

Workplace Conditions Assessment Report

Measured Results — Improved Performance



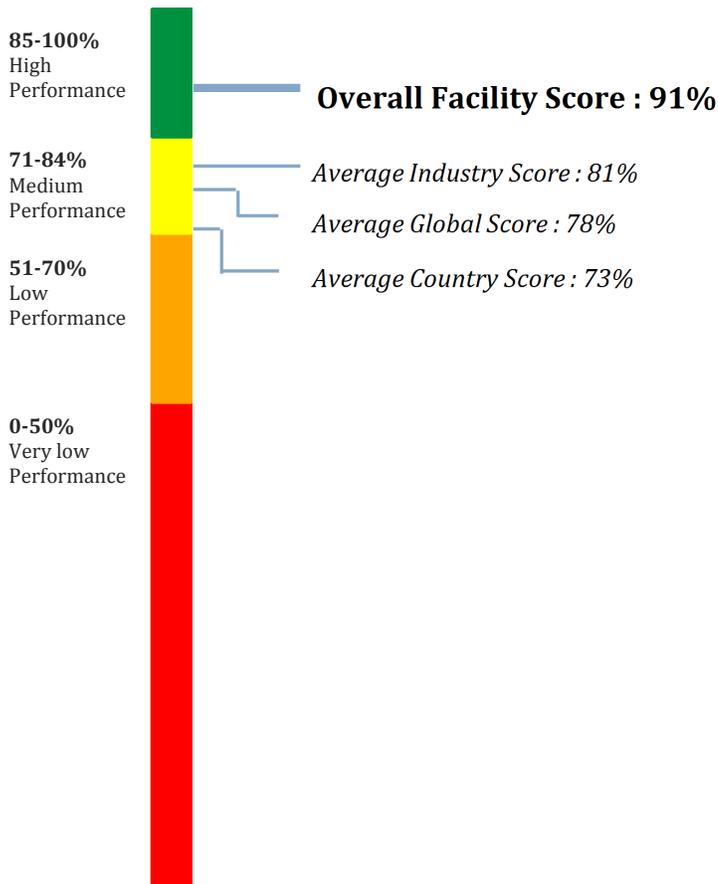
KANPUR PLASTIPACK LIMITED

GENERAL INFORMATION

Overall Facility Score : **91%**

| | | | |
|--------------------|-----------------------------|-------------------|------------------------|
| Report No : | F_IAR_91962 | City : | Kanpur |
| Audit Date : | Oct 18, 2017 | Country : | India |
| Last Audit : | Feb 28 - Mar 01, 2017 (45%) | Auditors : | Primary: Avnish Shukla |
| Assessment Stage : | Follow up | | Secondary: None |
| Schedule Type : | Announced | Service Provider: | Intertek |

WORKPLACE PERFORMANCE INDEX AND SUMMARY Participating facilities: 26498



| Assessment area | Score results | Number of non-compliances by rating | | | | |
|--------------------|---------------|-------------------------------------|----------|----------|----------|-----------|
| | | Zero Tolerance | Major | Moderate | Minor | Notscored |
| Overall | 91% | - | 1 | 3 | 2 | - |
| Labor | 100% | - | - | - | - | - |
| Wages & Hours | 100% | - | - | - | - | - |
| Health & Safety | 82% | - | 1 | 1 | - | - |
| Management Systems | 96% | - | - | - | 1 | - |
| Environment | 92% | - | - | - | 1 | - |
| Business Practices | 82% | - | - | 2 | - | - |

A. FACILITY PROFILE

A1. FACILITY INFORMATION

| | | | |
|-----------------------------|---|---|--|
| Facility Name: | Kanpur Plastipack Limited | Facility Legal Status: | Privately owned |
| Facility Legal Name: | Kanpur Plastipack Limited | Year facility began operations: | Facility was established in January 2008. |
| Audit Location: | Plot No. A1-A2, Udyog Kunj, Panki Ind. Area Site-V, Kanpur - 208022 | Located in special economic zone: | No |
| City: | Kanpur | Person responsible for overall social compliance issues: | Mr. Manoj Kumar Yadav - DGM QA |
| Country: | India | Valid certificate for social compliance certification program: | None |
| Contact Name: | Mr. Manoj Kumar Yadav | Vendor Name: | Kanpur Plastipack Limited |
| Contact Title: | DGM QA | Security systems in place: | <i>Yes Facility has employed total 19 security guards (19 male), who are responsible to control physical security of the facility.</i> |
| Industry: | Bottling and Packaging | | |

Building Description: Facility is located in the industrial area of Kanpur about 15 km away from Kanpur Airport. The facility started its operation in January 2008. No dormitory is provided and not a legal requirement either. Facility operates its entire production operations in four concrete building comprising ground, first, second floor.

Building No. 1:
Ground floor: Certified food grade wing (Cutting, stitching, finishing and packing).-Only the above area was in Audit scope rest area covered only for health and safety.
Ground floor used for other client: Cutting section.
First floor: Standard and industrial clean bags area (Cutting, stitching, finishing and packing).
Second floor: Standard and industrial clean bags area (Cutting, stitching, finishing and packing).

Building no. 2:
Ground floor: Multi filament yarn section.

Building No. 3.
Ground floor: Admin, storage area, training hall and lamination section.
First floor: Dining area, office area.

Building 4 :
Ground floor : Office Area
First Floor and Second floor under construction

Total plot area is about 16357 square meters and covered area is about 1343 square meters. Facility is into manufacturing of Flexible intermediate bulk containers for overseas customers.

Special building type: Floors have been added to the building since the original construction of the building



Building # 4 has been newly added. Ground floor has office area and 1st and 2nd floor still under construction.

A2. PRODUCTION INFORMATION

| | | | |
|--|--|--|--|
| Products manufactured/ Services provided: | Facility is into manufacturing of Flexible intermediate bulk containers for overseas customers. | Time record system(s) used: | Manual / written record |
| Production process/ Service elements: | Raw material (Fabric) - Cutting - Stitching - Checking - Cleaning - Metal detection - Packing - Dispatch | Chemicals or hazardous materials on-site: | Yes Facility is using only food grade chemicals which is not under the hazardous category. |
| Production capacity a week: | Not declared | Current production/ Services for client: | Yes |
| Total number of machines: | 80 | | |
| Main machine types: | Sewing machines, cutting machine, diesel generator. | | |
| Shifts and Operating hours: | Facility is operating in three shift including general shift. General shift: 09:00 AM to 6.00 PM (lunch 60 minutes). Shift A: 06:00 AM to 2.00 PM (lunch 30 minutes). Shift B: 02:00 PM to 10.00 PM (lunch 30 minutes). Weekly off / rest day is Sunday for all employees. | | |

A3. EMPLOYEE INFORMATION

| | | | |
|--|---|---|-----------------|
| Range of total number of employees at the facility: | 0-100 employees | Female Employees: | 0 |
| Union name: | None | Male Employees: | 52 |
| Employs juvenile workers: | None | Mgmt Employees: | 0 |
| Hires through employment agent: | Yes Facility has employed 24 employees from 2 labor contractors for security (SIS security) and housekeeping (SMC) purpose. | Production (Non-Management) Employees: | 52 |
| Employee nationalities/ provinces: | No migrants employed. All are Indian Nationals. | Local Employees: | 52 |
| | | Foreign/Migrant Employees: | 0 |
| | | Languages spoken in the facility: | Hindi / English |
| | | Management and employees speak same language : | Yes |

A4. SUBCONTRACTOR INFORMATION

No subcontractor information given

A5. GENERAL INFORMATION

Facility management showed a positive attitude to this audit during the whole process. All documentation requested for review was provided timely. At the end of the audit, all findings were accepted by the facility management. There was no negative information reported. Attitude of Workers: Total 10 employees (10 male) were selected for interview and employees were found to be favorable with the management and no negative information were raised. Overall they displayed a positive attitude towards the management and the workplace. The facility has not declared any peak season. As per facility policy Photography is prohibited.

Auditor Note:- As per facility request only the Ground floor of the CFG area which was under the audit scope and the rest area covered only for health and safety. Further facility has total 487 employees and 52 employees deputed in CFG area. above 52 employees were working in CFG area and no connection with other factory production. Only these 52 employees were covered under audit scope.

Facility has newly constructed building 4. Ground floor is used for office purposes and 1st and 2nd floor is under construction.

Emergency Preparedness Summary

Mr. Manoj Kumar Yadav - DGM QA is responsible for the facility's emergency preparedness. All the production floors are having exits & sufficient emergency exits and those exits / emergency exits were lit & marked and maintained properly. The passages / aisles were marked properly in all the areas of the facility. The Emergency Assembly Point was designated and marked appropriately. The exit doors & aisles and passageways were maintained without any obstructions to ensure safe evacuation. Facility had provided 126 fire extinguisher, 06 fire alarm call point and 21 hose reel and hydrant system on floor.

Last evacuation drill was conducted on 28/07/2017, 15/05/2017 and 18/03/2017.

However, below non compliances were noted: 1. It was noted during the facility tour that secondary exit staircases was not provided at ground and first floor in office area in building no. 3. Further, 4 employees working at ground floor and no employees were working at first floor on the day of audit. Further, facility has future planning to shifted first floor employees of above said building in to other newly constructed building.

2. It was noted during the facility tour that aisles route were found obstructed with production material and working tables throughout the facility except CFG area.

A6. AUDIT PROCESS

Audit pay period provided for review

| Records | From | To |
|---------------------|--------------|-------------------|
| 4 Months Payroll | 01 June 2017 | 30 September 2017 |
| 4 Months Attendance | 01 June 2017 | 30 September 2017 |

Special Comments Initial audit conducted on February 28th, 2017 and March 1st, 2017 and Facility has taken corrective action from June 1, 2017.

Employee interview sampling

| | |
|-------------------|----|
| Individual | 10 |
| Group | 0 |
| Total interviewed | 10 |

Payroll and attendance records sampling

| Period | From | To | Peak Season | Records Reviewed |
|----------------|-------------------|-------------------|--------------------|-------------------------|
| Current Period | 01 September 2017 | 30 September 2017 | No | 10 |
| Period 1 | 01 August 2017 | 31 August 2017 | No | 3 |
| Period 2 | 01 June 2017 | 30 June 2017 | No | 3 |
| Total | | | | 16 |

Other records reviewed

Personnel records
Production records
Legal Permits
Employee leave register
Health examination records

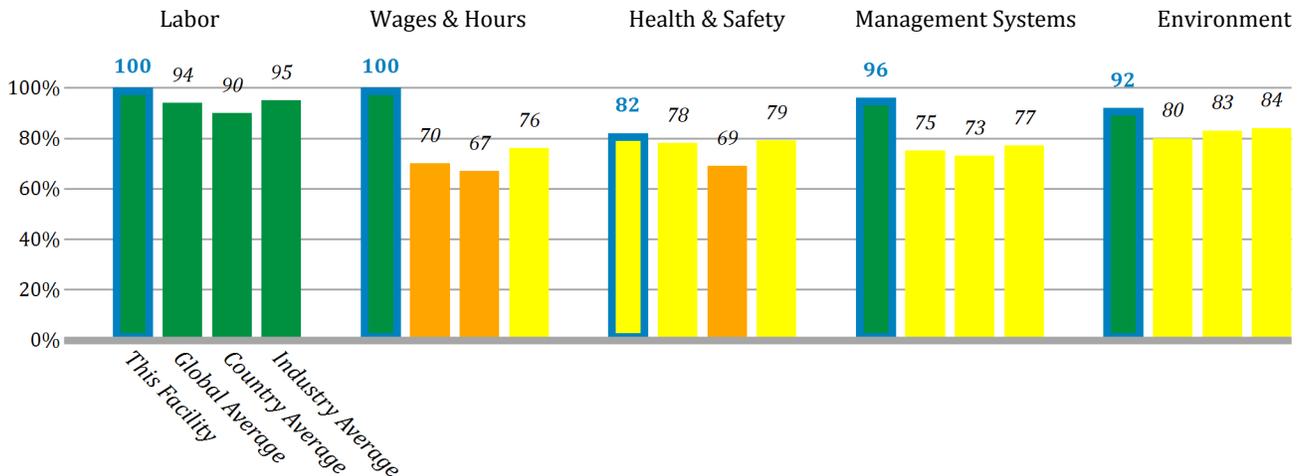
Security log book
Non-Production records
Social insurance documentation
Infirmary logs
Machine maintenance records



B. KEY PERFORMANCE METRICS

B1. COMPARISON BENCHMARK

Current performance — Global average, India average, Bottling and Packaging average



B2. PERFORMANCE TREND ANALYSIS

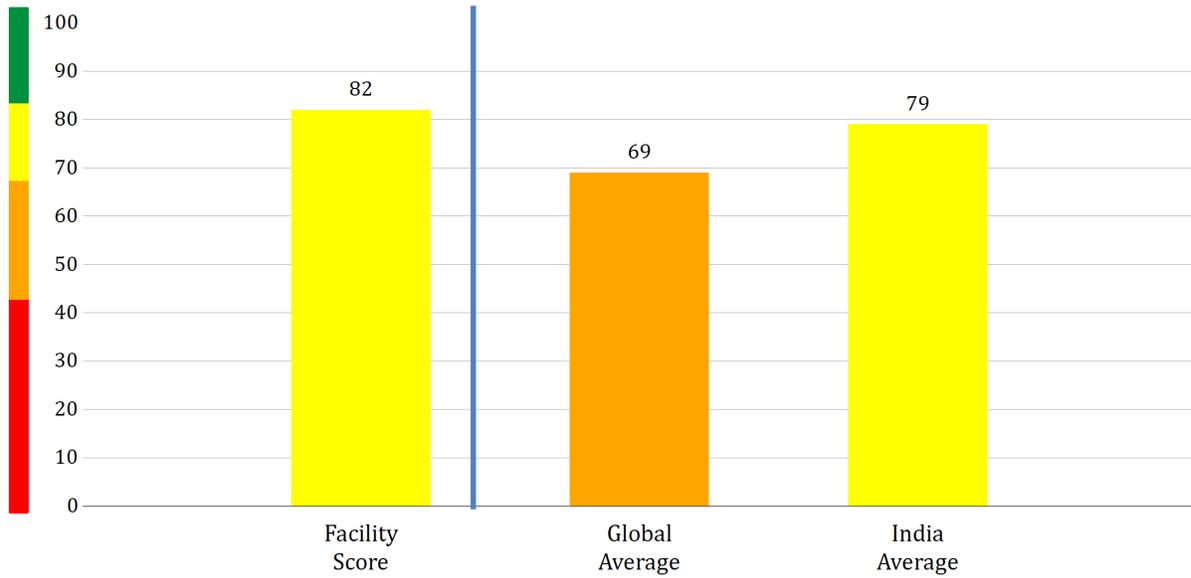
| Section Name | Current (18-Oct-2017) | Last (Not Applicable) | First (28-Feb-2017) | Change (Current-Last) | Change (Current-First) |
|----------------------|--------------------------|--------------------------|------------------------|--------------------------|---------------------------|
| Labor | 100 | Not Applicable | 67 | Not Applicable | 49 % ▲ |
| Wages & Hours | 100 | Not Applicable | 16 | Not Applicable | 525 % ▲ |
| Health & Safety | 82 | Not Applicable | 51 | Not Applicable | 60 % ▲ |
| Management Systems | 96 | Not Applicable | 43 | Not Applicable | 123 % ▲ |
| Environment | 92 | Not Applicable | 52 | Not Applicable | 76 % ▲ |
| Overall Score | 91 | Not Applicable | 45 | Not Applicable | 102 % ▲ |

▲ Advancers ■ Constant ▼ Decliner

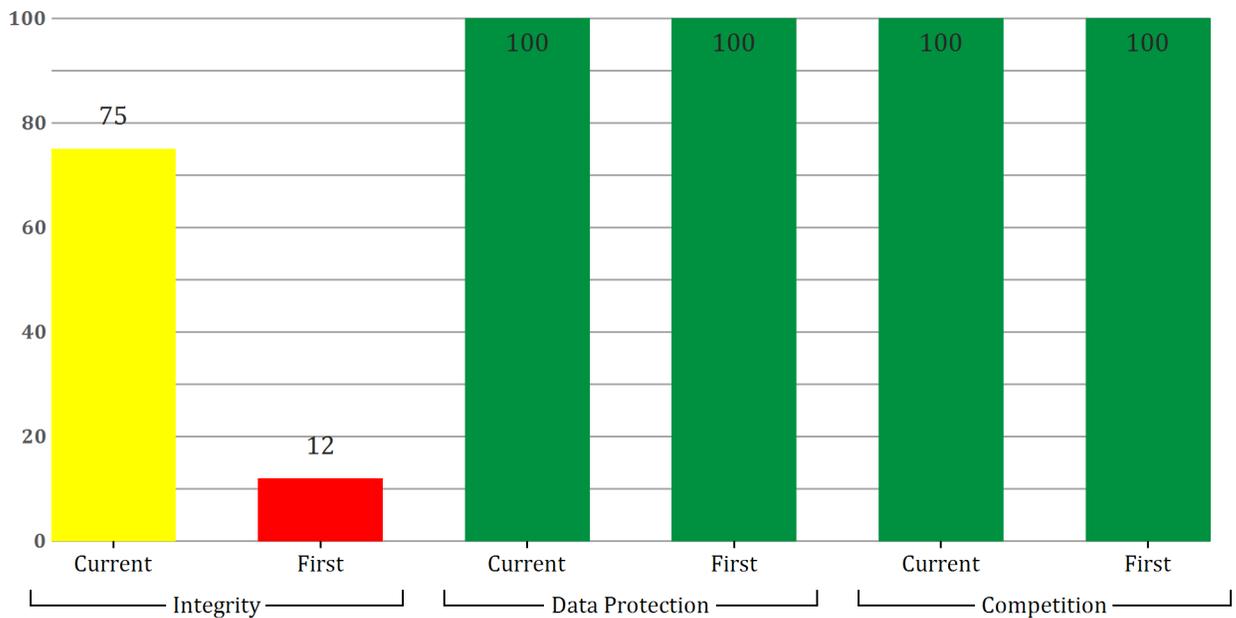
PERFORMANCE RATING



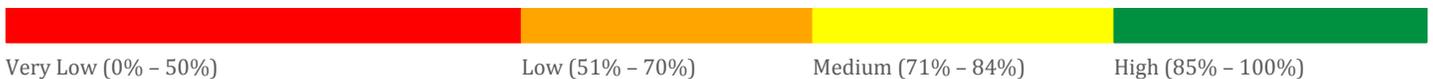
B3. BUSINESS PRACTICES



Subsection Performance

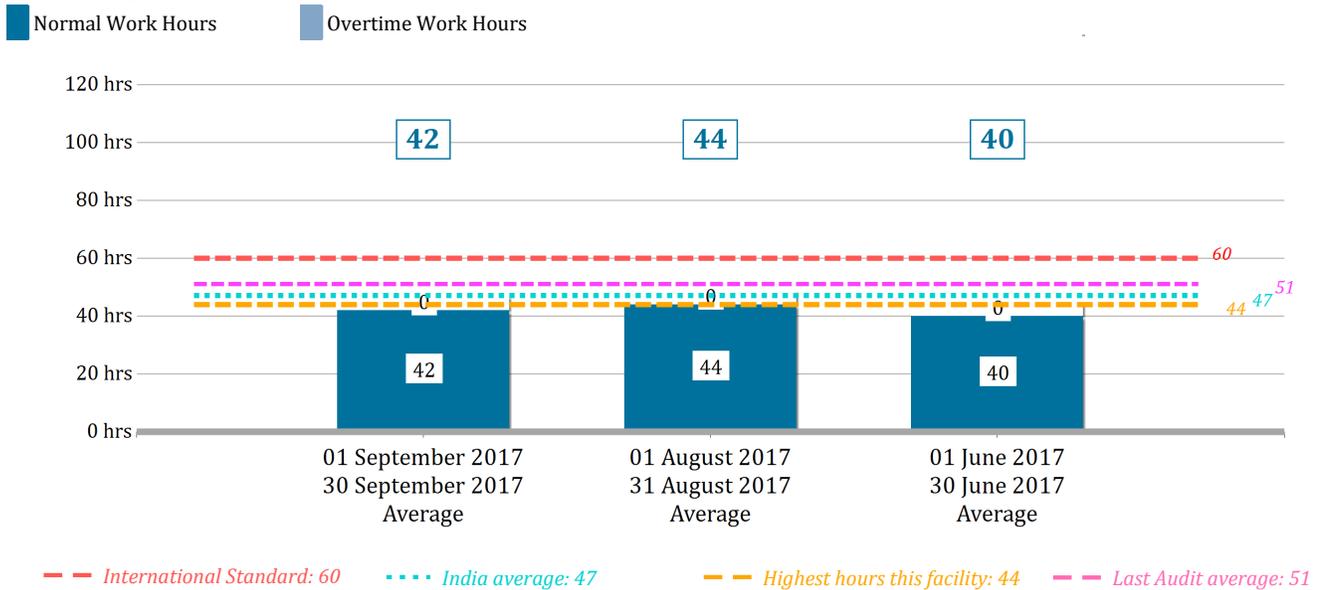


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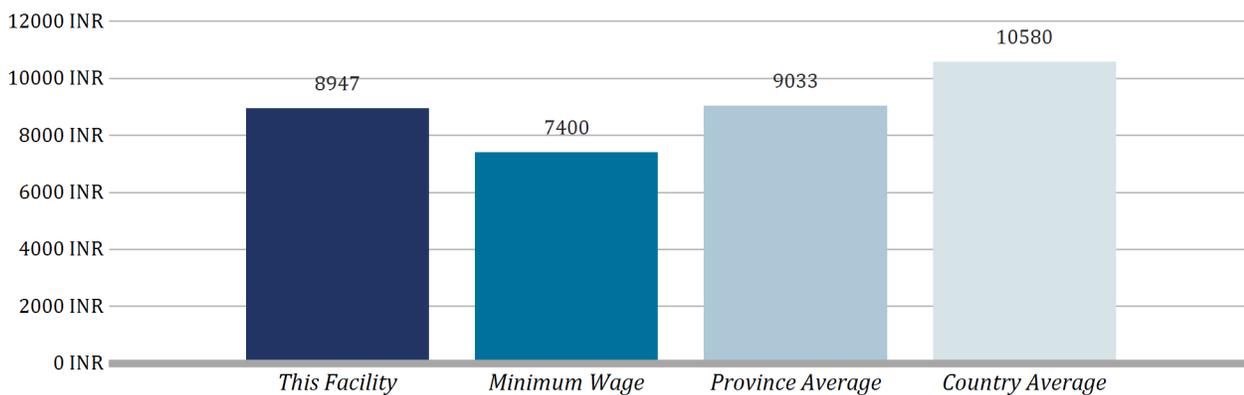


B4. WORKING HOURS AND WAGES

Average total hours worked weekly



Average wages paid in local currency (INR)



Special wage circumstances:

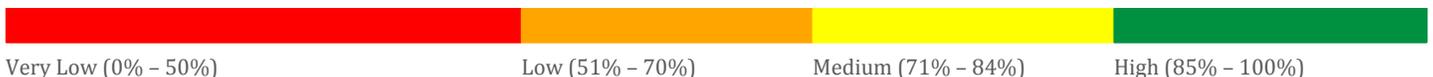
PERFORMANCE RATING





Wages and hours summary: A total of 10 employees were interviewed and time / payroll records were reviewed for the month of September 2017 (Current month), August 2017 (Random month) and June 2017 (Random month). Based from facility tour, working hours including breaks and weekly rest day are displayed on notice board. It was noted from review of records that In and out time records were maintained punch card for company production employees and manually time card maintained for contractor employees. Based from the review of in and out time records, the facility has not performed overtime, Based from review of wage records, the facility has paid the applicable minimum wages to all the employees. Based from employee's interview, wages are paid on monthly basis and pay stubs were issued on the same day. Wages were paid via cheque and automatic bank transfer. Legally mandated benefits were extended for all eligible employees. Illegal deductions from wages were not permitted as per the facility rules and no such deductions were noted. Production records verified from Production area for the sampled months. No concerns observed.

PERFORMANCE RATING

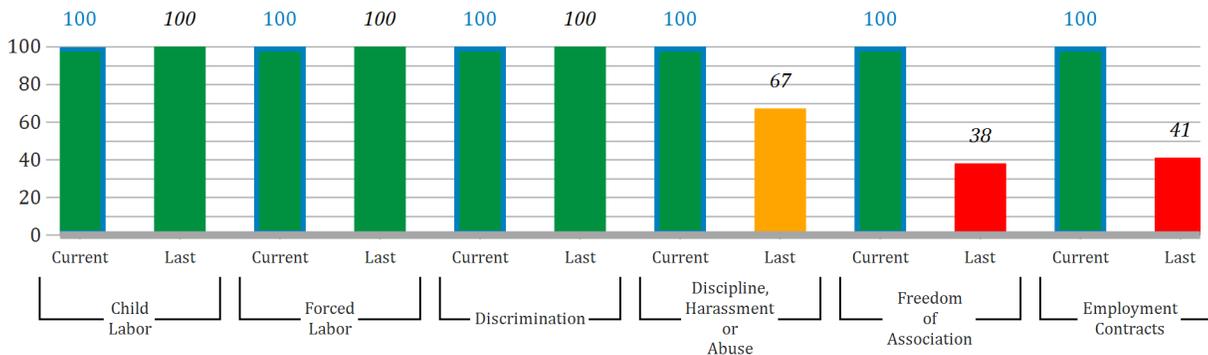


C. PERFORMANCE DETAILS

Current (18-Oct-2017) Last (28-Feb-2017)

C1. Labor

100%



Sub Section: Discipline, Harassment or Abuse

| Status | Findings | % Global freq of compliance |
|-------------|--|-----------------------------|
| ● Corrected | <p>73.00 : Previous Non-Compliance : The facility does not have or/ and follow a written disciplinary procedure for tardiness, absence, mistakes, repairs, etc.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility does not have approved standing order. However facility has employed 397 (177 for CFG section & 220 for Industrial clean bags) employees. However facility has provided approved standing order on the Name of their mother unit (Kanpur Plastipack Limited-D 19 &20 Panki Industrial area-Kanpur). Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has obtained approved standing order on the Name of their unit Kanpur Plastipack Limited-A1,A2, Udyog Kunj, Panki Industrial area site -V, Kanpur on dated 07/10/2017.</p> | 96% |
| ● Corrected | <p>76.00 : Previous Non-Compliance : Managers and supervisors are not trained on appropriate disciplinary measures and training records are not maintained.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not conducted training on disciplinary measure for manager and supervisors. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records and interaction with manager and supervisor that facility has conducted training on disciplinary measure for manager and supervisors on dated 13/10/2017 and 06/10/2017.</p> | 87% |

PERFORMANCE RATING





Sub Section: Freedom of Association

| Status | Findings | % Global freq of compliance |
|-------------|--|-----------------------------|
| ● Corrected | <p>84.00 : Previous Non-Compliance : The facility does not respect the right of employees to choose to form, belong to or not belong to a union or any other type of employees' organization</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not maintained works committee which is legally required. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records and interaction with employees that facility has framed works committee. Last election was held on 25/03/2017 and last MOM was conducted on 20/04/2017 and 13/10/2017 respectively.</p> | 99% |

Sub Section: Employment Contracts

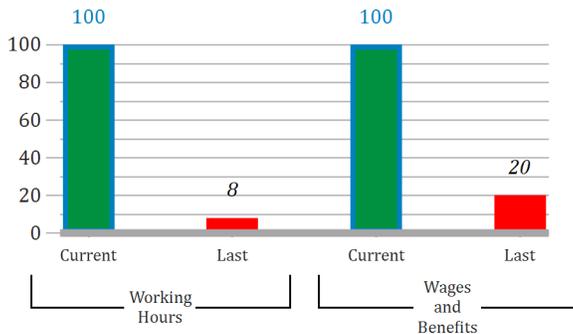
| Status | Findings | % Global freq of compliance |
|-------------|--|-----------------------------|
| ● Corrected | <p>95.00 : Previous Non-Compliance : Employment contracts are not signed with all employees where legally required</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with employees and management that facility has not maintained employment contract to 10 out of 10 selected sampled employees. Further, employment contract were not maintained and issued to any of the production employees working in the facility. However, facility has maintained and issued employment contract to staff only. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records and interaction with employees that facility has maintained employment contract to 10 out of 10 selected sampled employees.</p> | 94% |
| ● Corrected | <p>105.00 : Previous Non-Compliance : The agency that provides employees does not have signed employment contracts with all employees dispatched to the facility</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with employees and management that facility has not maintained employment contract to 10 out of 10 selected sampled employees. Further, employment contract were not maintained and issued to any of the labor contractor employees. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records and interaction with employees that facility has maintained employment contract to 10 out of 10 selected sampled employees including contractor employees.</p> | 87% |

PERFORMANCE RATING



C2. Wages & Hours

100%



Sub Section: Working Hours

| Status | Findings | % Global freq of compliance |
|-------------|---|-----------------------------|
| ● Corrected | <p>115.00 : Previous Non-Compliance : The facility does not keep or provide any time records of the employees.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that In and out time records were not available for review for any of the month for any of the employees. Hence normal working hours and overtime hours could not be verified. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that In and out time records were available for review for all sampled month for all 10 out of 10 selected sampled employees and no discrepancies were noted.</p> | 93% |
| ● Corrected | <p>123.00 : Previous Non-Compliance : Auditor was unable to verify if the total working hours (normal & overtime) are above the international industry average of 60 hours or higher.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that In and out time records were not available for review for any of the month for any of the employees. Hence normal working hours and overtime hours could not be verified. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that In and out time records were available for review for all sampled month for all 10 out of 10 selected sampled employees and no discrepancies were noted. though, no overtime hours were performed in any of the sampled month. Total weekly hours was found to be within legal limit.</p> | 74% |
| ● Corrected | <p>128.00 : Previous Non-Compliance : The auditor was unable to verify that employees are provided with at least one day off following six consecutive days worked.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that In and out time records were not available for review for any of the month for any of the employees. Hence weekly off could not be verified. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has maintained In and out time records and as per review of records, employees were getting one weekly off in every 6 working days as per law and the same was verified with employees.</p> | 76% |

PERFORMANCE RATING



Sub Section: Wages and Benefits

| Status | Findings | % Global freq of compliance |
|-------------|---|-----------------------------|
| ● Corrected | <p>136.00 : <i>Previous Non-Compliance</i> : The provided payroll records are insufficient to demonstrate compliance.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that In and out time records were not available for review for any of the month for any of the employees. Hence compliance status of provided wages and benefits records could not be verified. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that In and out time and wages records were available for review for all sampled month for all 10 out of 10 selected sampled employees and no discrepancies were noted in time and wages records. though, no overtime hours were performed in any of the sampled month.</p> | 95% |
| ● Corrected | <p>143.00 : <i>Previous Non-Compliance</i> : The auditor was unable to verify if regular hourly work paid to all employees meets at least the minimum wage/ agreed wage.</p> <p>Auditor's comment Facility has followed below state legal minimum wage as per employees categories: Unskilled: INR INR 7400.46/month Semiskilled: INR 8140.51/month Skilled: INR 9118.66/month Above minimum wage applicable in Uttar Pradesh from April 01, 2017.</p> | 84% |
| ● Corrected | <p>144.00 : <i>Previous Non-Compliance</i> : The auditor was unable to verify if the wage calculation method is correct.</p> <p>Auditor's comment Facility has provided wages records and wages calculation method was correct as per law and no discrepancies were found.</p> | 85% |
| ● Corrected | <p>147.00 : <i>Previous Non-Compliance</i> : The auditor was unable to verify if overtime wage is calculated and paid at the premium rate as legally required</p> <p>Auditor's comment Facility has maintained a policy related to overtime hours and communicated to all employees, as facility will pay 200% of ordinary rate of wages for overtime hours. However, no overtime was observed in any sampled month.</p> | 79% |
| ● Corrected | <p>150.00 : <i>Previous Non-Compliance</i> : Auditor was unable to verify if the facility provides social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that In and out time records were not available for review for any of the month for any of the employees. Hence provident fund (PF) and employee state insurance (ESI) could not be verified. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that all sampled employees were getting their social benefits as per law. During the review of records that provident fund (PF) and employee state insurance (ESI) are verified.</p> | 57% |
| ● Corrected | <p>153.00 : <i>Previous Non-Compliance</i> : The auditor was unable to verify if holiday work is accurately compensated</p> <p>Auditor's comment Facility has maintained a policy for statutory holidays work compensation to pay 200% of ordinary rate of wages as per law. However, no employees were found working on holiday.</p> | 80% |

PERFORMANCE RATING





Sub Section: Wages and Benefits

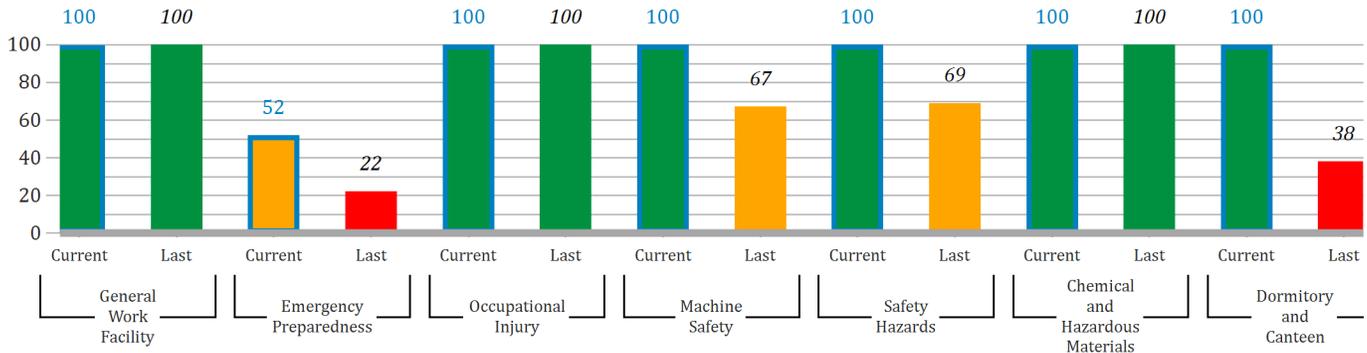
| Status | Findings | % Global freq of compliance |
|--------------------|---|-----------------------------|
| ● Corrected | <p>157.00 : <i>Previous Non-Compliance</i> : Pay stubs or similar documentation detailing pay calculations are not available to employees at all</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with employees and management that pay slips were not issued to any of the employees. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from interaction with employees and review of records that pay slips are issued to all employees.</p> | 95% |

PERFORMANCE RATING



C3. Health & Safety

82%



Sub Section: Emergency Preparedness

| Status | Findings | % Global freq of compliance |
|-------------|---|-----------------------------|
| ● Corrected | <p>182.00 : Previous Non-Compliance : Fire fighting equipment is not accessible and visible to all employees</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the facility tour that 20 % firefighting equipment's (fire extinguishers, hose reel and hydrant box) were found blocked with production material in the facility. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted during the facility tour that 100% firefighting equipment's (fire extinguishers, hose reel and hydrant box) were found free from all obstruction in the facility.</p> | 91% |
| ● Corrected | <p>184.00 : Previous Non-Compliance : Not all fire fighting equipment is marked and equipped with operational instruction in a language understood by all employees</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the facility tour that operational instruction in a language (Hindi) understood by all employees were not marked. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted during the facility tour that facility has displayed operational instruction in a language (Hindi).</p> | 96% |

PERFORMANCE RATING



Sub Section: Emergency Preparedness

| Status | Findings | % Global freq of compliance |
|-------------|--|-----------------------------|
| ● Major | <p>186.00 : There is not a sufficient number of emergency evacuation exits at the facility</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the facility tour that secondary exit staircases not provided at ground and first floor in office area in building no. 3. Further, 5 - 6 employees working at ground floor and 20 employees were working at first floor on the day of audit. Follow-up audit conducted on October 18, 2017 Status: Not Corrected It was noted during the facility tour that secondary exit staircases was not provided at ground and first floor in office area in building no. 3. Further, 4 employees working at ground floor and no employees were working at first floor on the day of audit. Further, facility has future planning to shifted first floor employees of above said building in to other newly constructed building.</p> <p>factories act 1948, Section 38,(1) (1) In every factory, all practicable measures shall be taken to prevent outbreak of fire and its spread, both internally and externally, and to provide and maintain- (a) safe means of escape for all persons in the event of a fire and, (b) the necessary equipment and facilities for extinguishing fire. (2) Effective measures shall be taken to ensure that in every factory, all the employees are familiar with means of escape in case of fire and have been adequately trained in the routine to be followed in such case.</p> <p>factories act 1948, Section 38,(1) In accordance with factories act 1948, Section 38,(1) In every factory, all practicable measures shall be taken to prevent outbreak of fire and its spread, both internally and externally, and to provide and maintain- (a) safe means of escape for all persons in the event of a fire and, (b) the necessary equipment and facilities for extinguishing fire. (2) Effective measures shall be taken to ensure that in every factory, all the employees are familiar with means of escape in case of fire and have been adequately trained in the routine to be followed in such case.</p> | 96% |
| ● Corrected | <p>191.00 : <i>Previous Non-Compliance</i> : The installation and design of all evacuation exit doors are not in compliance with local law</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the facility tour that facility has installed shutter door at 01 out of 02 exit door on ground floor in CFG section instead of outward opening door. Approx 60 - 70 employees were working on the day of audit. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted during the facility tour that facility has installed permanent locking mechanism on shutter door.</p> | 86% |
| ● Corrected | <p>192.00 : <i>Previous Non-Compliance</i> : There are no and/or missing evacuation plans posted throughout the facility</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the facility tour that evacuation plan were not posted in dining area. Further, evacuation plan were posted in CFG area but the employees were not aware about the posted evacuation plan. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted during the facility tour that evacuation plan were posted in dining area. Further, evacuation plan were posted in CFG area and all employees were aware about the posted evacuation plan.</p> | 86% |

PERFORMANCE RATING



Sub Section: Emergency Preparedness

| Status | Findings | % Global freq of compliance |
|--------------------|---|-----------------------------|
| ● Moderate | <p>193.00 : Access to aisles, stairs and passageways are not kept clear at all times</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the facility tour that aisles route were found blocked with production material and working tables throughout the facility. Follow-up audit conducted on October 18, 2017 Status: Not Corrected It was noted during the facility tour that aisles route were found obstructed with production material and working tables throughout the facility except CFG area.</p> <p>factories act 1948, Section 38,(1) (1) In every factory, all practicable measures shall be taken to prevent outbreak of fire and its spread, both internally and externally, and to provide and maintain- (a) safe means of escape for all persons in the event of a fire and, (b) the necessary equipment and facilities for extinguishing fire. (2) Effective measures shall be taken to ensure that in every factory, all the employees are familiar with means of escape in case of fire and have been adequately trained in the routine to be followed in such case.</p> <p>factories act 1948, Section 38,(1) In accordance with factories act 1948, Section 38,(1) In every factory, all practicable measures shall be taken to prevent outbreak of fire and its spread, both internally and externally, and to provide and maintain- (a) safe means of escape for all persons in the event of a fire and, (b) the necessary equipment and facilities for extinguishing fire. (2) Effective measures shall be taken to ensure that in every factory, all the employees are familiar with means of escape in case of fire and have been adequately trained in the routine to be followed in such case.</p> | 93% |
| ● Corrected | <p>197.00 : <i>Previous Non-Compliance</i> : There has not been an emergency evacuation drill for all areas and shifts in the last 12 months or as required by law</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the facility tour that emergency evacuation drill was not conducted on regular basis in every 3 months as required by law. However facility has conducted evacuation drill on 16 March 2016 and 28 November 2016 in a year. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted during the facility tour that emergency evacuation drill was conducted on regular basis in every 3 months as required by law. Last evacuation drill was conducted on 28/07/2017, 15/05/2017 and 18/03/2017.</p> | 82% |

Sub Section: Machine Safety

| Status | Findings | % Global freq of compliance |
|--------------------|---|-----------------------------|
| ● Corrected | <p>223.00 : <i>Previous Non-Compliance</i> : Points of operation and other potentially dangerous parts are not operated with proper machine safeguards</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the facility tour that belt and pulley guard were found missing on 100% of the stitching machines. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted during the facility tour that belt and pulley guard were provided on 100% of the stitching machines. few machines are not covered with pulley guard and practically not possible to provide. though, the safety are secured with employee on those machines.</p> | 84% |

PERFORMANCE RATING





Sub Section: Safety Hazards

| Status | Findings | % Global freq of compliance |
|--------------------|--|-----------------------------|
| ● Corrected | <p>237.00 : Previous Non-Compliance : The facility does not monitor the employees to ensure the personal protective equipment (PPE) required to control safety hazards is correctly used</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted facility has not conducted safety training on personal protective equipment's. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records and interaction with employees that facility has conducted safety training on dated 16/10/2017 and 13/10/2017 on personal protective equipment's.</p> | 97% |

Sub Section: Dormitory and Canteen

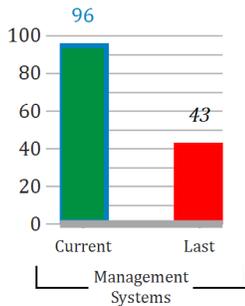
| Status | Findings | % Global freq of compliance |
|--------------------|--|-----------------------------|
| ● Corrected | <p>281.00 : Previous Non-Compliance : Kitchens are not clean or well maintained</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the interaction with management that facility has not provided the canteen with food provision to its workers. However facility has employed 397 (177 for CFG section & 220 for Industrial clean bags) employees. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has made an agreement on dated 05/10/2017 with a nearest hotel to provide food in canteen. facility has displayed foods rate in dining area for employees reference.</p> | 99% |

PERFORMANCE RATING



C4. Management Systems

96%



Sub Section: Management Systems

| Status | Findings | % Global freq of compliance |
|-------------|--|-----------------------------|
| ● Corrected | <p>291.00 : Previous Non-Compliance : The facility does not have a valid business license/ registration/ permit to operate</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from review of records that factory license was expired on dated 31 December 2014. However, facility has applied to obtain the renewed factory license on every year on timely basis. first submission on dated 16 October 2014, 20 October 2015 and last application submitted on dated 21 October 2016 and the factory license is awaited from the deputy director of factories. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that factory license was issued on 13/09/2017 and the factory license is valid till 31/12/2017.</p> | 96% |
| ● Corrected | <p>292.00 : Previous Non-Compliance : A formal Health & Safety committee has not been established at the facility</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from review of records that facility has framed safety committee properly, however the frequency of the minutes of meeting in the safety committee was once in every 12 months instead of once in every quarter. Last minutes of meeting was held on 12/05/2016 & 16/06/2015. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has framed safety committee properly, Further, the frequency of the minutes of meeting in the safety committee was once in every quarter as per law. Last minutes of meeting was held on 16/03/2017, 21/06/2017 and 22/09/2017.</p> | 94% |

PERFORMANCE RATING



Sub Section: Management Systems

| Status | Findings | % Global freq of compliance |
|-------------|--|-----------------------------|
| ● Corrected | <p>296.03 : Previous Non-Compliance : The facility has comprehensive employment practice 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 Initial audit was conducted February 28, 2017 and March 01, 2017 1: Facility does not have approved standing order. However facility has employed 397 (177 for CFG section & 220 for Industrial clean bags) employees. 2. Facility has not conducted training on disciplinary measure for manager and supervisors. 3. Facility has not maintained works committee which is legally required. 4. Facility has not maintained employment contract to 10 out of 10 selected sampled employees. Further, employment contract were not maintained and issued to any of the production employees working in the facility. However, facility has maintained and issued employment contract to staff only. Follow-up audit conducted on October 18, 2017 Status: Corrected Facility has corrected all above issues.</p> | 83% |
| ● Corrected | <p>296.04 : Previous Non-Compliance : The facility has comprehensive working hour and wages management 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 Initial audit was conducted February 28, 2017 and March 01, 2017 1. It was noted from interaction with management that In and out time records were not available for review for any of the month for any of the employees. Hence normal working hours and overtime hours And wages and benefits could not be verified. 3. It was noted from interaction with management that In and out time records were not available for review for any of the month for any of the employees. Hence provident fund (PF) and employee state insurance (ESI) could not be verified. 4. It was noted from interaction with employees and management that pay slips were not issued to any of the employees. Follow-up audit conducted on October 18, 2017 Status: Corrected Facility has corrected all above issues.</p> | 51% |
| ● Corrected | <p>296.05 : Previous Non-Compliance : The facility has comprehensive processes and procedures in the area of general facility, dormitory (if any) and/ or canteen (if any) management (e.g. cleanliness, ventilation, noise, lighting, toilets) in written manual that support adherence to social compliance requirement but they are not all being properly implemented.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the interaction with management that facility has not provided the canteen with food provision to its workers. However facility has employed 397 (177 for CFG section & 220 for Industrial clean bags) employees. Follow-up audit conducted on October 18, 2017 Status: Corrected Facility has corrected above issues.</p> | 75% |
| ● 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 Follow-up audit conducted on October 18, 2017 1. It was noted during the facility tour that secondary exit staircases was not provided at ground and first floor in office area in building no. 3. Further, 4 employees working at ground floor and no employees were working at first floor on the day of audit. Further, facility has future planning to shifted first floor employees of above said building in to other newly constructed building. 2. It was noted during the facility tour that aisles route were found obstructed with production material and working tables throughout the facility except CFG area.</p> | 67% |

PERFORMANCE RATING





Sub Section: Management Systems

| Status | Findings | % Global freq of compliance |
|-------------|---|-----------------------------|
| ● Corrected | <p>296.07 : Previous Non-Compliance : 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 Initial audit was conducted February 28, 2017 and March 01, 2017 1. It was noted facility has not conducted safety training on personal protective equipment's. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted facility has conducted safety training on personal protective equipment's.</p> | 54% |
| ● Corrected | <p>296.08 : Previous Non-Compliance : 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 Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the facility tour that belt and pulley guard were found missing on 100% of the stitching machines. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted during the facility tour that belt and pulley guard were provided on 100% of the stitching machines.</p> | 78% |
| ● Corrected | <p>300.00 : Previous Non-Compliance : The facility does not conduct periodic assessments (including internal audit) of its management system in order to identify improvement opportunities</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not conducted periodic assessments of its social compliance system in order to identify improvement opportunities. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from interaction with management that facility has conducted periodic assessments of its social compliance system in order to identify improvement opportunities.</p> | 75% |
| ● Corrected | <p>302.00 : Previous Non-Compliance : There are no written records (correspondence, report, meeting minutes, etc) of a regular management review of the social compliance system</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not conducted management review meeting of the social compliance system. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has conducted management review meeting of the social compliance system on dated 30/06/2017.</p> | 65% |
| ● Corrected | <p>303.00 : Previous Non-Compliance : Some responsibilities for labor or health & safety are not defined or documented</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from review of records that facility had not defined and documented responsibilities and authorities for managers, supervisors and employees for social compliance. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility had defined and documented responsibilities and authorities for managers, supervisors and employees for social compliance.</p> | 81% |

PERFORMANCE RATING

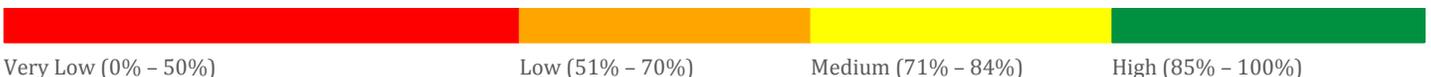




Sub Section: Management Systems

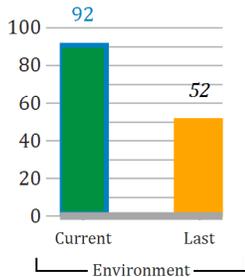
| Status | Findings | % Global freq of compliance |
|--------------------|---|-----------------------------|
| ● Corrected | <p>305.00 : Previous Non-Compliance : The facility provides appropriate training for managers on how to implement its social compliance policies and procedures, however, incomplete training records or no training records are maintained.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the interaction with management that the facility has provided training to managers on how to implement the social compliance policies and procedures but the same record was not maintained by the facility. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted review of records that the facility has provided training on dated 13/10/2017 to managers on how to implement the social compliance policies and procedures and the same record was maintained by the facility.</p> | 71% |

PERFORMANCE RATING



C5. Environment

92%



Sub Section: Environment

| Status | Findings | % Global freq of compliance |
|--------------------|---|-----------------------------|
| ● Minor | 322.00 : The facility does not have any environmental management system in place <i>Auditor's comment</i> Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted during the interaction with management that facility does not have environment management system. Follow-up audit conducted on October 18, 2017 Status: Not Corrected It was noted during the interaction with management that facility does not have environment management system. | 73% |
| ● Corrected | 323.00 : <i>Previous Non-Compliance</i> : The facility does not conduct a risk assessment (internal/ external) to evaluate the significant environmental impacts of its sites and processes <i>Auditor's comment</i> Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not conducted risk assessment (internal / external) to evaluate the significant environmental impacts of its sites and processes. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has conducted risk assessment on dated 16/06/2017 to evaluate the significant environmental impacts of its sites and processes. | 84% |
| ● Corrected | 329.00 : <i>Previous Non-Compliance</i> : Solid waste are not disposed using licensed vendor per local legislation <i>Auditor's comment</i> Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not made an agreement for electronic waste and other solid waste with authorized agency. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has made an agreement with Bharat oil and waste management (certificate is valid up to 26/09/2018) for electronic waste and other solid waste. | 86% |

PERFORMANCE RATING





Sub Section: Environment

| Status | Findings | % Global freq of compliance |
|--------------------|---|-----------------------------|
| ● Corrected | <p>331.00 : <i>Previous Non-Compliance</i> : The air emissions do not meet the discharge limits for regulated constituents</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted that facility has not conducted air emission test for 03 out of 03 diesel generators set. Further facility has installed 3 generator set of 1x500 KVA & 2x320 KVA. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted that facility has conducted air emission test for 03 out of 03 diesel generators set on dated 26/07/2017.</p> | 86% |

PERFORMANCE RATING



C6. Business Practices



Sub Section: Integrity

| Status | Findings | % Global freq of compliance |
|-------------|--|-----------------------------|
| ● Corrected | <p>341.00 : Previous Non-Compliance : The facility does not have appropriately defined and documented responsibilities and authorities for managers, supervisors and employees for business integrity compliance.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not defined and documented responsibilities and authorities for managers, supervisors and employees for business integrity compliance Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has defined and documented responsibilities and authorities for managers, supervisors and employees for business integrity compliance.</p> | 79% |
| ● Corrected | <p>342.00 : Previous Non-Compliance : The facility does not provide appropriate training for managers and employees on how to implement the integrity policies and procedures.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not provided appropriate training for managers and employees on how to implement the integrity policies and procedures. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has provided appropriate training for managers and employees on how to implement the integrity policies and procedures.</p> | 76% |
| ● Corrected | <p>343.00 : Previous Non-Compliance : The facility does not have a comprehensive written policy concerning bribery, corruption and unethical business practices.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not framed a comprehensive written policy concerning bribery, corruption and unethical business practices. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has framed a comprehensive written policy concerning bribery, corruption and unethical business practices.</p> | 80% |

PERFORMANCE RATING

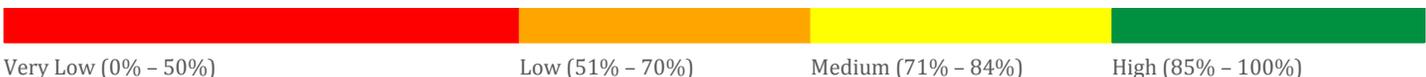




Sub Section: Integrity

| Status | Findings | % Global freq of compliance |
|-------------|---|-----------------------------|
| ● Corrected | <p>344.00 : Previous Non-Compliance : The facility leadership team has not clearly communicated the anti-bribery and corruption message to all employees and relevant parties.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not communicated the anti-bribery and corruption message to any of the employees and relevant parties. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has communicated the anti-bribery and corruption message to employees and relevant parties.</p> | 82% |
| ● Corrected | <p>345.00 : Previous Non-Compliance : The written integrity policy is not communicated to all employees by at least one of the following methods (in local language): labor contract; employee manual; newsletter/ poster; employee training with records.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has communicated the integrity policy to all of the employees.</p> | 83% |
| ● Corrected | <p>346.00 : Previous Non-Compliance : The facility's integrity policy and requirements are not communicated to all suppliers and/ or subcontractors.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not communicated facility's integrity policy and requirements to any suppliers and/ or subcontractors by at least one of the following methods (in local language): contract; supplier manual. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has communicated integrity policy and requirements to the suppliers and subcontractors by contract and supplier manual.</p> | 72% |
| ● Corrected | <p>347.00 : Previous Non-Compliance : The facility have not clearly documented principles and rules in place to support the implementation of the business integrity policy.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not documented principles and rules in place to support the implementation of the business integrity policy. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted from review of records that facility has documented principles and rules to support the implementation of the business integrity policy.</p> | 77% |
| ● Moderate | <p>351.00 : There are no written records (correspondence, integrity statistics reports, meeting minutes, monthly reports etc) of a regular Management Review of business integrity incidents and breaches.</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted from interaction with management that facility has not conducted regular Management Review of business integrity incidents and breaches. Follow-up audit conducted on October 18, 2017 Status: Not Corrected It was noted from interaction with management that facility has not conducted management review of business integrity incidents and breaches.</p> | 66% |

PERFORMANCE RATING





Sub Section: Integrity

| Status | Findings | % Global freq of compliance |
|--------------------|---|-----------------------------|
| ● Moderate | <p>353.00 : The facility does not conduct periodic assessments/ audits of its business integrity system in order to identify risks and improvement requirements</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted that facility had not conducted periodic assessments/ audits of its business integrity system in order to identify risks and improvement requirements. Follow-up audit conducted on October 18, 2017 Status: Not Corrected It was noted from interaction with management that facility had not conducted periodic assessments/ audits of its business integrity system in order to identify risks and improvement requirements.</p> | 58% |
| ● Corrected | <p>355.00 : <i>Previous Non-Compliance</i> : The facility does not establish, maintain, and document appropriate procedures to evaluate and select suppliers and/ or subcontractors based on their having equivalent business integrity standards</p> <p>Auditor's comment Initial audit was conducted February 28, 2017 and March 01, 2017 It was noted that facility had not established appropriate procedures to evaluate and select suppliers based on their having equivalent business integrity standards. Follow-up audit conducted on October 18, 2017 Status: Corrected It was noted that facility has established appropriate procedures to evaluate and select suppliers based on their having equivalent business integrity standards.</p> | 68% |

% 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 | 49% |
| 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 | 51% |
| The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements and are being properly implemented | Minor | 54% |
| The facility provides social security, pensions, healthcare and/ or other insurance to employees as per legal requirement. | Moderate | 57% |

| Challenges: Facility performance ranks in the bottom percentile of the population | Rating | Global Freq. of Compliance% |
|---|----------|-----------------------------|
| There is not a sufficient number of emergency evacuation exits at the facility | Major | 96% |
| Access to aisles, stairs and passageways are not kept clear at all times | Moderate | 93% |
| The facility does not have any environmental management system in place | Minor | 73% |
| 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 | 67% |
| There are no written records (correspondence, integrity statistics reports, meeting minutes, monthly reports etc) of a regular Management Review of business integrity incidents and breaches. | Moderate | 66% |

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