsible for overall social compliance issues:	Mr. Saiful Islam, Sr. Executive - Admin & Compliance
Country:	Bangladesh	Valid certificate for social compliance certification program:	None
Contact Name:	Mr. Asiful Alam	Vendor Name:	NAFA APPARELS LTD.
Contact Title:	General Manager , Embroidery Division	Security systems in place:	<i>Yes The premises security and the guards are posted at entrance and back side of the premises.</i>
Industry:	Apparel		
Building Description:	The facility compound consists of two (2) pre- fabricated buildings and one (1) shed1. Building-1 (1 storied) Ground floor used as: Production Floor, Office & Sub-stations, Mezzanine Floor used as: Office, Dining, Doctor Room. Building-2 (1 storied) is currently abandoned. Shed-1 used as: Generator room. The facility buildings constructed for industrial purpose approved by Bangladesh Small and Cottage Industries Corporation (BSCIC). All the buildings and sheds are made by the land owner.		
Special building type:	NA		

A2. PRODUCTION INFORMATION

Products manufactured/ Services provided:	Embroidery	Time record system(s) used:	Punch card system
Production process/ Service elements:	Embroidery	Chemicals or hazardous materials on-site:	Yes <i>Super-99 (Adhesive Spray), Diesel</i>
Production capacity a week:	150000 pcs	Current production/ Services for client:	No
Total number of machines:	15 set		
Main machine types:	Embroidery machine, Manual embroidery machine, Generator.		
Shifts and Operating hours:	Facility has 2 shifts for working 8:00 am to 5:00 pm and 8:00 pm to 5:00 am with 1 hour lunch break from 1:00 pm to 2:00 pm (day shift) and 1 hour dinner break from 1:00 am to 2:00 am (night shift) . The facility runs for every seven days of a week. No definite weekly holiday but employees are enjoying 1 day weekly holiday by rotation.		

A3. EMPLOYEE INFORMATION

Range of total number of employees at the facility:	101-500 employees	Female Employees:	2
Union name:	None	Male Employees:	147
Employs juvenile workers:	None	Mgmt Employees:	15
Hires through employment agent:	<i>No Facility did not hire any employee through employment agent.</i>	Production (Non- Management) Employees:	134
Employee nationalities/ provinces:	All are Bangladeshi.	Local Employees:	149
		Foreign/Migrant Employees:	0
		Languages spoken in the facility:	Bengali as local language and English as official language.
		Management and employees speak same language :	Yes

A4. SUBCONTRACTOR INFORMATION

No subcontractor information given

A5. GENERAL INFORMATION

This is an initial audit at Needle Craft Ltd. Facility is located at B/52, BSCIC Industrial Area, Tongi, Gazipur. The facility is not located in an industrial zone but located at Bangladesh Small and Cottage Industries Corporation (BSCIC) area where a lot of industry was situated surrounding area. There is only one facility in the facility premises and building. The total land occupied by the facility is about 14946.98 square feet and the production area is about 14387 square feet. No Warehouse at the facility. The company was established in 2014. The main product manufactured by the facility is embroidery at both knit & woven fabric. The total employee of the facility is 149 with 02 female employees and 147 male employees including 15 nonproduction employees. As per management interview facility has no definite peak season. Production quantity is almost in same quantity round the year. Currently, the facility's production capacity is 600000 pieces per month. Facility building is constructed for industrial purpose. Facility management showed a positive attitude to this audit during the whole process. Facility management allowed conducting employee's interview and given permission for taking pictures of the facility process and buildings. At the end of the audit, all findings and recommended corrective actions were accepted by the facility management.

Emergency Preparedness Summary

Based on facility tour, documents review and management interview, overall emergency preparedness of the facility found below: 2) pre-fabricated buildings and one (1) shed. Building-1 (1 storied) Ground floor used as: Production Floor, Office & Sub-stations, Mezzanine Floor used as: Office, Dining, Doctor Room. Building-2 (1 storied) is currently abandoned. Shed-1 used as: Generator room. The facility buildings constructed for industrial purpose approved by Bangladesh Small and Cottage Industries Corporation (BSCIC). All the buildings and sheds are made by the land owner. At the time of facility visit all the doors were found open. IPS supported battery backup light were found in the each exit point, stair and production floor. Evacuation plan, emergency numbers were found posted in facility production floor and security post area. Facility has only one production floor which has 3 fire hose pipe and 03 hose reel. As per facility management representative comments, overhead tank capacity is 50000 liter. Fire alarm switch were found beside the exit of the each floor. Assembly point was found besides the building with sufficient spacious to cover all the employees and all exits lead to assembly area. Facility has a health and safety committee includes including 10 members who sits monthly to discuss the safety issues of the facility including emergency preparedness system of the facility (Last held on March 24, 2016). Facility conducts fire drill in every month. Last fire drill on day shift was taken place on June 08, 2016. Participants were 68 and Evacuation time: 0:45 minutes and night shift fire drill was taken place on June 02, 2016. Participants were 47 and Evacuation time: 0:35 minutes. Mr. Sujit Sammader is acting as fire safety officer. All fire fighting equipment e.g. hose pipe, hose reel is checked monthly by Mr. Sujit Sammader (Fire Safety Officer). Facility has 1 electricians who inspected the electrical wiring, DB board, bus bar on monthly basis. Last check date is June 15, 2016. Facility has 40 fire fighters. Among them 40 employees trained from fire service and civil defense Authority (FSCDA-Government organization). Last fire training conducted on 16 to 17 January, 2016 and 40 employees was participated in that training Last Internal fire training conducted on 25 May, 2016 and participant was 12. Rests of the employees are trained by the facility management. Facility has different type of fire fighting, preventing and identifying equipment. Facility has 42 fire extinguishers (36 ABC type, 05 CO2 type and 01 foam type), 03 fire hose pipe and hose reel, 05 fire alarm, 05 fire alarm switch, 25 gas mask, 08 helmet, 04 lock cutter, 04 stretcher, 01 fire axe, 06 fire blanket, 04 fire bitter, 04 fire hook, 01 gong bell, 08 water bucket, 31 interconnected smoke detector with control panel and 02 heat detector, 20 manual smoke detector.)

A6. AUDIT PROCESS

Audit pay period provided for review

Records	From	To
12 Months Payroll	01-04-2015	31-05-2016
12 Months Attendance	01-04-2015	31-05-2016
Special Comments	Not applicable	

Employee interview sampling

Individual	10 employees
Group	N/A
Total interviewed	10 employees

Payroll and attendance records sampling

Period	From	To	Peak Season	Records Reviewed
Current Period	01-05-2016	31-05-2016	No	10
Period 1	01-01-2016	31-01-2016	No	3
Period 2	01-08-2015	31-08-2015	No	3
Total				16

Other records reviewed

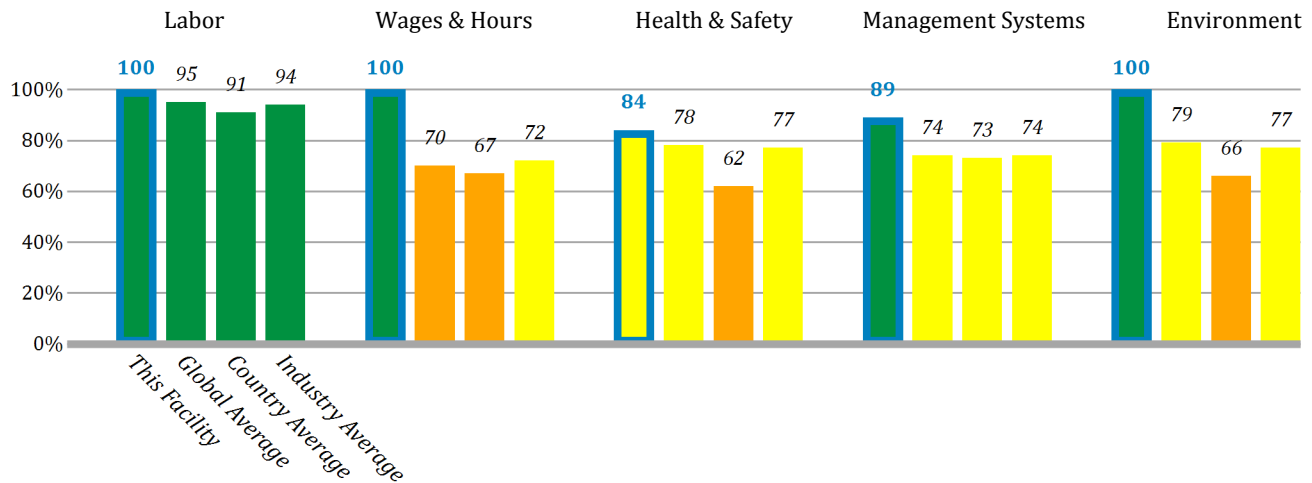
Personnel records
Production records
Employment contracts
Social insurance documentation
Infirmary logs
Other : All policy

Security log book
Non-Production records
Legal Permits
Employee leave register
Machine maintenance records

B. KEY PERFORMANCE METRICS

B1. COMPARISON BENCHMARK

Current performance — Global average, Bangladesh average, Apparel average

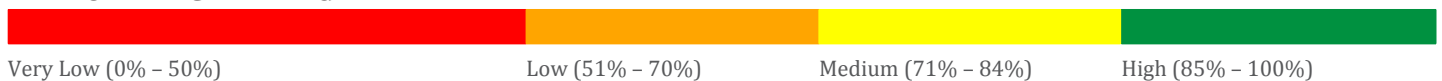


B2. PERFORMANCE TREND ANALYSIS

Section Name	Current (18-Jun-2016)	Last (Not Applicable)	First (Not Applicable)	Change (Current-Last)	Change (Current-First)
Labor	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Wages & Hours	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Health & Safety	84	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Management Systems	89	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Environment	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Overall Score	91	Not Applicable	Not Applicable	Not Applicable	Not Applicable

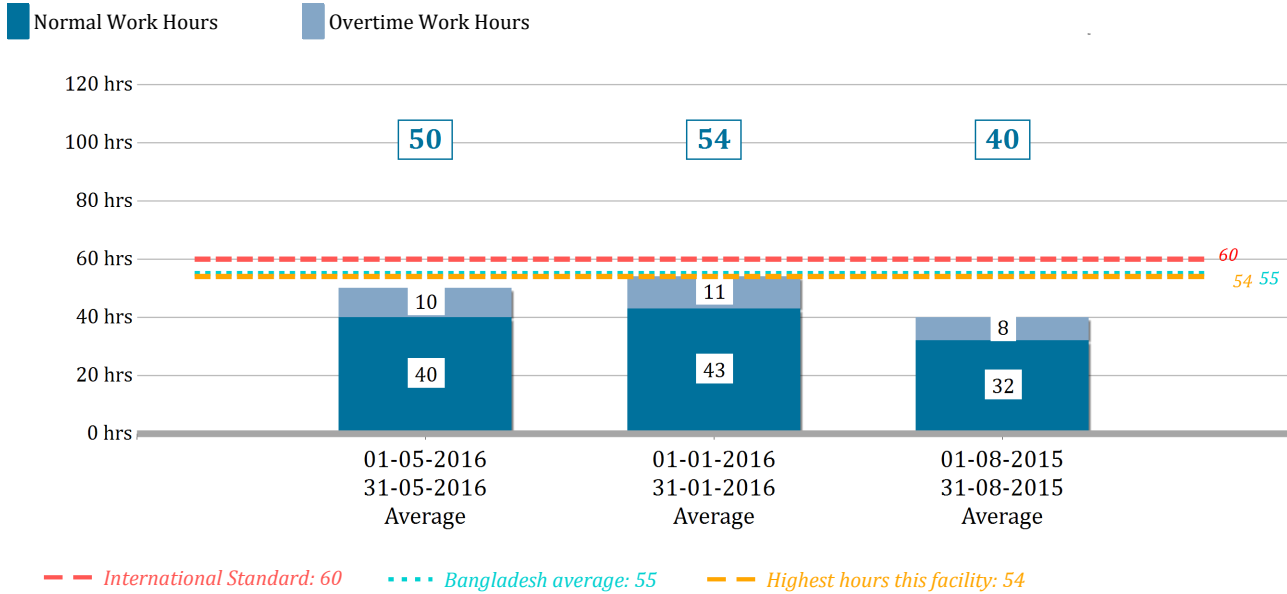
▲ Advancers ■ Constant ▼ Decliner

PERFORMANCE RATING

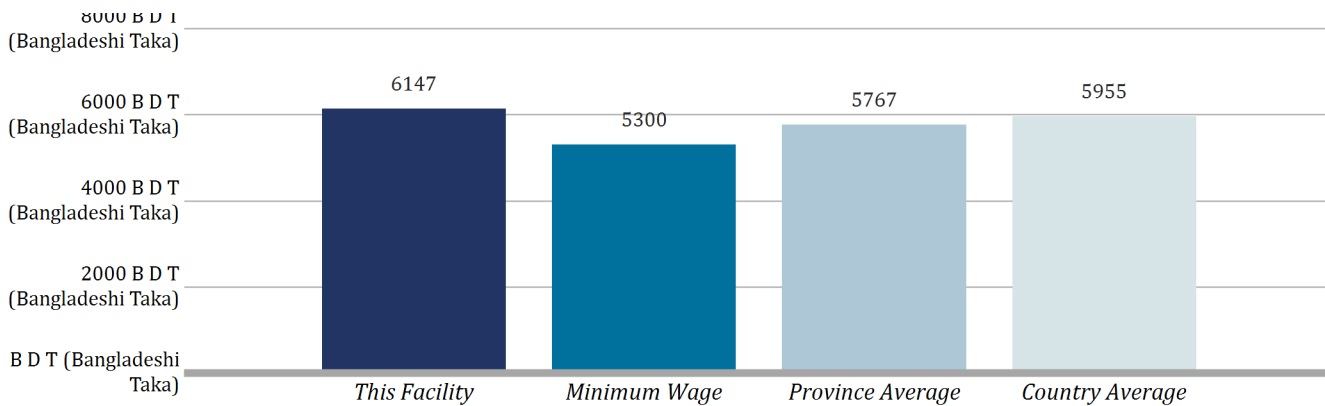


B3. WORKING HOURS AND WAGES

Average total hours worked weekly



Average wages paid in local currency (B D T (Bangladeshi Taka))



Special wage circumstances:

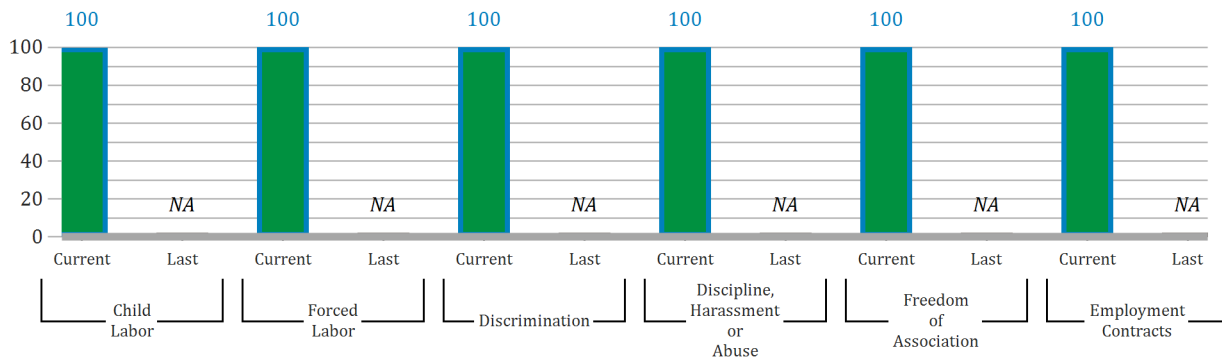
- Wages and hours summary:**
- (1) Based on document review (employee's salary sheet, time card, policy) review, employees and management interview that, facility has working hour policy and social benefits policy where facility mentioned working hours should be maintain as per local law. Based on employee's time card review and employees & management interview it was noted that, working hour's in randomly selected 3 months did not cross the base law (48 hours regular + 12 hours overtime in a week). Note that there exists a circular regarding waiver of working hours. As per Circular dated 30 March, 2016 from Bangladesh Labor and Employment Ministry; Facility can do 4 hours overtime in a day and 24 hours overtime in a week with the consent of employees which is valid till 16 October 2016.
 - (2) Weekly regular working hour average was found 39.80, 42.66 & 32.00 hours respectively in the 3 sample month (May of 2016-current month, January, 2016 –random month and July of 2015 –random month).
 - (3) Weekly overtime hour average was found 09.67, 10.50 & 7.66 hours respectively in the 3 sample month (May of 2016-current month, January, 2016 –random month and July of 2015 –random month).
 - (4) Facility had ensured 1 day rest in a week during review period.
 - (5) Facility provided 11 days festival leave in a year with full payment.
 - (6) Facility maintained all employee's in & out record through punch card.
 - (7) All employees were getting their wages in a timely manner within 7 working days after completion of the month.
 - (8) Based on document review (salary sheet, employee appointment letter), facility ensured minimum wages to all employees as per their grade for normal working.
 - (9) Premium rate (200% on basic wage) or double rate provided to all employees for overtime hours.
 - (10) Facility has provision to provide service benefits for resign employees. Facility deducted only for unauthorized absent from their basic salary and revenue stamp BDT 10.
 - (11) Facility provides 450 Attendance bonuses to the employees as per company policy.

C. PERFORMANCE DETAILS

Current (18-Jun-2016)

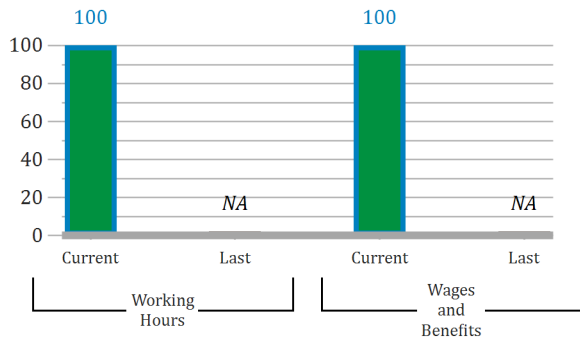
C1. Labor

100%

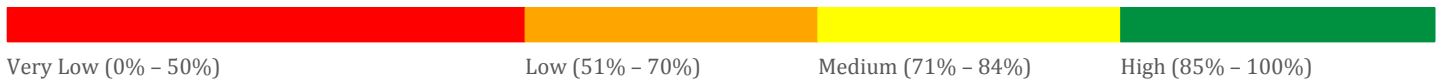


C2. Wages & Hours

100%

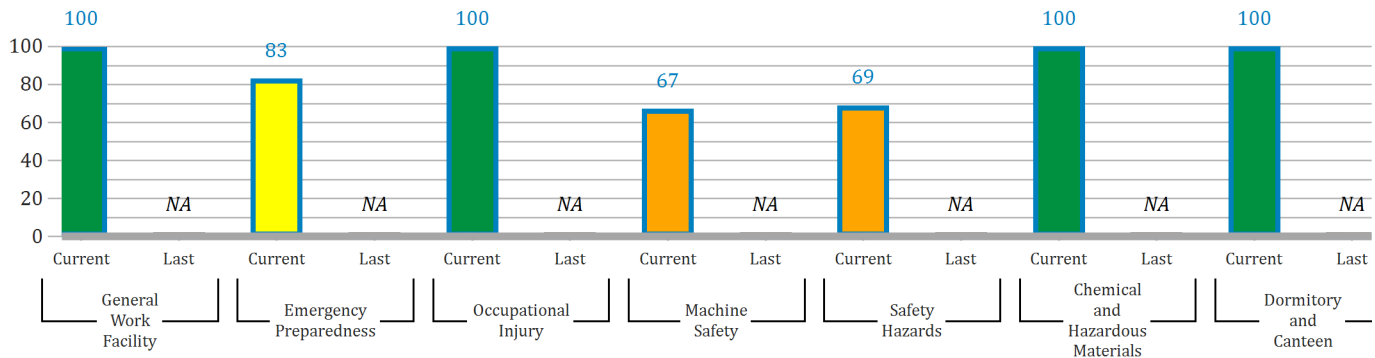


PERFORMANCE RATING



C3. Health & Safety

84%



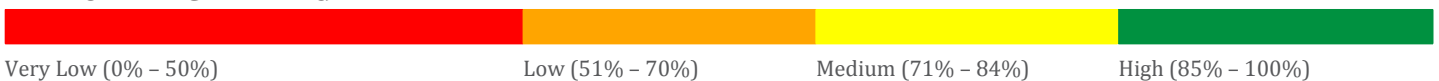
Sub Section: Emergency Preparedness

Status	Findings	% Global freq of compliance
Moderate	<p>180.02 : Smoke detector is not properly installed throughtout the facility and/ or not regularly maintained.</p> <p>Auditor's comment Based on facility visit and fire license review it was noted that facility has not install interconnected addressable smoke detection and fire alarm system at generator shed-1. However, it was noted that facility has manual fire alarm and addressable smoke detection system but yet not interconnected.</p> <p>Bangladesh National Building Code 2006, Chapter 4, 4.4. Bangladesh National Building Code 2006, Part:4, Section D 17.1, 5.8.2</p> <p>The installation of automatic fire and smoke detection system shall be a necessity when the size, arrangement and occupancy of a building become such that a fire itself can not provide adequate warning to its occupants. All buildings with a height of more than 20 m shall be equipped with manually operated electrical fire alarm system and automatic fire alarm system. a) Area up to 750 square meters shall be installed with automatic fire alarm system along with portable fire extinguishers. b) Area above 750 square meters shall be fitted with automatic sprinkler and/or automatic fire alarm system along with portable fire extinguishers.</p>	76%

Sub Section: Machine Safety

Status	Findings	% Global freq of compliance
Moderate	<p>223.00 : Points of operation and other potentially dangerous parts are not operated with proper machine safeguards</p> <p>Auditor's comment Based on facility visit it was noted that, needle guard was found missing at 02 out of 02 manual embroidery machines located at ground floor of building-1.</p> <p>Bangladesh Labour Law 2006, Chapter VI, Safety, Section 63 (1)d 3.</p> <p>In every establishment the following shall be securely fenced by the safeguards of substantial construction which shall be kept in position while the part of machinery required to be fenced are in motion or in use, namely-d. Unless they are in such positions or of such construction as to be as safe to every person employed in the establishment as they would be if they ware securely fenced-iii) every dangerous part of any machinery.</p>	85%

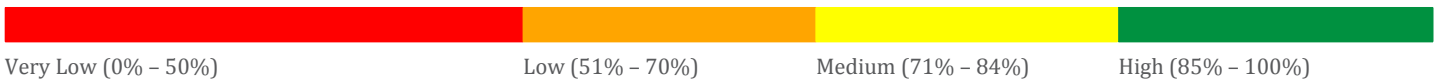
PERFORMANCE RATING



Sub Section: Safety Hazards

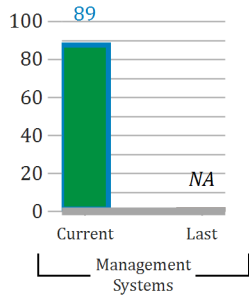
Status	Findings	% Global freq of compliance
● Moderate	<p>232.00 : Special appliances such as boilers, unfired pressure vessels, and furnaces have not been registered and affixed with a registration certification</p> <p>Auditor's comment Based on management interview and documents review it was noted that facility has no generator waiver certificate for one (1) generator capacity 176 Kilo watt (KW) . It is noted that facility has already applied for waiver certificate on 29 October 2015.</p> <p>Energy Regulatory Commission Act, 2003 (Act No. 13 of 2003), (Chapter 6), Licenses shall be issued by the Commission for the following activities: power generation; energy transmission; distribution and marketing of energy; supply of energy; and, storage of energy.</p> <p>The Boilers Act, 1923, Section 6, Prohibition of the use of unregistered or uncertified boiler- Save as otherwise expressly provided in this Act, no owner of a boiler shall use the boiler or permit it to be used— Unless it has been registered in accordance with the provisions of this Act. Unless a certificate or provisional order authorizing the use of the boiler is for the time being in force under this Act.</p>	83%

PERFORMANCE RATING



C4. Management Systems

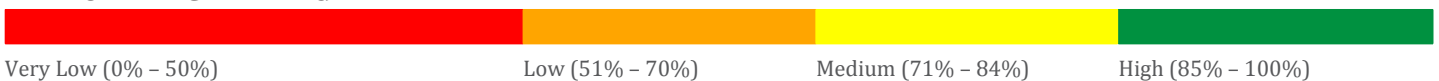
89%



Sub Section: Management Systems

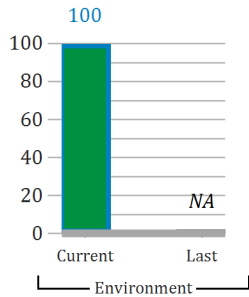
Status	Findings	% Global freq of compliance
● Minor	<p>296.06 : The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented</p> <p>Auditor's comment Based on document review, facility visit, employee and management interview, the facility has comprehensive processes and procedures in a written manual to support the implementation of the emergency preparedness procedures but all those are not implemented such as Based on facility visit it was noted that facility has not install interconnected addressable smoke detection and fire alarm system at generator shed-1. .</p>	71%
● Minor	<p>296.07 : The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented</p> <p>Auditor's comment Based on document review, facility visit and management interview, the facility has comprehensive processes and procedures in a written manual to support the implementation of the employee safety procedure like occupational injury, machine safety and safety hazards safety but all those are not implemented such as no generator waiver certificate for one (1) generator capacity 176 Kilo watt (KW) .</p>	62%
● Minor	<p>296.08 : The facility's written manual for processes and procedures includes a machine safety procedure but they are not all being properly implemented</p> <p>Auditor's comment Based on document review, facility visit and management interview, the facility has comprehensive processes and procedures in a written manual to support the implementation of machine safety but all those are not implemented such as needle guard was found missing at 02 out of 02 manual embroidery machines located at ground floor of building-1.</p>	79%

PERFORMANCE RATING



C5. Environment

100%



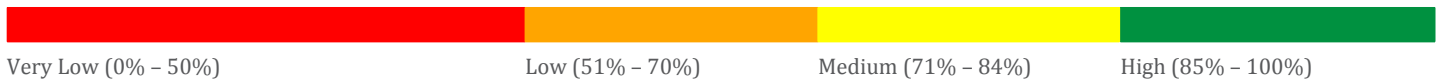
% Global Frequency of Compliance: Represents the implementation percentage performance of all suppliers participating in the WCA Community globally for each issue

Identification numbers: Represents the finding ID associated with each checklist question

RECOMMENDATION FOR IMPROVEMENT PLAN TIMELINE

- Minor Take action within 0 ~ 6 months to make necessary improvements.
- Moderate: Take action within 0 ~ 3 months to make necessary improvements.
- Major : Take action within 0 ~ 1 month to make necessary improvements.
- Zero Tolerance: Take immediate action to make necessary improvements.

PERFORMANCE RATING



D. STRENGTHS AND CHALLENGES

Facility Strengths: Facility performance ranks in the top percentile of the population and/or has implemented a best practice process	Rating	Global Freq. of Compliance%
Total overtime hours are within allowable limits under applicable law or agreement.	Moderate	51%
Total working hours during the period specified by the waiver are within allowable limits under the waiver.	Moderate	56%
The facility has comprehensive working hour and wages management processes and procedures in a written manual that support adherence to social compliance requirements and are being properly implemented	Minor	59%
The facility provides social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.	Moderate	59%

Challenges: Facility performance ranks in the bottom percentile of the population	Rating	Global Freq. of Compliance%
Points of operation and other potentially dangerous parts are not operated with proper machine safeguards	Moderate	85%
Special appliances such as boilers, unfired pressure vessels, and furnaces have not been registered and affixed with a registration certification	Moderate	83%
The facility's written manual for processes and procedures includes a machine safety procedure but they are not all being properly implemented	Minor	79%
Smoke detector is not properly installed throughout the facility and/ or not regularly maintained.	Moderate	76%
The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented	Minor	71%
The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented	Minor	62%

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