



SMART
Myanmar

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SMART Myanmar Social Standards Handbook

for Myanmar Garment Manufacturers

An easy-to-use guide to
improve social and labour
standards in your company

Funded by the European Union



Implemented by:



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Mr. Jens Winkler from Systain Consulting during a factory assessment

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Message of MGMA chairman & Project Director SMART Myanmar



U Myint Soe
Chairman
Myanmar Garment
Manufacturers
Association



Simone Lehmann
Project Director SMART
Myanmar
sequa gGmbH

Dear readers,

sequa GmbH and the Myanmar Garment Manufacturers Association (MGMA) are glad to present another milestone of our collaboration: the Social Standards Handbook for garment manufacturers in Myanmar.

Since 2013, our joint cooperation has contributed to support the undergoing shift of the Myanmar garment sector towards more sustainable manufacturing practices. A shift that can positively impact the working conditions and the overall productivity of a sector that employs more than 240,000 workers.

In our vision, supporting garment factories improving their working conditions means primarily providing them the right tools to invest in their people, their most crucial asset, while also demonstrating the benefits that better- and safer- working conditions have on efficiency and productivity in the factories.

Through the comprehensive trainings and the capacity building with the SMART Myanmar Social Compliance Academy, which touch upon the most fundamental issues of social compliance, local factories have been able to learn how to implement long-term and ethically responsible practices, necessary to improve their competitiveness in the global market.

This easy-to-read guidance provides a general overview dedicated to factory managers on the main issues of social compliance, underlying its strategic role within the garment sector. In particular, the guide presents the most fundamental steps on how local factories should implement an effective social management system, by also giving clear examples and best practices derived from factories in Myanmar. Based on the experiences of the SMART Myanmar Social Compliance Academies this handbook was composed to specifically focus on the needs and constraints of Myanmar garment factories.

We are delighted to present you this handbook as one result of our fruitful collaboration. We are hoping that this handbook will reach out and inspire a wide number of factories. We reconfirm our absolute support to all the factories willing to change and to invest in a more sustainable future ahead.

U Myint Soe
Chairman MGMA



Simone Lehmann
Project Director SMART
Myanmar



Introduction

Garment factories working for international clients all around the globe obtain many requirements, among others, working conditions, working hours, health and safety measures in their facilities. Buyers are increasingly demanding that all their suppliers take active measures to monitor and manage a wide range of social and environmental issues. In addition, the level of scrutiny of international brands in this regard has never been higher, shown in audits and other assessment ways.

Myanmar and its garment industry is no exception.

The growing number of international brands placing their orders in Myanmar represents a huge opportunity for local garment factories. This can boost profitability and development, long-term partnerships with new international clients assumed. Pre-condition for this long-term business is to meet high social and environmental standards by the local garment factories.

To foster the capabilities in the Myanmar garment industry in the field of social and environmental standards, the SMART Myanmar project has been working closely with MGMA (Myanmar Garment Manufacturers Association) to promote social responsibility and resource-efficient production across local garment manufactures since 2013 by implementing capacity building programs on issues such as productivity improvements, environmental awareness and social compliance.

The Social Standards Handbook constitutes an additional step of the SMART Myanmar project. Focusing merely on social issues, it aims at further supporting local factories in their journey towards embracing social compliance, which refers to the obligation of being conform with existing international social standards and national labor regulations.

Fully aware of the difficulties involved in this long journey, SMART Myanmar prepared this handbook, intended to guide your company in setting up an effective social management system. This journey will allow you to obtain valuable knowledge on the key requirements derived from legal regulation and buyers' standards, get familiar with the basic pillars of building up a social compliance management system and, through examples and best practices derived from local factories, it will also show you specific challenges and ideas on how to improve in practice. At the end of the journey, you will learn how good working conditions can contribute to better work performance. Good working conditions along with productivity, quality control and delivery performance are the core competences required to compete on a global level.

The handbook is divided in three major parts:

Part I presents the regulatory framework of social compliance, which includes international standards, Myanmar's legal requirements and the MGMA Code of Conduct.

Part II represents the core of the handbook and is further divided into three chapters.

The major step is building up a social management system, which is a framework of policies and procedures enabling companies to identify, analyse and reduce operational and social risks, while significantly improving the overall level of productivity. Part II is helping step by step to learn the necessary basics.

Chapter 2.1 provides an explanation on how to build up a social management system, while presenting examples for each of the issues addressed.

Chapter 2.2 describes some of the challenges that factories in Myanmar currently face when trying to implement a social management system.

Chapter 2.3 presents a description of few Myanmar factories' best practices that can be used as reference.

Finally, the third part of annexes comprises additional documents and information that can be used as reference materials when implementing a social management system. Please refer to the annexes for concrete requirements or get inspired by the examples of policies and tools.

We hope that this handbook supports your travel towards better working conditions... let the journey begin!

Setting up an efficient social management system represents an opportunity to boost productivity, reduce operational and social risks while improving your factory's reputation and brand image among clients!

PART I - Get Familiar with Social Standards and Regulations

The journey begins by getting an overall understanding of the existing framework on social compliance. To avoid getting lost on the way, each journey requires precise indications and directions. For social compliance, international social standards and national labor regulations set the pathway and indicate the way to go.

In this section of the handbook, we introduce briefly the four major components of the social compliance framework relevant to textile producers in Myanmar:

- The international framework (i.e. ILO conventions),
- The western buyers' requirements (shown by the example of the BSCI),
- The national framework (i.e. the Myanmar labour legislation)
- The Myanmar garment manufacturers association Code of Conduct

Getting familiar with these requirements will help you gaining an insight into the most relevant topics related to social compliance that will need to be further addressed within your company. The different levels of requirements need to be understood as complementary. In addition, western buyers often expect factories to adhere to the strictest rules. Therefore it is crucial to be familiar with the relevant set of requirements. Manufacturers can extend their customer range and can tap buyers that do not do their own material sourcing (e.g. many medium-sized EU buyers)



Myanmar garment sector stakeholder meeting



1.1 The International Framework



International Labour Organization (ILO)

ILO is the United Nations (UN) agency devoted to promote social justice, human and labour rights. ILO's strategic objectives are to promote rights at work, to encourage decent employment opportunities, to enhance social protection and to strengthen the dialogue on work-related issues.

ILO's core conventions shall be considered the major source of reference for all social compliance standards as they set out the basic principles and rights at work. The fundamental ILO's core conventions¹ are listed below:

1. Freedom of association (convention 87), which protects the workers' rights to freely establish and join organizations;
2. Right to organize and collective bargaining (convention 98), which defines the right of workers to be protected against any form of discrimination

¹ All the conventions can be consulted online at : <http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>

caused by being members of trade unions and the right to bargain collectively;

3. Forced labour (convention 29) and abolition of forced labour (convention 105), which prohibit the execution of any form of forced or compulsory labour (all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily);
4. Minimum age convention (convention 138), which sets a 15-year-old minimum age for admission to any type of employment or work²;
5. Child labour (convention 182), which prohibits the use of any form of child slavery or similar to slavery³;
6. Equal remuneration (convention 100), which guarantees the right for women and men to receive equal salary for work of equal value;
7. Discrimination (convention 111), which prohibits any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin of the workers.

² Unless specific exceptions identified by the ILO.

³ The term "child" applies to all the people below 18.



1.2 Western Buyers' Requirements (Example BSCI)

Western buyers have been dealing with social compliance for more than 20 years. A lot of companies defined their own Codes of Conduct. In order to streamline the requirements and to help putting these fundamental principles and rights into practice, different multi-stakeholders initiatives have emerged over the past years.

Among them, some of the major initiatives are the Ethical Trade Initiative (ETI), Fair Labour Association (FLA), Worldwide Responsible Accredited Production (WRAP), Social Accountability International (SAI) and the Business for Social Compliance Initiative (BSCI). WRAP and SAI have developed auditable social certifications standards, such as the SA8000 and the WRAP certification, while the business-driven initiatives ETI and BSCI Code of Conducts (for additional info on these initiatives see annex I).

The requirements included in these initiatives are basically similar and they all refer to the ILO core conventions.

A Code of Conduct – also called Code of Ethics – is a management tool used by organizations and associations to point out the primary values and principles guiding their actions.

To provide a concrete example, we focus on the BSCI, one of the largest business-driven initiatives on social compliance, describing the core objectives of its Code of Conduct and explaining its relevance.

Understanding the key principles of this code brings you one step closer to fulfilling your customers' expectations on social compliance. As a matter of fact, many of your European customers are likely to be part of the BSCI and for this reason it is very important to get an overview on the principles and values of the BSCI Code of Conduct.

Based on the key principles of ILO's conventions, the Code of Conduct (for the complete version of the Code of Conduct see annex II) revolves around 11 fundamental principles, listed in the following:

1. Rights and freedom of association and collective bargaining
2. No discrimination
3. Fair remuneration
4. No bonded labour
5. Decent working hours
6. Occupational health and safety
7. No child labour
8. Special protection for young workers
9. No precarious employment
10. Protection of the environment
11. Ethical business behaviour

Companies may have their own Code of Conduct different from the one presented here (and in the annex). In most of the content parts the company's own Code of Conduct may not be different from this example. But you should always read and analyze the Code of Conduct of the company you are working for. Audits are based on these requirements.

The Business for Social Compliance Initiative (BSCI)



Launched by the Foreign Trade Association (FTA), the BSCI is a business-driven initiative aimed at improving working conditions across the supply chains of its members.

Remember:
You should always read and analyze the Code of Conduct of the company you are working for.

Audits are based on these requirements.



1.3 The National Framework



Along with international standards, national legislations on workers' rights and protection constitute an essential pillar of the social compliance framework and form the foundation of each social management system.

Additionally, garment manufacturers in Myanmar shall also take into consideration to adopt the Myanmar Garment Manufacturers Association (MGMA) Code of Conduct, a tool developed to promote more sustainable production practices among local garments manufacturers.

Myanmar regulations on workers' rights

Abiding domestic laws represents the first obligation of all business enterprises.

Labour regulations constitute the binding mechanism through which governmental institutions guarantee employees' rights and establish working conditions in the country.

Some of the most relevant regulations are listed below (for additional information on these regulations see annex III): the better access to capital through increased foreign investment opportunities.

- **Constitution of the Union of Myanmar, 2008**
- **The Social Security Law, 2012**
- **The Settlement of Labour Disputes Law, 2012**
- **The Minimum Wages Law, 2013**
- **The Labor Organization Law, 2011**
- **The Factory Act, 1951**
- **The Payment of Wages Act, 1936**

The MGMA Code of Conduct

Ratified on January 2015, the Code of Conduct of the Myanmar Garment Manufacturers Association embeds the core values of the industry and it shall be adopted and implemented by all members (for the complete text of the Code see annex IV).



The principles described in the Code of Conduct are based on the fundamental ILO's declarations of rights and principles at work mentioned above.

The code underlines the importance for each company to follow and promote the principles of responsible management, such as transparency, accountability and integrity, while protecting the needs and rights of workers.



Action for implementation of the Myanmar Code of Conduct

What to do with all these standards and regulations?

Practical tip:

Create a file and organize all the documentation on social compliance

Due to the numerous standards and regulations existing, to facilitate their use, you could create a file with all the most important requirements of the international standards, divided by issue (i.e. you could use the 11 principles of BSCI as main reference). It is also necessary to include the requirements from the national law/regulation and the requirements from clients in terms of social compliance.

With all the information in hand, you will have a complete overview on all the requirements on social compliance. This overview is your basis for an internal review – does the factory comply in all of these regulations?

PART II - How to Build Up a Social Management System



2.1 Key Steps

After making yourself familiar with all the relevant principles and issues of social compliance, it is time to move ahead with the journey and explore in detail the process that will allow you to build up a social management system.

The process embeds five different yet important steps, listed below:

1. Identify Non-Compliances
2. Analyze the Root Causes
3. Correct Non-Compliances, Develop and Implement New Policies and Procedures
4. Communicate and Allocate Resources
5. Monitor and Adjust

Every step will be explained on a general basis. In order to facilitate the overall understanding of the process, for each step three different examples derived from cases of factories in Myanmar are provided. We selected one challenge for each factory on three major topics of social compliance:

Social Compliance Issues - Examples

Company A	Health & Safety Issues (Fire extinguishers)
Company B	Working Hours
Company C	Remuneration (Sick Leave Payment)

2.1.1 Identify Non-Compliances

The first necessary step is to check the actual situation in your factory. In general, the factory management should check whether the measures in place regarding social compliance issues are in line with existing regulations and standards and result in good working conditions. You should ask yourself, if the situation is meeting the above mentioned requirements and also if it is best to achieve a high level of satisfaction in the workforce. This is necessary to know the areas, which needs change and improvement. This step needs to be done regularly. A self assessment questionnaire is attached in annex VIII.

What to do?

- ➔ Check all the requirements in the documentation on social compliance.
- ➔ Identify, through an internal check, in which area/s your company is not in line with the requirements or where you can improve the situation for achieving


General Requirements and Suggested Checks – Examples

	Requirements	What to check?
Company A	Requirements on fire extinguishers: <ul style="list-style-type: none"> • Adequate number • Placed at suitable heights • Clearly identified • Clear instruction on their usage • Not blocked • Attached list for regular check 	Check all the fire extinguishers in your facility and evaluate if all requirements are met

General Requirements and Suggested Checks – Examples

	Requirements	What to check?
Company B	Requirements on working hours: <ul style="list-style-type: none"> • 60 hours per week • Transparent and accurate record of working time: record the exact start and finish time in the morning, afternoon, for regular work and overtime 	Check all the labour contracts and all the check-in/out time of workers to verify whether a system to monitor employees working hours is in place.
Company C	Requirements on sick leave payment : <ul style="list-style-type: none"> • Paid sick leave for 30 days and full pay if a 6 month service has been completed 	Check the payroll system to assess whether sick leaves are being paid.

Non-Compliances – Examples

Company A	The fire extinguisher is improperly placed on the floor, without any protection (likely to fall down), no markings and with no checklist to demonstrate its maintenance. Misplaced and not regularly checked fire protection equipment represents a serious threat for all the employees in case of fire.	
Company B	There are no working time record machines available in the factory and there is no clear specification of working hours in the labour contracts. Moreover, overtime during the week regularly exceeds the maximum hours of work per day allowed by the Myanmar law.	Unclear and excessive working hours - aside from being illegal practices - lead to workers' dissatisfaction, major cause of high workers' turnover, which constitutes a serious threat to productivity.
Company C	Sick leaves are unpaid and are being regularly deducted from the salary. Only if employees show a medical certificate at the end of the year, the deducted money is given back	Unpaid sick leaves represent an illegal practice, which also discourage employees from working in the same factory.

As the above examples clearly show, social non-compliances have a negative impact on workers' safety and satisfaction. It is important to remember that workers represent the most

valuable asset in your factory and for this reason creating the condition of a good working environment should represent your top priority.

2.1.2 Analyze the Root Causes

The next step after identifying the areas of non-compliance is to analyse the reasons behind these. This means, the analysis of the root cause refers to the process of understanding the real source of the problem, moving beyond the most predictable and obvious cause, in order to avoid its re-occurrence in the future.

The root cause analysis (RCA) represents a fundamental step of the entire process. As a matter of fact, in most cases non-compliances are only symptoms of much deeper problems derived, very likely, by the lack of policies and procedures on certain issues.

What to do?

- ➔ Check existing, written policies and procedures on these issues
- ➔ Check whether there are designated people responsible for monitoring these issues

Root Cause Analysis – Examples	
Company A	<ul style="list-style-type: none"> • No defined regulation (à policy) on handling fire extinguishers. • No one is responsible for checking the fire extinguishers. • No clear procedures on fire extinguisher check and maintenance.
Company B	<ul style="list-style-type: none"> • Management team not aware of legal requirements. • No accurate working time records. • No person assigned for checking employees working hours.
Company C	<ul style="list-style-type: none"> • Management team not aware of legal requirements. • No policy on sick leaves.

As demonstrated, the root cause analysis identifies the reasons behind non-compliances.

all the cases above, a lack of precise policies and procedures can be found.

In common situations, a limited knowledge of legal requirements and a lack of control usually contribute to the consolidation of illegal practices within the factory. Also, in

For further information about root-cause-analysis please refer to annex VII.

2.1.3 Correct Non-Compliance, Develop and Implement New Policies and Procedures

To sustainably change the current situation and to avoid the persistence of illegal practices, it is necessary to define and implement adequate measures to solve the problems permanently. This may be done using a comprehensive corrective action plan (CAP).

The corrective plan includes immediate actions, the development of necessary policies and procedures and their implementation. Keep in mind that it is crucial to define and communicate policies and procedures adequately in order to achieve long-term improvement. An example of a corrective action plan is attached in annex IX.

Within this process, you should make sure that there is a responsible person which can be nominated for the specific task and that a monitoring process is also implemented to evaluate and double check.

What to do?

- ➔ Quick fixes for non-compliances: In some cases it is necessary to take immediate actions to fix the issues based on the requirements. Quick fixes are “easy-to-take” solutions in the short term, which need to be further substantiated by specific policies. E.g. anything with regard to hazards for health and safety should be corrected immediately followed by the definition of thorough policies and procedures.
- ➔ Develop a policy on the specific issue: Write down policies that explain the urgency for new actions. When writing policies it is also important to clearly state their purpose (What is the main goal of the policy? Why do we need this policy?)

Policies and procedures belong together – A policy is a system of principles to guide decisions and achieve rational outcomes. A policy describes the desired result. The way it is implemented is described (and done) as a procedure.

Crucial parts of a procedure is the clear and understandable description of “who” is doing “what”.

- ➔ Identify people in the organizations who should be involved in the policy: Make sure that different people are involved and that they all have the responsibility to implement and monitor the effectiveness of the new policy (Who should be involved in the policy, who is the responsible person, who is the monitoring person, and what are their responsibilities?). Please make sure that all involved people are well informed about their tasks and duties.
- ➔ Develop new procedures in order to implement the new policy: Clarify the step-by-step work procedure and the expected actions for the people in the organization.

When making the work procedure, it is necessary to specify the responsible persons, their responsibilities, the expected actions and the timeline for each step. It is necessary to define it clearly and describe this as understandable as possible. And again, ensure that everyone knows his or her tasks and duties.

- ➔ Implement the new policy and procedures: Make sure that the new policy and related procedures become routine within your company and are embedded in the day-to-day operations. The effectiveness of the new measures depends on how regularly the new policy is observed and the procedures are followed..

Immediate Actions – Examples	
Company A	Change the position of all the fire extinguisher, put them at a suitable heights, protect them, clearly identify them and put a checklist on them to record their regular maintenance
Company B	Introduce a finger print time recording system to record working times of workers.
Company C	Suppress the illegal practice of unpaid sick leave.

Company A:
Development of Policy and Procedures - Example for Fire Extinguisher Non-Compliance

Policy on fire extinguisher:
"In line with the existing regulations, in order to prevent the fire disaster, and ensure the safety of the employees in the factory, fire extinguishers should be allocated at a suitable height, should be clearly identified and regularly checked to guarantee its functionality."

People in the organizations involved in the policy:
A mechanic should be responsible for fire extinguisher maintenance; the HR manager should be responsible for providing training, evaluating the mechanic's work, and organizing the monthly H&S meeting; the top management should be responsible for attending the monthly H&S meeting and making decisions.

New procedures to implement the new policy:

- A mechanic checks the fire extinguishers every Monday and registers the check on a checklist.
- If the mechanic encounters malfunctions, corrective actions shall be included in the checklist form.
- The corrective action needs to involve others.
- Yes, write down the plan, discuss it during the regular H&S meeting and take actions;
- No, take immediate actions.
- Mechanic submits the checklist form to HR manager on the last working day of every month.
- HR manager checks the filled checklist forms, organizes the H&S meeting, and discusses the issues during the meeting.
- Top management attends the H&S meeting and makes decisions when necessary.
- HR manager conducts onsite observation to evaluate mechanic's work at least once a month.
- If there is any issue found, HR manager will discuss with the mechanic for the root causes and improvement within one week.
- HR manager keeps all relevant record in the file within one week after the evaluation.

For additional examples of policies, see annex V.

2.1.4 Communicate and Allocate Resources

As described above, once new policies and procedures have been developed, it is necessary to effectively communicate them to all (relevant) employees in the factory in order to guarantee their real implementation.

Although communication methods can differ depending on the target audience (i.e. emails and team meetings are suitable for the communication within the management team, while for the front line workers, it is better to use multiple channels both verbally and in writing) the message should be, in any case, clear and easy to understand.

It is also important to explain the reason behind the new policy and to underline the benefits that employee can gain from it.

Additionally, it is crucial to set up a two-way communication strategy, which means that top management should understand workers' questions and concerns about the new policy, through, for instance setting up suggestion box and workers participation committee.

Finally, make sure that all the people involved in checking and monitoring the new policy and related procedures are aware of the importance of their responsibility and willing to actively participate. Remember that a clear allocation of resources and responsibilities contribute to the smooth implementation of the new policy and related procedures.

Company A:

Communicate and Allocate Resources - Example for Fire Extinguisher Non-Compliance

- Organize workers meetings to explain the development of the new policy and carry out specific trainings on how to use the fire extinguishers.
- Add pictures on the wall that visually demonstrate the utilization of the fire extinguisher.
- Organize a H&S committee that is in charge of monitoring all the health and safety measures in the factory and make sure that H&S meetings are regularly hold.

2.1.5 Monitor and Adjust

In order to verify the effective implementation of new policies and procedures, continuous evaluation is crucial. The evaluation can be carried out via internal or external assessment (external social audits) and it should be done on a regular basis.

Whenever there is any issue found during the assessment, step 2 and 3 should be repeated for continuous improvement.

The monitor and adjustment process guarantees the continuous improvement of the system implemented.

Monitor and Adjust – Examples

Company A	Regularly monitor all the fire extinguishers and related checklist. Substitute malfunction fire extinguishers. Hold periodic meetings to check the effective implementation of the fire equipment policy. Hold trainings to all the new employees on how to use fire extinguishers.
Company B	Regularly monitor all the labour contracts stipulated in order to make sure that working hours are clearly indicated. Regularly monitor the finger print time recording system.
Company C	Regularly monitor the payroll system and hold meeting with the accountant to make sure that all the sick leaves are paid.

This is the general way of identifying and improving non-compliances in the factory. As the examples illustrate, the scope and content of the measures are different, depending on the issues. For some problems it is necessary to involve the whole workforce in the process of communication as it is in some cases only valid for the relevant and directly affected persons.

In order to give more guiding this general information will be supported by the next two chapters, which focus on the situation in Myanmar. The next part provides an overview about the major social compliances challenges garment factories are facing in Myanmar followed by a part illustrating examples of factories already improved in some areas.



2.2 Myanmar Factories' Challenges

As it appears clear at this point of the journey, fulfilling the requirements of social compliance represents a highly challenging task.

The nature of changes requires calls - first of all - for a serious, long-term commitment of the factory's management, which should be willing to invest time and resources to improve the working conditions within local factories.

As a matter of fact, most of the non-compliances described in the previous section are caused by managers' lack of awareness over the importance and the benefits of social compliance. By improving the working conditions, as demonstrated before, local factories can address and solve the biggest challenges that the garment industry is currently facing.

Some of the biggest challenges found in Myanmar factories 2015 are listed below.

2.2.1 Challenges - Child Labour

The persistence of child labour, a common practice among garment manufacturers in Myanmar, represents a major challenge for local factories.

Local managers shall understand that the practice of employing children below 15 (the minimum age required by most of the western Codes of Conduct and also by the Code of Conduct of the MGMA) in the workforce represents a huge risk for their life and for the company as well.

Additionally, be aware that children between 15 and 18 years old, when employed, should be responsible of "light duties" (as stated in the ILO Conventions Nos. 138 and 182) and cannot - in any case - carry out hard work, night shifts etc.

In general, remember that young workers' needs and expectations differ from adult workers and that, in many cases, they are inexperienced and low skilled workers. For all these reasons, young workers development should be taken in great consideration by the management and specific trainings should be organized to support them developing the required skills.

2.2.2 Challenges - Labour Turnover (Wages and Working Hours)

Another major concern for local factories is represented by the high labour turnover rate which constitutes a threat for the overall productivity rate and, ultimately, for the quality of the products manufactured.

Many garments factories in Myanmar are struggling with seasonal or sometimes even weekly workers' turnover. As it is also described during one of the examples above, this situation is caused primarily by the low satisfaction of employees regarding their working conditions. In particular, workers often tend to leave factories due to low wages and excessive working hours.

As for the wages, be aware that workers are entitled to earn a compensation that allows them to meet the basic needs for themselves and their families. For this reason, local managers

need to respect – at least – the minimum wage currently in force for the garment sector, which set the minimum wage at 3600 Kyat per day (for 8 hours work). This minimum wage is earned on the basis of the regular working hours and that overtime is paid extra with a premium.

You should also take into consideration that workers are more likely to leave the company, if subjected to excessive working hours and unpaid overtime, this constitutes severe problems for the majority of garment manufactures.

To solve these challenges, you are requested to further invest on human resources capabilities in order to improve current practices and to retain workers.

2.2.3 Challenges - Health and Safety Measures

Many managers are still reluctant to invest in improving the health and safety measures in their factory, despite their critical importance. As a matter of fact, local managers are underestimating the relevance of most of the issues related to the health and safety of the working place, such as fire prevention equipment, first aid facilities and personal protection equipment.

To face these challenges, invest in setting up health and safety policies and procedures, making sure that all the facilities at disposal of their workers do not constitute a threat to their health.

Some of the health and safety issues that local factories should consider and some possible measures to adopt to put them into practice are listed below.

Fire prevention equipment

You should remember that emergency tools are required and important for all factories. Crucial emergency equipment and procedures such as fire alarms, evacuation plans, emergency lights and gathering areas need to be provided by the factory.

Additionally, factories should also:

- Practice emergency evacuation procedures regularly.
- Post evacuation plans so workers understand where to go in case of emergencies.
- Install smoke detectors, fire alarms and fire extinguishers.
- Install alarm system, including bells.
- Install back up battery powering emergency lights in case of power outages.
- Label all exits clearly and ensure that they are not blocked by any objects.



Fire extinguisher

- Provide safe gathering areas to check and verify that all workers have been safely evacuated from factory buildings in an emergency situation.
- Conduct fire fighting training and use of equipment regularly.



Emergency aisles



Fire fighting training

First-aid facilities and trainings

You need to provide first-aid trainings and facilities in order to cope with working-related accidents and injuries.

Factories should:

- Provide first-aid training to all employees with first aid responsibilities.
- Make sure that first-aid boxes are always adequately stocked and easily accessible.
- Provide posters next to the first-aid box, setting out how to proceed in case of an accident, also include names of qualified first-aiders, and the telephone number of a near-by hospital.
- First-aid boxes should be clearly marked and readily accessible.



First aid box

- Make qualified first-aid attendants recognizable with the use of a badge.
- Establish an arrangement with a near-by hospital for fast transport in case of emergencies.

Good lighting

You need to ensure good lighting in all the facilities.

Poor lighting in the workplace leads to lower productivity and poor quality work. It can also cause eyestrain, fatigue and headaches. Conversely, better lighting enhances efficiency and productivity and reduces errors by up to 30%.



Good lighting

Factories should:

- Make full use of natural lighting through windows or skylights. This reduces electricity bills and improves the work environment.
- Clean windows and skylights regularly.
- Make full use of illumination by using light reflectors throughout the factory.
- Use a combination of natural and artificial light and adjust lighting to the task-related types of work.
- Use local lighting (needle lights) when necessary for some types of fabric, thread or seams at the needle point.

Age is also important: An older worker may need twice as much as light as a younger one



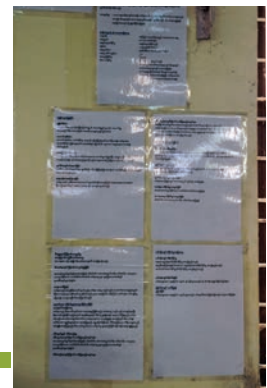
Sewing machine lighting

Spot cleaning area

Spot cleaning is necessary in garment manufacturing, but some of the chemicals used can be dangerous. It is necessary to protect people who work in or near the spot cleaning area from chemicals, including chemical fumes. In particular, Trichloroethylene, a toxic chemical commonly used in spot cleaning, needs special care. It can cause harm if it is breathed in or if it touches the skin.

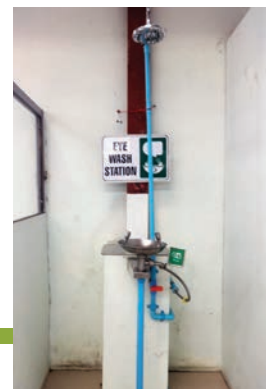
Factories should:

- Use a special room in a separate location for the spot cleaning area.
- Install exhaust ventilation fans in the spot cleaning area to make sure that clean air flows towards the workers and chemical fumes flow away from the workers. Caution: the air must not flow towards the worker's face or they will breathe in the chemical.
- Use water and detergent for spot cleaning instead of chemicals whenever possible.
- Provide workers with proper personal protective equipment such as appropriate masks, overalls, gloves and safety goggles. Caution: Dust masks are not suitable as they trap the chemical over the worker's face.
- Display Material Safety Data Sheets (MSDSs) in places where everybody can see them.
- Make sure that workers read and understand MSDSs so that they learn about the dangers of the chemicals being used.



Posted MSDS

- Make sure workers and medical staff know what to do in case dangerous chemicals get spilt or a worker gets injured.
- Make sure workers know how to properly dispose of chemicals.
- Install necessary equipment like eye washing stations if needed.



Eye washing station



2.3 Best Practices

In this section we present good practices from factories in Myanmar that were observed during SMART Myanmar's Social Compliance Academy (conducted by Sustain Consulting) that you may apply in your factory the same way or adapt to your factory's situation.

2.3.1 Best Practice - Shweyi Zabe Garment Manufacturing Co. Ltd.

Good practice on health and safety

Shweyi Zabe managed to improve the maintenance on fire fighting and personal protection equipment. In particular, the factory maintains good and clear signs for all fire extinguishers in proper height, a comprehensive fire extinguisher list is used for periodic controls and the list is updated regularly. A responsible person has been assigned for these regular checks.

Additionally, the factory is training the workers on the importance of personal protection equipment. They are advised to use the needle guard, eye shield and the metal glove for cutting.



Proper fire extinguisher placement

The factory also implemented new measures regarding possible accidents and injuries. Now, the factory has a comprehensive procedure to prevent and handle the accidents/injuries, from sending the injured worker to a hospital, reporting the issue to the social insurance board, to arranging for investigation, finally solving the root causes to prevent the accidents. Additionally, all the accidents/injuries records and relevant documents are kept for review.

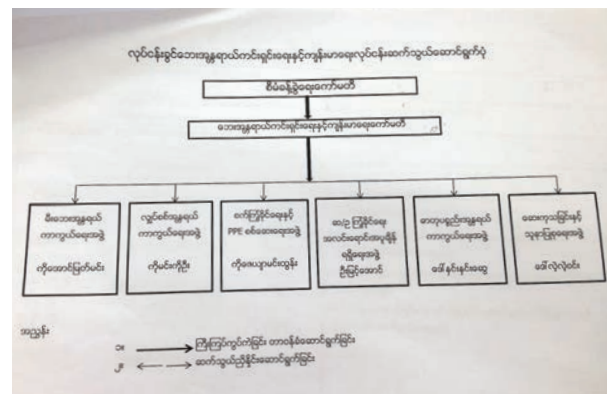


Protective metal glove

The management developed a comprehensive health & safety (H&S) policy covering all the sectors that need attention: fire safety, evacuation, chemical management, personal protection, working condition, sharp tool management, building safety. It furthermore formed a working committee including the management team and front line workers.



Needle guards installed



Documents of the established working committee

2.3.2 Best Practice - Golden Jasmine Intimates Manufacturing Co. Ltd.

Good practice on evacuation safety and dormitory management

Golden Jasmine has been focusing on improving, among others, evacuation safety rules and the workers' living conditions in the dormitory.

The factory developed an evacuation plan policy, which was approved by the General Manager. The policy was first communicated to all managers and supervisors in order to share the responsibility. To verify the effective implementation of the new policy, the H&S manager walks through the production lines every morning to check the evacuation aisles to ensure they are not blocked.



Evacuation plan

Great effort was also addressed to the overall improvement of the workers' dormitory. The factory provides free dormitory to the employees. All the dormitories have sufficient fire extinguishers and first aid boxes, available for both male and female dormitories.



Fire extinguisher including information for usage

Moreover, in order to maintain the cleanliness, fire safety and personal security in the dormitories, specific rules were developed. The policy clearly identifies the responsible person to implement the policy, the progressive discipline on the rules and sanctions (verbal warning, written warning, suspension, dismissal).

In addition to provide a clear sign to all employees regarding the importance of keeping clean dormitories, the H&S manager checks the dormitory right after the working time starts in the morning.

2.3.3 Best Practice - Myanmar Synergy Garment Co. Ltd.

Good practice on environment, health and safety

Myanmar Synergy developed a good understanding for the importance of policy development. After working with the CSR consultant during the SMART Myanmar Compliance Academy, the factory has developed their EHS (environment, health and safety) management system by forming the EHS committee to manage all the areas of EHS with clear responsibilities, routine work procedures, and monitoring regulations, etc.

The policy should not just be written on paper; the communication to all workers is also very important. Myanmar Synergy implemented this very well. They prepared different kinds of posters and safety reminders and placed them on the walls in the workshops. The posters are simple, clear and catchy which is the key component for good communication with workers.



EHS committee members



Evacuation map



Safety reminders

The CSR manager from Myanmar Synergy Company said "After the first audit, I was so stressed out and worried because we didn't pass it. But now I learned how to write a policy and procedures. I can assure that everyone follows the procedure and that guarantees compliance."



Dr. Min Gaung Oo
Managing Director &
Owner

"This project helps us a lot to prepare for the social audit for one important European brand which enables us to enter the European market."

2.3.4 Thiri Sandar Garment & General Trading Co Ltd.

Good practice on chemical management and working hours reduction

Aware that non-protected chemicals represents a huge risk for employees, Thiri Sander, with limited budget, built up a chemical cabinet to store the chemicals and PPE, created a specific workstation with working tables, washing facility and a cabinet only for the usage of hazardous chemicals.



Chemical workstation

The factory took important measures to reduce working hours to 8 hours/day each week. The measures taken include: the application of barcode system to record the exact time for the pieces and output; the improvement of the capacity of the internal IE department; the investment on more on-site trainings for the workers in order to further develop their skills, improving their productivity rate.

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Reducing of working hours

The factory also improved the communication channels between supervisors and workers in order to make sure that workers' concerns on the working hours reduction and their suggestions on the quality and productivity improvement were taken into consideration properly.

"The SMART Myanmar project is very beneficial for our industry. We look forward to further technical help. We benefitted very much from the suggestions and methods to improve our overall function of the factory."

Comment from Dr. Win Kyi,
President of Thiri Sandar

PART III - Annexes

Annex I: Multistakeholders' Initiatives Overview



Ethical Trading Initiative - ETI

The ETI Base Code is a code of labour practice, derived from the Conventions of the ILO. The code is generic, meaning that it is applicable for any type of company, in any place in the world. Companies can become members of ETI, and as such they adopt the Base Code and commit to making sure their suppliers work towards full compliance over time. The Base Code is mostly applied for managing labour practices in international supply chains. ETI does not certify companies or products against the code, and does not encourage others to do so. ETI does require, though, that members demonstrate that they continuously work towards compliance and that they report openly on their progress to ETI. ETI is a stakeholders governed organization, having business, trade union and NGO's as its main stakeholders. Companies, trade unions and NGO's can all become members. ETI together with its members and other stakeholders develops implementation practices, and gives guidance on code implementation. The code is internationally well recognised, and has served as a basis for other initiatives and codes to build on.

Website: www.ethicaltrade.org



Worldwide Responsible Accredited Production - WRAP

WRAP is an independent, objective, non-profit team of global social compliance experts dedicated to promoting safe, lawful, humane and ethical manufacturing around the world through certification and education. The WRAP Certification Program is based on 12 Principles focusing on compliance with local laws, workplace regulations, universal workers' rights, the environment, customs compliance and security. WRAP is also an IRCA (International Register of Certified Auditors) accredited training organization and runs social systems and internal auditor training courses and related seminars around the world.

Website: www.wrapcompliance.org



Social Accountability International - SA8000

Social Accountability International (SAI) is a non-governmental, not-for-profit organization that promotes the human rights of workers through the development of a voluntary standard, named SA 8000. Governments and businesses around the world use the standard. SAI supports users who work with the standard by publishing the SA8000 Guidance Document and further development of implementation practices, training courses, local capacity building, promotion of social dialogue and corporate programs focusing on labour conditions in supply chains. Companies can have their work places certified against the standard; this, however, is the responsibility of another organization, Social Accountability Accreditation Services (SAAS), which accredits certification firms, and which keeps records of SA8000 certified facilities.

Website: www.sa-intl.org



Business Social Compliance Initiative Code of Conduct - BSCI

The Business Social Compliance Initiative (BSCI) is a business-driven initiative for companies committed to improving working conditions in their international supply chains. BSCI unites hundreds of companies around one common Code of Conduct and supports them in their efforts towards building an ethical supply chain by providing them with a development-oriented system, applicable to all sectors and all sourcing countries.

Website: www.bsci-intl.org



Annex II: BSCI Code of Conduct



Business Social Compliance Initiative

The present **BSCI Code of Conduct version 1/2014** aims at setting up the values and principles that the BSCI Participants strive to implement in their supply chains.

It was approved by the Foreign Trade Association (FTA) Board on 28 November 2013 and overrules the BSCI Code of Conduct version 2009 in all its translations. The present BSCI Code of Conduct consists of three major sections of information: a) Preamble, Interpretation, Our Values and Implementation, which apply to all Business Enterprises; b) Principles, which address more specifically the BSCI Participants' Business Partners and c) BSCI Terms of Implementation, BSCI Reference and BSCI Glossary, which are integral parts of the Code and provide more detailed information on interpretation and implementation of the BSCI.

The BSCI Code of Conduct version 1/2014 enters into force on 1 January 2014. BSCI monitoring against the principles of this Code will start in January 2015. Therefore, audits against the BSCI Code version 2009 will no longer be valid as of January 2015. The English version of this document is the legally binding one.

I. Preamble

The Business Social Compliance Initiative (**BSCI**) was launched by the Foreign Trade Association **FTA**, acknowledging that international trade is an essential vehicle for human prosperity and social economic growth.

This code of conduct (the **BSCI Code of Conduct**) is a set of principles and values that reflect the beliefs of BSCI Participants and the expectations they have towards their business partners.

The BSCI Code of Conduct refers to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact and International Labour Organization (ILO) Conventions and Recommendations relevant to improve working conditions in the supply chain. Business enterprises that endorse the BSCI Code of Conduct are committed to the principles set out in this document and to meeting, within their sphere of influence, their responsibility to respect human rights.

BSCI and its participants (**BSCI Participants**) pursue a constructive and open dialogue among business partners

and stakeholders in order to reinforce the principles of socially responsible business. Furthermore, they see the building up of mature industrial relations between workers and management as being key for sustainable businesses.

II. Interpretation

In the BSCI Code of Conduct, the terms "business enterprises" cover both BSCI Participants and their business partners in the supply chain, particularly producers.

The appendices referred to at the end of the BSCI Code of Conduct (Terms of Implementation, BSCI References and BSCI Glossary) form an integral part of the BSCI Code of Conduct. The BSCI Code is to be read and interpreted in combination with them.

Every business enterprise has different Terms of Implementation to adhere to, depending on their role in the supply chain and on whether or not they are going to be monitored within the BSCI.

III. Our Values

By endorsing the BSCI Code of Conduct and communicating it to their supply chain, BSCI Participants are guided by the following values:

Continuous improvement: BSCI Participants undertake to implement the BSCI Code of Conduct in a step-by-step development approach. BSCI Participants expect their business partners to ensure the continuous improvement of working conditions within their organizations.

Cooperation: By working together and taking a common approach, BSCI Participants will have a greater impact on, and better chance of improving working conditions in their supply chains. The value of cooperation is equally important in the relationship with the business partners in the supply chain, particularly those that need support in order to improve.

Likewise, the spirit of cooperation is also critical in the relationship between business and affected stakeholders at different levels.

Empowerment: A central aim for the BSCI is to empower BSCI Participants and their business partners, particularly in the case of producers who will be monitored, to develop their supply chains in a way that respects human and labour rights as well as to provide business units in the supply chain with the tools needed to improve working conditions in a sustainable manner. The development of internal management systems plays a critical role in bringing BSCI principles to the heart of business enterprises' culture.

IV. Implementation

The principles set out in the BSCI Code of Conduct represent the **aspirational goals and minimum expectations** that BSCI Participants have with regard to their supply chains' social conduct.

Even though the aspirations will remain unchanged, the minimum expectations of the BSCI Code of Conduct, which are translated into verifiable social standards, may change in line with changes in society.

BSCI Participants commit to use reasonable endeavours to achieve the goals set out in the BSCI Code of Conduct.

While they cannot guarantee full observance of all their business partners at all times, BSCI Participants commit to take reasonable measures to abide by the principles of the BSCI Code of Conduct, particularly in those regions and or sectors where higher risks of non-observance of the BSCI Code of Conduct exist. Needless to say, full observance is a process that takes considerable time, resources and effort; and gaps, shortcomings, failures and unpredictable occurrences will always remain a possibility. Nonetheless, BSCI Participants commit strongly to the early detection, monitoring and remediation of all such failures **in their supply chains** and remain open to constructive engagement with stakeholders who are genuinely concerned with social compliance.

Code Observance

Obeying domestic laws is the first obligation of business enterprises. In countries where domestic laws and regulations are in conflict with, or set a different standard of protection than the BSCI Code of Conduct, business enterprises should seek ways to abide by the principles that provide the highest protection to the workers and environment.

Supply Chain Management and Cascade Effect

BSCI Participants acknowledge their capacity to influence social changes in their supply chains through their purchasing activities. They manage their relationships with all business partners in a responsible way and expect the same in return.

This requires a co-operative approach where every business enterprise, (a) involves its respective business partners; (b) takes all reasonable and appropriate measures in its sphere of influence, needed to implement the BSCI Code of Conduct and (c) exchanges information to timely identify any challenge that requires mitigation.

BSCI Participants and their business partners strive to further detail the root causes of any such adverse impact in human rights, particularly when sourcing from high-risk regions or sectors. So as to embed this responsibility, business enterprises should act with due diligence and develop the necessary management systems, policies and processes to a reasonable extent as well as effectively prevent and address

any adverse human rights impacts that may be detected in the supply chain. © Copyright FTA 2014 BSCI Code of Conduct - Public Document V. 1/2014 4/9

For producers that will be monitored, internal management systems are particularly encouraged as an effective way to embed the BSCI Code of Conduct in their business practices. Terminating a business relationship or an individual contract with a business partner because of a struggle to implement the BSCI Code of Conduct is considered a last resort.

However, it may be necessary to terminate a business relationship or individual contract if the business partner fails to act in a manner consistent with the principles set out in the BSCI Code of Conduct, and/or when the business partner is unwilling to undertake the measures needed to fulfill any of the obligations set out in and/or inherent to the BSCI Code of Conduct.

Workers Involvement and Protection

Business enterprises should establish good management practices that involve workers and their representatives in sound information exchange on workplace issues, and allow for appropriate measures for protecting workers in line with the aspirations of the BSCI Code of Conduct. Business enterprises should take specific steps to make workers aware of their rights and responsibilities.

In addition, business enterprises are required to build sufficient competence among employers, managers, workers and workers representatives in order to embed these practices in the business operation successfully. Continuous education and training at each level of work is essential, particularly with regard to Occupational Health and Safety.

Business enterprises should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted. Even where judicial systems are effective and well-resourced, grievance mechanisms may offer particular advantages such as speed of access and remediation, reduced costs and transnational reach.

V. Principles

BSCI Participants expect all their business partners to observe the BSCI Code of Conduct. Furthermore, any business partners that are monitored against the principles below are to show evidence that they take (a) all necessary measures to ensure their own observance of the BSCI Code of Conduct and (b) reasonable measures to ensure that all of their business partners involved in the production process(es) observe the BSCI Code of Conduct.

The rights of Freedom of Association and Collective Bargaining

Business partners shall: (a) respect the right of workers to form unions in a free and democratic way; (b) not discriminate

against workers because of trade union membership and (c) respect workers' right to bargain collectively.

Business partners shall not prevent workers' representatives from having access to workers in the workplace or from interacting with them.

When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, business partners shall respect this principle by allowing workers to freely elect their own representatives with whom the company can enter into dialogue about workplace issues.

No Discrimination

Business partners shall not discriminate, exclude or have a certain preference for persons on the basis of gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organizations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases or any other condition that could give rise to discrimination. In particular, workers shall not be harassed or disciplined on any of the grounds listed above.

Fair Remuneration

Business partners observe this principle when they respect the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder.

Business partners shall comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher.

Wages are to be paid in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages is to reflect the skills and education of workers and shall refer to regular working hours. Deductions will be permitted only under the conditions and to the extent prescribed by law or fixed by collective agreement.

Decent Working Hours

Business partners observe this principle when they ensure that workers are not required to work more than 48 regular hours per week, without prejudice to the specific expectations set out hereunder. However, the BSCI recognizes the exceptions specified by the ILO.

Applicable national laws, industry benchmark standards or collective agreements are to be interpreted within the international framework set out by the ILO. In exceptional cases defined by the ILO, the limit of hours of work prescribed above may be exceeded, in which case overtime is permitted.

The use of overtime is meant to be exceptional, voluntary, paid at a premium rate of not less than one and one-quarter times the regular rate and shall not represent a significantly higher likelihood of occupational hazards. Furthermore, Business Partners shall grant their workers the right to resting breaks in every working day and the right to at least one day off in every seven days, unless exceptions defined by collective agreements apply.

Occupational Health and Safety

Business partners observe this principle when they respect the right to healthy working and living conditions of workers and local communities, without prejudice to the specific expectations set out hereunder. Vulnerable individuals such as - but not limited to - young workers, new and expecting mothers and persons with disabilities, shall receive special protection.



Occupational health and safety

Business partners shall comply with occupational health and safety regulations, or with international standards where domestic legislation is weak or poorly enforced. The active co-operation between management and workers, and/or their representatives is essential in order to develop and implement systems towards ensuring a safe and healthy work environment. This may be achieved through the establishment of Occupational Health and Safety Committees.

Business partners shall ensure that there are systems in place to detect, assess, avoid and respond to potential threats to the health and safety of workers. They shall take effective measures to prevent workers from having accidents, injuries or illnesses, arising from, associated with, or occurring during work. These measures should aim at minimizing so far as is reasonable the causes of hazards inherent within the workplace.

Business partners will seek improving workers protection in case of accident including through compulsory insurance schemes.

Business partners shall take all appropriate measures within their sphere of influence, to see to the stability and safety of the equipment and buildings they use, including residential facilities to workers when these are provided by the employer as well as to protect against any foreseeable emergency.

Business partners shall respect the workers' right to exit the premises from imminent danger without seeking permission.

Business partners shall ensure adequate occupational medical assistance and related facilities.

Business partners shall ensure access to drinking water, safe and clean eating and resting areas as well as clean and safe cooking and food storage areas. Furthermore, business partners shall always provide effective Personal Protective Equipment (PPE) to all workers free of charge.

No Child Labour

Business partners observe this principle when they do not employ directly or indirectly, children below the minimum age of completion of compulsory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognised by the ILO apply.

Business partners must establish robust age-verification mechanisms as part of the recruitment process, which may not be in any way degrading or disrespectful to the worker. This principle aims to protect children from any form of exploitation. Special care is to be taken on the occasion of the dismissal of children, as they can move into more hazardous employment, such as prostitution or drug trafficking. In removing children from the workplace, business partners should identify in a proactive manner, measures to ensure the protection of affected children. When appropriate, they shall pursue the possibility to provide decent work for adult household members of the affected children's family.

Special Protection for Young Workers

Business partners observe this principle when they ensure that young persons do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety, morals and development, without prejudice to the specific expectations set out in this principle.

Where young workers are employed, business partners should ensure that (a) the kind of work is not likely to be harmful to their health or development; (b) their working hours do not prejudice their attendance at school, their participation in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programs.

Business partners shall set the necessary mechanisms to prevent, identify and mitigate harm to young workers; with special attention to the access young workers shall have to effective grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes.



Special protection for young workers

No Precarious Employment

Business partners observe this principle when, without prejudice to the specific expectations set out in this chapter, (a) they ensure that their employment relationships do not cause insecurity and social or economic vulnerability for their workers; (b) work is performed on the basis of a recognised and documented employment relationship, established in compliance with national legislation, custom or practice and international labour standards, whichever provides greater protection.

Before entering into employment, business partners are to provide workers with understandable information about their rights, responsibilities and employment conditions, including working hours, remuneration and terms of payment.

Business partners should aim at providing decent working conditions that also support workers, both women and men, in their roles as parents or caregivers, especially with regard to migrant and seasonal workers whose children may be left in the migrants' home towns.

Business partners shall not use employment arrangements in a way that deliberately does not correspond to the genuine purpose of the law. This includes - but is not limited to - (a) apprenticeship schemes where there is no intent to impart skills or provide regular employment, (b) seasonality or contingency work when used to undermine workers' protection, and (c) labour-only contracting. Furthermore, the use of sub-contracting may not serve to undermine the rights of workers.

No Bonded Labour

Business partners shall not engage in any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labor.

Business partners will risk allegations of complicity if they benefit from the use of such forms of labour by their business partners.

Business partners shall act with special diligence when engaging and recruiting migrant workers both directly and indirectly.

Business partners shall allow their workers the right to leave work and freely terminate their employment provided that workers give reasonable notice to the employer.

Business partners shall ensure that workers are not subject to inhumane or degrading treatment, corporal punishment, mental or physical coercion and/or verbal abuse.

All disciplinary procedures must be established in writing, and are to be explained verbally to workers in clear and understandable terms.

Protection of the Environment

Business partners observe this principle when they take the necessary measures to avoid environmental degradation, without prejudice to the specific expectations set out in this chapter.

Business partners should assess significant environmental impact of operations, and establish effective policies and procedures that reflect their environmental responsibility. They will see to implement adequate measures to prevent or minimise adverse effects on the community, natural resources and the overall environment.

Ethical Business Behaviour

Business partners observe this principle when, and without prejudice to the goals and expectations set out in this chapter, they are not involved in **any act of corruption**, extortion or embezzlement, nor in any form of bribery - including but not limited to - the promising, offering, giving or accepting of any improper monetary or other incentive.

Business partners are expected to keep accurate information regarding their activities, structure and performance, and should disclose these in accordance with applicable regulations and industry benchmark practices.

Business partners should neither participate in falsifying such information, nor in any act of misrepresentation in the supply chain.

Furthermore, they should collect, use and otherwise process personal information (including that from workers, business partners, customers and consumers in their sphere of influence) with reasonable care. The collection, use and other processing of personal information is to comply with privacy and information security laws and regulatory requirements.



Annex III: Myanmar's Legislation



Labour Laws & Legal Legislations of Myanmar

Myanmar is undergoing a period of rapid change. In particular, Myanmar's legal framework has been significantly improved in recent years, but several challenges remain.

Below is a nearly comprehensive overview of garment factory relevant provisions within the current legal framework in Myanmar. These are not the exhaustive texts of the laws themselves, but are rather key provisions most relevant for garment factory owners & workers. For further information, please inquire with MGMA.

Labour related provisions in 2008 Constitution of the Union of Myanmar:

- Section 24: The Union shall enact necessary laws to protect the rights of workers.
- Section 349 (b): Citizens shall enjoy equal opportunity in carrying out occupation.
- Section 359: The Union prohibits forced labour except hard labour as a punishment for crime duly convicted and duties assigned by the Union in accord with the law in the interest of the public.

I. The Factory Act, 1951 (garment factory relevant provisions)

Working hours

- Shall not exceed 8 working hours per day or 44 hours per week
- Shall not exceed 48 hours per week for the work which has to be done continuously
- There must be a minimum 30 minutes interval after each 5 working hours
- The combined working hours and interval time shall not exceed 10 hours per day
- The working days shall not exceed 6 days per week
- There must be one day holiday each week (Sunday). If Sunday service is required, there must be a substitution of another day.

Overtime

- Shall not exceed more than 16 hours per week or, for continuous work, 12 hours per week
- The overtime wage shall be calculated as double the basic wage
- Permission of Factories and the General Labour Law Inspection Department must be obtained for an approval of a constant overtime policy.

If working on days-off

- Comply in accordance with the overtime and general working hour provisions
- There must be substituted an alternative day-off.

Calculation of overtime wages

- For salary earners: Overtime wage per hour = $\{(\text{salary} \times 12 \text{ month}) / 52 \text{ week} \times 44 (48 \text{ hrs})\} \times 2$
- For daily wages worker: Overtime wage per hour = $\{(\text{daily wage} \times 6 \text{ day}) / 44 (48 \text{ hrs})\} \times 2$
- Piece-work laborers: Overtime wage per hour = $\{(\text{daily average wage} \times 6 \text{ day}) / 44 (48 \text{ hrs})\} \times 2$

Worksite Safety and Health Measures

- The factory must be kept clean and the workspace must be situated away from drains, latrines or other things which create a bad or unhealthy smell.
- There must be proper ventilation, light and heat.
- There must be no dust or smoke in the hall or factory.
- There must be clean drinking water in proper places for all workers.
- Population of workers must not be dense and there must be sufficient light.
- The latrines must be in suitable places.
- The generators and other auxiliary units must be kept undercover.
- There must be arrangements made for any emergency cut out of electricity service.
- In weaving or spinning machines, any female workers and any children must not be allowed to handle.
- Females and young workers are not allowed to lift heavy loads.
- Floors, stairs and paths must be well-built and hand rails are to be built and necessary covers must be placed.
- In every factory, the arrangement of escape routes and fire alarms must be kept.

Welfare

- There must be washing and cleaning facilities for workers.
- There must be sufficient seats for workers if a chance is given for sitting.
- There must be sufficient First Aid Boxes.
- If the workers in a factory exceed 250, doctors or nurses in clinic are to be appointed.
- If the workers of a factory exceed 100, recreation centres and canteens are to be kept for food.
- For factories with over 50 female workers, there must be a child nursery centre available for the children under 6 year of age.

Penalty for violation

Individuals violating this law may be sentenced to up to 2 years of imprisonment.

II. The Leave and Holiday Act, 1951 (Law Amended July, 2014)

Aim/Objective

To allow worker for leave and holiday allowances, religious or social activities with earn allowance, and benefits for Health allowances.

Concerned workers: Daily wage workers/temporary workers/permanent workers.

Causal Leave (6) days

- Casual leave of 6 days with wages is to be provided.
- Causal leave can be taken a maximum of 3 days at a time except in special cases.
- Causal leave cannot be joined with any other leave.
- Leave will be cancelled if it has not been used within a year.

Earned leave (10) days

- For continuous service of 12 months and above, 10 days of 'earned leave' shall be entitled.
- If the service day is not 24 days 1 day deduction from earned Leave is made; –
- Can be accumulated for up to 3 years.

Medical Leave (30) days

- Workers are entitled to 30 days of medical leave with full pay if 6 months service has been completed
- If 6 months service has not been completed, 'leave without pay' can be granted for medical needs
- Medical leave can be joined with Earned Leave
- If not taken within a year, medical leave is void or cancelled.

Maternity leave

- Workers requiring it are entitled to 6 weeks maternity leave before confinement and at least (8) weeks after confinement
- Can be entitled jointly with medical leave.

Public Holidays (21) days

- Workers can enjoy time off with full pay.
- If work is given on a public holiday, twice the rate of regular wages is required.

Penalty for violation

Individuals violating this law may be sentenced to up to 2 years of imprisonment.

III. The Social Security Law, 2012 (Came into force on 1 April 2014) and

The Social Security Rules (Notification No. 41/2014)

Objective

Benefit for sickness, maternity, death, employment injury, invalidity benefit, superannuation benefit by: giving medical treatment, providing cash benefit or granting a right to residency.

Contribution of funds

All establishments shall contribute to the social security fund from the salary of insured workers, commencing from 1 April, 2014 as follows:

- Health and social care fund: 2% from employer, 2% from employee
- Injury fund: 1% from employer

Total: 3% from employer, 2% from employee (total 5% contribution).

Note: The accepted maximum salary per month to qualify for participation in the social security fund is currently set at 300,000 kyats

Social Security Funds

- Health and social care fund
- Family assistance fund
- Injury fund
- Invalidity benefit, superannuation benefit, and survivors' benefit fund
- Unemployment benefit fund
- Other social security fund (housing plan).

(Note: Recently, only (1) to (3) are established. The rest are pending.)

Benefits

Medical treatment and cash benefit for sickness:

- Beneficiaries have the right to take medical treatment at the permitted hospital or clinic for a period up to 26 weeks.
- When the insured person/beneficiary is retired, s/he is entitled for 50% payment of medical treatments if social security contributions have been paid for more than 180 months.
- Beneficiaries have the right to enjoy 60 percent of average wages, calculated against the most recent four month working period, as a cash benefit, during a period of illness lasting up to maximum 26 weeks.

Benefits relating to maternity:

- Benefits are allowed to be taken if the prior working period of an employee has been a minimum of one year and if there have been paid social security contributions by the worker for a minimum of six months.

- Maternity leave may total six weeks before confinement and eight weeks after confinement, up to 14 weeks in total.
- An additional four weeks are allowed for maternity leave if twins have been delivered
- Up to a maximum of six weeks total leave is allowed to be taken in cases of miscarriage
- Full wages may be taken for prenatal examination at the rate one day per time and up to a maximum of seven times
- 70% of average wages of the previous year can be taken as maternity leave compensation before the birth
- ...plus an additional 50% of wages which can be taken once the child is born (additional 75% for twins, 100% for triplets). Hence, 120% of average wages will be administered for the eight weeks of maternity leave which may be taken after birth
- A parent has the right to take leave for medical treatment for their child up until one year after birth
- A father is entitled to take up to 15-days unpaid leave for infant care upon confinement of his wife

Benefits for funeral expenses:

- If under any circumstance a Social Security insured person passes away, his or her beneficiary is entitled to receive five times their average month's wage. This is determined as the average wage of the last four working months of the deceased person.

Obligations of employers

- To inform the Social Security Office within 24 hours when an injury has happened to an employee
- To register their business in the Social Security Office within 30 days from the day of first business operations
- To register every newly appointed employee with the Social Security Office

Opportunity for the employer

The employer who registered in accordance with the Social Security Law has the right to be exempted from the Workmen's Compensation Act.

Penalties

- Any employer who fails to make the stipulated contributions shall be required to pay all defaulted contributions, defaulting fees and must pay all necessary medical or funerary benefits of the Social Security registered employee.
- An employer who defaults to pay contributions for his employees may be punished with one year imprisonment, with fines or with both
- Any person who violates any provisions contained in the rules, regulations, by-laws, and orders shall be punished with three months imprisonment, with a fine, or with both.

(The Social Security Rules and The Social Security Regulations, 1955 are repealed under these Rules)

IV. The Workman's Compensation Act of 1923

This law is still valid, but only for factories, which have failed to register with the Social Security Office and to subscribe to the 2012 Social Security Law and Rules. Factories, which fail to do such, shall be required to make payments out-of-pocket to employees who become injured or who die in any accidents arising during and in consequence of their employment. Such compensation also must be made for diseases, which arise as a direct consequence of employment, such as carpal tunnel syndrome.

V. The Payment of Wages Act, 1936

Aim/objective

Receipt of wages is made regularly. Unlawful deductions are not to be made.

Provision Period of Payments

- The payment period may not exceed 1 month.
- Wages payments must be made within 7 days after the succeeding month; –
- For factories employing more than 1000 persons, wages must be paid after one month within 10 days
- Wages must be paid during the working days (not during off days).

Prohibition for illegal deductions

No deductions shall be made except for the following:

- Absent periods
- Advanced money
- Housing or rental provided
- Income tax
- Social Security Board fund deductions
- For damages caused due to the carelessness of the worker
- Fine deductions

The amount that can be deducted

Total deductions cannot exceed 50% of wages entitled.

Penalty for violation

Up to 2 years imprisonment.

VI. The Minimum Wages Law, 2013 and The Minimum Wages Rules, 2013

Aim/objective

To fulfil the basic needs of the workers and their families who are working in commercial establishments, production and servicing establishments, agriculture and livestock. And, to develop the work performance and competitiveness of workers.

The minimum wage law was passed by parliament in late 2013, but, according to the provisions of the law and the authority delegated, the minimum wage will be set/determined by a tripartite committee of business owners, labour unions and government. It is widely anticipated/expected that the minimum wage will be set before the end of 2015.

Penalty for violation

- If anybody violates the law they may be punished with a maximum of one year imprisonment or with a maximum of five hundred thousand kyats fine or with both
- If anybody violates the rules and orders they may be punished with a maximum of three months imprisonment or with a fine or with both.

(The Minimum Wages Act, 1949 and The Minimum Wages Act for farm workers are repealed under this law).

VII. Employment and Skill Development Law, 2013 (came into force in late 2013)

Aim/objective

- To facilitate employment which is appropriate to the age and ability of the job seeker
- To help workers obtain employment and to provide stability of employment and skills development for employees
- To help employers obtain appropriate employees

The facts required to be included & specified in the employment agreement

- Type of employment
- Probation period
- Wage, salary
- Location of establishment
- Term of agreement;
- Working hours
- Days-off, holidays and leave
- Working overtime
- Meal arrangements within working hour
- Accommodation
- Medical treatment

- Travel arrangements to/from work
- Regulations to be followed by the employee
- If the employee is sent to attend training, limitation agreed by the employee to continue his duty after the training
- Employee resignation and termination of establishment
- Termination of agreement
- Obligations under the conditions of agreement
- Termination of employment agreement by the mutual understanding of employer and employee
- Any other matters
- Specifying, amending and adding the conditions of agreement
- Miscellaneous
- Aforesaid specifications shall not be less than the benefits of existing laws
- The employer shall send a copy of the employment agreement entered into by the employer and employee to the relevant employment exchange office within the stipulated period and shall obtain its approval
- An employment agreement concluded before the entering into force of this law shall continue to be valid until the end of the term of the original agreement.

Penalty for not following the law

May be punished with a fine and/or imprisonment of up to 7 years.

(The Employment and Training Act, 1950 is repealed under this Law)

VIII. The Labour Organization Law, 2011 and The Labour Organization Rules, 2012

Aim/objective

- To protect the rights of the workers in accordance with section 24 of the Constitution
- To promote good relations between the employer and the worker
- To enable to workers to form and carry out the labour organizations systematically and independently.

Rights and Responsibilities of the Labour Organization

- The labour organizations shall have the right to carry out freely in drawing up their constitution and rules, in electing their representatives, in organizing their administration and activities or in formulating their programmes
- The labour organizations have the right to negotiate and settle with the employer if the workers are unable to obtain and enjoy the rights of the workers contained in the labour laws and to submit demands to the employer and claim in accord with the relevant law if the agreement cannot be reached

- The labour organization has the right to demand the relevant employer to re-appoint a worker if such worker is dismissed by the employer and if there is cause to believe that the reasons of such dismissal were based on labour organization membership or activities, or were not in conformity with the labour laws
- The labour organizations have the right to send representatives to the Conciliation Body in settling a dispute between the employer and the worker
- In discussions with the Government between the employer and the complaining workers, the representatives of the labour organization also have the right to participate and discuss
- Have the right to participate in solving the collective bargaining of the workers.
- Shall carry out peacefully the holding of meetings, strikes and the carrying out any other collective activities.
- Shall assist in making agreements between the employer and the workers.

Duties of the Employer

The employer shall:

- Recognize the labour organizations
- Allow the member of executive committee assigned by the labour organization to perform their duty not exceeding two days per month
- Shall assist as much as possible if the labour organizations requests help which is in the interest of the factory's workers.

Prohibitions

No employer shall:

- Lock-out any service without the permission of relevant conciliation body
- Lock-out any work during the settlement of dispute period
- Carry out an illegal lock-out, dismiss a worker for his membership in a labour organization or for the exercise of organizational activities or participating in a strike.
- No worker shall
- Go on strike without informing in advance the relevant employer or the relevant conciliation body
- Go on strike during the settlement of dispute period
- Go on an illegal strike

Penalties

Prison time, fines or both may be assessed but any fine shall not exceed one hundred thousand kyats. Imprisonment may not exceed one year maximum.

(The Trade Union Act, 1926 is repealed under this Law.)

IX. The Settlement of Labour Disputes Law, 2012

Aim/objective

- For safeguarding the rights of workers
- Promoting a good relationship between employer and workers and creating a peaceful workplace
- Obtaining the rights fairly, rightfully and quickly by settling disputes between employer and worker justly.

Forming Workplace Coordinating Committee

The employer shall, in an establishment which has 30 employees and above and if there is a labour organization:

- Allow 2 nominated workers for each labour organization
- Assign employer representatives who are the same number as the representatives of the workers.

If there is no labour organization,

- Organize election of 2 representatives of the workers
- Appoint 2 representatives of the employer

The term of such committees is one year.

Settlement of Disputes

- A party, employer or worker, may complain to the conciliation body.
- If he is not satisfied with the conciliation of Conciliation Body, may apply to the court.
- The Conciliation Body shall refer the collective dispute which does not reach settlement to the relevant Arbitration Body
- No party shall be barred to proceed with the right to institute criminal or civil proceedings in respect of such dispute during conciliation or arbitration.
- As a strike suspends the employment agreement temporarily, the employer shall not be liable to pay salary or allowance during such period to the workers who go on strike.

(The Trade Disputes Act, 1992 is revoked under this Law. The Trade Dispute Rules, 1963 and the Damages for Delay in Cash Benefit Relating to Trade Dispute of People's Workers Rules, 1971 are repealed by this Rules.)

Annex IV: Code of Conduct MGMA



Code of Conduct For the member companies of the Myanmar Garment Manufacturers Association

Preamble

The Myanmar Garment Manufacturers Association (MGMA) and its member Companies ¹ (hereafter referred to as the “Companies”) acknowledge their corporate responsibility. With the responsible awareness of contributing to a socially, environmentally and economically sustainable textile supply chain, MGMA and its Board have drawn up the present Code of Conduct.

The present Code of Conduct is provided to the Companies as a voluntary instrument and as a set of guidelines for responsible business behaviour. It outlines areas of corporate responsibility and suggests relevant values and principles, which should become part of the business practices and policies of the Companies. Recognizing that full implementation of this Code of Conduct ought to be a step-by-step process; the MGMA member companies are nevertheless expected to uphold the values of responsible business conduct expressed within this document using reasonable and economically feasible measures as they reach towards full implementation. More still, the Companies shall demand the same standards of conduct from their direct suppliers and subcontractors.

This Code is inspired by internationally recognized human rights and labour standards, such as defined by the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, UN Global Compact and the OECD Guidelines for Multinational Enterprises. Whereas enforcement of these international agreements is the duty of states, companies can contribute to this objective, by aligning their corporate actions to the values formulated therein to the extent that this is possible for a private commercial enterprise. Relevant provisions of existing national laws and regulations that provide higher levels of protection for workers than these international agreements shall prevail.

1) Compliance with national laws and regulations

The Companies observe all applicable national laws, rules and regulations in force. In areas not or only weakly regulated by national law, the Companies strive to act according to the values and principles laid down in this Code.

2) Basic understanding of responsible corporate behaviour

The Companies consider themselves as part of the society in which they operate. Through their business activities they contribute to their community’s wellbeing, promotion and development. The Companies shall consider the economic, social and ecological conditions which are directly or indirectly influenced by their business actions. The Companies promote the principles of responsible management, such as transparency, accountability, sincerity and integrity. No form of bribery or corruption practiced by

¹ The majority of MGMA’s more than 300 member companies are manufacturers, but the organization also includes and welcomes affiliate members, including several design firms, inspection companies, a fashion school & other affiliates.

management or workers shall be tolerated. The interests of the company and the private interests of workers on both sides shall be kept strictly separate. The principle of fair and honest dealings with workers, business partners and customers shall be followed at all times and under any conditions. Business contracts shall be honoured, assuming that underlying conditions do not fundamentally change. The Companies preserve the confidentiality of information received as a consequence of any commercial relationships.

3) Respect for human rights

It is the duty of a State /National Government to protect human rights within its borders. It is the responsibility of private enterprise to take all possible and economically feasible measures within their sphere of influence to assume their responsibility to respect human rights. According to the UN Guiding Principles on Business and Human Rights², the Companies strive to avoid violating human rights through their own activities or contributing to a rights infringement by their direct business relationships. Regarding their business activities, the Companies endeavour to exercise due diligence to detect, assess and mitigate risks to human rights. In case of human rights infringements caused directly by the Companies, they shall take necessary and reasonable steps for their remediation. In case of infringements on human rights that are directly related to a company's business activities, including its products or services, the Companies shall use their influence to encourage the responsible actors to mitigate risks or remedy rights violations in the supply chain.

4) Labour rights and working conditions

The Companies uphold the eight core labour standards of the International Labour Organization (ILO)³ and shall commit to create a safe and humane working environment.

4.1 Effective remediation of child labour

The Companies commit to work towards the effective remediation of child labour. Companies agree upon a minimum acceptable working age of not less than 15 years. In order to reduce the risk of hiring under-age workers, the Companies make all reasonable efforts to implement effective age-verification procedures during recruitment. A worker's age must be determined before employment.

Where underage workers are already employed or discovered, the Companies strive to support reasonable remediation measures that promote social integration of children and enable them to enroll in school or alternative education programs⁴.

4.2 Protection of young workers and skills development

The Companies protect young workers and take reasonable measures for their promotion. Young

² Based on the concept of human rights defined by the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights At Work.

³ This Code of Conduct is inspired and influenced by the eight fundamental conventions of the ILO which cover:

- Forced Labour (Convention 29)
- Freedom of Association and Protection of the Right to Organize (Convention 87)
- Right to Organize and Collective Bargaining (Convention 98)
- Equal Remuneration (Convention 100)
- Abolition of Forced Labour (Convention 105)
- Discrimination, Employment and Occupation (Convention 111)
- Minimum Age (Convention 138)
- Worst Forms of Child Labour (Convention 182)

⁴ Myanmar is regarded by the World Bank as a "Least Developed Country". Educational opportunities and schools for young workers in the garment sector are, unfortunately, often nonexistent. As such, MGMA is strongly committed to supporting underage labour remediation programs and seeking out educational solutions for young workers.

workers shall not carry out work in dangerous, unsafe or hazardous conditions or work which is harmful to their safety and health. Young workers may not work during night hours and shall avoid working with potentially harmful machines or substances, including (but not limited to) fabric cutting machines or toxic chemicals. Workplace training for the educational benefit of young workers shall be welcomed and encouraged.

4.3 No forced labour

The Companies do not tolerate any form of forced or compulsory labour. Workers shall have sought work on their own free will. All work or service which is demanded under the threat of penalty, violence or intimidation and for which the said person has not offered him or herself voluntarily shall be objected. Workers shall not be required to make any kinds of deposits, such as identity cards or other personal documents or belongings. Their right to resign after the notice period defined by national law must be respected.

4.4 No discrimination in occupation and employment

The Companies do not tolerate any distinction, exclusion or preference made on the basis of race, gender, religion, political opinion, national extraction or social origin, which has the effect of undermining equality of opportunity or treatment in employment or occupation. Moreover, the principle of equal pay for men and women workers for work of equal value shall be respected.

4.5 Freedom of association and right to collective bargaining

The workers' rights to establish and to join work organizations of their own choosing without previous authorization shall be respected and the right to collective bargaining shall be observed.

The Companies adopt an open and collaborative attitude towards the activities of trade unions. Workers' representatives shall be protected against acts of anti-union discrimination in respect of their employment and shall be allowed to carry out their representative functions in the workplace according to national law. The exercise of these rights will neither be subject to retaliation nor impeded.

4.6 Humane treatment of workers

Management at all levels treat their workers with respect and dignity and shall not engage in abusive or inappropriate behaviour towards workers. Disciplinary measures may not involve physical punishment or psychological harassment.

4.7 Wages and Benefits

The wage level for regular working hours shall not fall below contractual or legal minimum wage rates.

Wages and benefits are paid on time and disbursed in a way that is convenient for the workers. For each pay period, the Companies provide their workers with written, detailed and understandable information about the composition of their wages. Illegal and unjustified wage deductions, in particular for disciplinary measures, shall not be tolerated.

4.8 Working hours and overtime

The maximum number of regular weekly working hours for the garment industry shall not exceed 44 hours (8 hours per weekday, 4 hours on Saturday), such as defined by national law⁵. Overtime hours are allowed only with permission granted by the Companies and General Labour Law Inspection Department, and as standard practice limited to a maximum of 3 hours per day on weekdays and 5

⁵ For textile production ("continuous work") up to 48 hours constitutes the legal regular work week under the 1951 Factory Act. Under this law, up to 12 hours of additional overtime is allowed in textile factories.

hours per day on Saturday. However, in order to promote the well-being of their employees, MGMA's members further commit to strive to reduce working hours to a maximum of 60 hours per week as defined by the ILO.

Overtime shall be compensated at the rates defined by national law.

Workers are granted at least 1 day off every 7 calendar day period⁶. The Companies provide annual paid leave and legal holidays as stipulated by national law.

5) Occupational health and safety

The Companies commit to provide their workers a safe and healthy working environment. In cases where Companies provide dormitories, the same health and safety obligations should apply to those facilities.

Existing laws and regulations regarding safe and healthy working conditions shall always be observed. The Companies adopt reasonable measures that minimize the risks of accidents and health hazards. In particular, personal protective equipment as well as regular trainings on matters of health and safety are provided at no cost to all workers. Adequate ventilation and temperature regulation must be provided. Access to potable water, a canteen area and sanitary toilet facilities shall be granted.

Companies shall appoint at least one designated responsible person in matters relating to occupational health and safety. Prevention, as well as first aid measures in case of emergencies, must be practiced. In emergency situations workers have the right and the duty to leave their workplace immediately and without prior consent. Sufficient emergency exits and escape routes clear from debris must be available at all times, as well as a suitable number of fire extinguishers and other relevant fire suppression equipment.

6) Environmental impact and wastewater management

The Companies are committed to protect the environment and to preserve natural resources. They take all reasonable measures to keep their impact on the environment and the climate as low as possible. This may include the promotion of environmentally friendly and energy-efficient production and the implementation of a waste management system.

Recognizing the precious and fragile nature of Myanmar's rivers and water supplies, MGMA members strongly commit to protecting the local environment. Within washing and dyeing facilities, a robust and suitable procedure for wastewater treatment and testing must be utilized. Further, MGMA's other member companies shall refuse to conduct business with washing and dyeing facilities (in Myanmar or abroad) which fail to put in place effective effluent treatment systems.

Hazardous and toxic substances shall be disposed of only at appropriate and designated waste disposal sites by persons trained in handling such materials.

7) Subcontracting policy

Assuming their responsibility to influence a transparent supply chain, the Companies refrain from unauthorized subcontracting to third parties. Whenever subcontracting workloads, the Companies appeal to these third parties to respect the values and requirements outlined in this Code of Conduct.

⁶ Employees can be asked to work on Sunday, but such work must be compensated at the premium rates required by law and an alternative day off must be substituted such that workers still have at least one day off in seven.

8) Adoption and scope of application

The adoption of this Code of Conduct is recommended by MGMA on a voluntary basis. Wherever possible and economically feasible, each Factory shall commit to observe the Code and make every appropriate and reasonable effort to work towards its compliance and to rectify related shortcomings.

The Code of Conduct applies to all business units of the Companies who choose to adopt it. To the extent that this is possible, the Companies appeal to suppliers or subcontractors with whom they have entered contractual relationships to observe the principles set forth in this Code.

9) Corporate governance for implementation and monitoring of the Code

The Companies shall embed the values and principles of corporate social responsibility into their operative management. To facilitate implementation and monitoring of this Code, the Companies shall put in place suitable management and control systems with clear responsibilities, structures and processes. Transparent and accountable monitoring also means to allow for external controls and to provide procedures for complaints. Suitable preventive and remedial measures shall serve to redress shortcomings of Companies implementing the Code.

The Companies are free to implement as well as internally and externally monitor this Code with the help of suitable stakeholders.

10) Disputes, grievances and complaints

Every worker shall have the opportunity to raise concerns and to complain about factory policies, practices or working conditions. A suggestion box shall be made available within each factory in order to receive anonymous comments. The Companies shall develop other relevant grievance mechanisms for workers at factory level and inform them of such possibilities. Individuals filing complaints shall not be subject to reprisals or disciplinary action of any kind.

Complaints about violations of this Code of Conduct and requests for information may be addressed to MGMA at any time and anonymously, via telephone or in person.

11) Amendments and communication

This Code shall be provided to every factory in Myanmar language and should be prominently displayed at the workplace in highly visible locations. The Companies should communicate, explain verbally and if necessary provide training to workers about the values and principles included in this Code of Conduct.

The Companies shall communicate about this Code of Conduct to their business partners, members of the public, job-seekers and other stakeholders. This Code expresses the core values of Myanmar's garment producers.

To increase visibility of the industry's commitment to the principles set forth in this Code of Conduct, the Code is also made publicly available on the MGMA website.

The Code shall be reviewed annually by the MGMA Board with the possibility of amendments if deemed necessary.

Ratified, January 2015



Annex V Examples of Policies and List of Policies

Example 1:

Human Resource Policy

1. Our Company will ensure that wages paid for a standard working week shall always meet national law or industry minimum standards, or defined by a collective bargaining agreement if applicable.
2. Our Internal Labour Standards Performance Team and Human Resources Department will conduct research to collect data on wages and market conditions from national government, local and international non-governmental organizations, and through worker interviews. The Human Resources Department will calculate reasonable wages for workers based on the law and available data. It will re-calculate the wage annually, based on updated research and benchmarked with companies in the same sector.
3. The formula for calculating our Company's minimum wage and the supporting data will be documented and communicated to all workers.
4. The payroll department will provide payslips that clearly explain the number of hours worked, the wage calculation and any deductions. All information on the payslips will be in the workers' native language(s).
5. Our Company will provide all benefits in accordance with national law or defined by a collective bargaining agreement if applicable. These legal benefits and those additional benefits provided by our Company will be clearly communicated to the workers in the worker orientation and through ongoing training.
6. All applicants will be informed of the general shift system and working conditions during the application process to determine their interest and availability.
7. Workers will be provided written details of the shift system, working conditions and payment terms during their initial job training. Additional information will be provided as needed through posters, handouts, wallet cards, etc.
8. Workers will not be required to work hours beyond the national legal limit or set by a collective bargaining agreement if applicable.
9. Overtime will be voluntary and fairly distributed. Each department will post a sign-up sheet for workers who wish to volunteer to work hours beyond their regular shift hours. Supervisors will contact the workers on the sign-up sheet using a rotation which will ensure that there is equal opportunity for each worker that has volunteered.
10. Supervisors will restrict the amount of overtime assigned to any worker so that the total number of hours worked does not exceed that allowed by national law in a seven day period or as defined by a collective bargaining agreement if applicable.
11. Overtime will be paid at a premium in accordance with national labour law or as defined by a collective bargaining agreement if applicable.
12. Our HR Department will communicate these overtime procedures to workers and detail the payment calculations on the employee wage slips.
13. Each worker will sign in and sign out using the automated time clock system. If the worker is absent for a reason allowable by national law or our Company policy and should receive payment for the missed time, the supervisor will review the supporting document provided by the worker and authorize payment.
14. Each worker will be allowed to view his or her record of attendance with the supervisor. The supervisor will not be authorized to amend the attendance records without recording the reason in the system. Any amendments will be noted and tracked in the system by the payroll department.
15. The payroll department will receive the timesheet for processing payroll. All timesheets will be kept on file by the Accounting Manager, for a minimum of X years in accordance with national law.
16. Payroll deductions will be limited to those allowable by national law or authorized by the worker. In the case of worker-authorized deductions, the worker must sign and submit written authorization to the Human Resources department. In the case of worker- authorized third-party deductions, our company will require a contract between our Company and the third party. The contract will specify procedures and documentation for worker authorization, processing, and handling of complaints.
17. Workers will be paid on a weekly basis through direct deposit to the worker's bank account, cash or check.

Example 2:**Occupational Health and Safety Policy**

Our Internal Labour Standards Performance Team and OHS Team will conduct regular facility walk-throughs to ensure that all risk are identified and the proper prevention measures are in place including, but not limited to the following:

1. Our Company will provide clean, healthy and good sanitary conditions at workplace, accommodations, transport system, eating area, lavatories and showers. We will provide potable and fresh water to all workers.
2. Qualified first-aid will be available at all times. Appropriately equipped first-aid stations will be easily accessible throughout the place of work. Where the scale of work or the type of activity being carried out so requires, dedicated and appropriately equipped first aid room(s) will be provided.
3. All workstations will have eye-wash stations and/or emergency showers where immediate flushing with water is the recommended first-aid response.
4. Each department and work area will have an updated emergency response plan and a trained emergency response brigade. Emergency response simulations will be conducted every year.
5. All sites will have the necessary fire detectors, alarm systems, fire-fighting equipment, means of exit emergency signs and illumination. The equipment will be maintained in good working order and be readily accessible. It should be adequate for the dimensions and use of the premises, equipment installed, physical and chemical properties of substances present, and the maximum number of people present.

The below list of policies gives a generic overview about the areas of possible policies. This list is not exhaustive; the current situation in the factory defines the necessity of defining and implementing policies.

List of Policies

1. Working hour and holiday management policy
2. Wages and benefits management policy
3. Child labour prevention management policy
4. Special group risk assessment and management policy
5. Forced labour prevention management policy
6. Human Resource management policy
7. Fire safety management policy
8. Emergency planning and reaction management policy
9. Health and Safety management policy
10. Chemical management and emergency policy
11. First aid management policy
12. Workplace condition management policy
13. Disciplinary management policy
14. Anti-discrimination management policy
15. Workers' representative management policy
16. Grievance management policy
17. Freedom of Association management policy
18. Communication management policy
19. Production machines management policy
20. Work injury and accidents management policy
21. Environment protection management policy
22. Waste disposal and control policy
23. Security guard management policy
24. Subcontractor management policy
25. Law and regulation management policy



Annex VI Tools - Basic Criteria for the Development of Policies



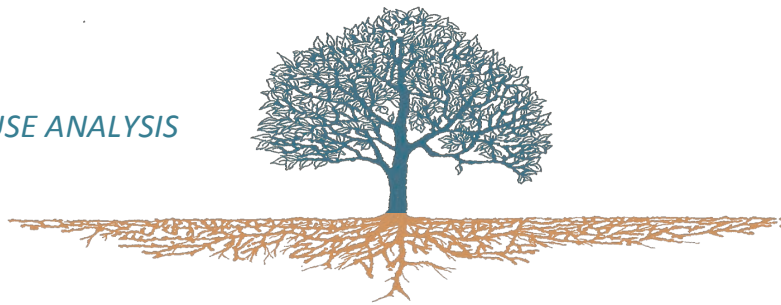
SMART –Dos and Don'ts

Principle	Do ✓	Don't ✗
S <i>Specific</i>	<p>Clearly explain what has to be achieved (What, Why, Who, Where, Which)</p> <p>Easy to understand</p>	<p>Use vague wording</p>
M <i>Measurable</i>	<p>Must be based on something that can be observed and documented (measured)</p> <p>Define the baseline</p>	<p>No measurements at all to know how well the goal has been achieved</p> <p>Define measurements that can't be collected</p>
A <i>Achievable</i>	<p>Consultation and communication with responsible person about the goal</p> <p>Keep the goal realistic so that it can be achieved with certain efforts</p>	<p>Develop the goal and target in isolation</p> <p>Set the bar too high and thereby guarantee failure</p>
R <i>Relevant</i>	<p>Assign the tasks to the correct person</p> <p>Tasks contribute to the goal and are in line with the company policy</p>	<p>Develop the tasks in isolation</p> <p>Parts of the tasks are not in line with or against other company goals</p>
T <i>Time Bound</i>	<p>Set an appropriate exact time frame (use intermediary goals for long-term aims)</p> <p>Collect required data within the time frame for evaluation</p>	<p>Use terms such as "in the future"</p> <p>Rely on data that can't be collected and analyzed before the deadline for the task's evaluation</p>

Annex VII: Tools - Root Cause Analysis




ROOT CAUSE ANALYSIS



	What to do?	How to do it?
Step 1 <i>Define the problem</i>	Identify the gap between what "is" and what "should be" Be specific	Internal analysis / External audits analysis
Step 2 <i>Find the Root Cause</i>	Search for the underlying reasons not symptoms Stay within factory's control Include possible management failures	Use the 5 WHY technique Work in a team
Step 3 <i>Create the Action Plan</i>	Take ownership Define clear responsibilities	SMART principle Work in a team
Step 4 <i>Implement the Plan</i>	Take responsibility Take actions Document and record the progress	Communication and monitoring
Step 5 <i>Control the Plan</i>	Check the progress Evaluate the effectiveness Repeat Steps 1 through 5 when needed	Internal system evaluation



Annex VIII: Tools - Self Assessment Questionnaire



BSCI
Business Social Compliance Initiative

An initiative of the Foreign Trade Association (FTA)

SELF ASSESSMENT FOR INDUSTRIAL PRODUCTION

INTRODUCTION

The Business Social Compliance Initiative (BSCI) is an initiative of retailers, importers and manufacturers to improve social standards in a sustainable way. Third party audits are one of the mechanisms to improve social standards, but the key to real and sustainable improvement is acting in partnership with suppliers. The BSCI aims to reward the suppliers' willingness to cooperate.

The self assessment questionnaire is the first step in the BSCI implementation process. It is a tool that your company should complete and it has three main purposes:

1. It allows your company to evaluate its own performance with regard to the BSCI Requirements and get a first understanding of the system.
2. It provides you and your clients (BSCI participants) with a first overview of your social responsibility and that of your supplying farms (if applicable).
3. It helps your company to get prepared for both internal audits and BSCI audit in a progressive manner.

Part A of this self assessment includes specific questions regarding your factory while Part B is a preparation for the upcoming social audit.

Please note that if your company has several production units, one self-assessment should be filled in for each separate unit.
Having proper documentation for all the areas covered in this assessment is an essential component of your preparation. Keep it on hand and ready for review by the BSCI auditor.

Click here to be forwarded to the list of documents needed:

ABRIDGED GLOSSARY 2

QUESTIONNAIRE PART A.1 3

QUESTIONNAIRE PART A.2 4

QUESTIONNAIRE PART A.3 5

QUESTIONNAIRE PART B 8

ABRIDGED GLOSSARY

This is a summary of the most relevant terms you will face when filling in this questionnaire.
To view the complete glossary, please visit the BSCI website

CERTIFICATIONS

认证

ISO 9001	Quality Management Standard (www.iso.org)
ISO 14001	Environment Management Standard (www.iso.org)
ICTI CARE	International Council of Toy Industries (www.icti-care.org)
WRAP	World Responsible Accredited Production (www.wrapcompliance.org)
SA8000	Social Standard (www.sa-intl.org)

OTHER SOCIAL SCHEMES, WHICH ARE NOT CERTIFICATIONS

GRASP GRASP stands for GLOBALG.A.P Risk Assessment on Social Practice. It is a voluntary module provided by GLOBALG.A.P, that helps raise the awareness of the importance of social issues in agriculture as well as provide practical guidance on what a producer can do to promote good social practices in their operations. The GRASP Assessment does not form part of the regular GLOBALG.A.P audit and its accredited certification.

SMETA SMETA stands for Sedex Members Ethical Trade Audit. It is a compilation of best practice in ethical trade audit technique, intended for experienced auditors to help them to conduct high quality audits in a format for ethical trade audits that can be easily shared. It also intends to give greater transparency into the auditor qualifications and practices that underpin reports. SMETA is not a new code of conduct or standard.



QUESTIONNAIRE PART A.1

A.1 COMPANY PROFILE

Location of Company

Date of the self-assessment*

Company name*

DBID (BSCI Database Identification Number) If you already have it

Street*

City*

Zip Code

Country*

Phone

Fax

Website

E-mail

Additional directions:

GPS Coordinates

Basic Data

First Year of Operation

Legal Status / Official Company Registration

Language(s) spoken by office management

Language(s) spoken by workers

Contact Person

Name

Position

Languages spoken

Phone

E-mail

Production Capacity

	2010	2011	2012
Total production capacity (including unit of measurement)	<input type="text"/>	<input type="text"/>	<input type="text"/>
Maximum capacity per month in peak month (including Unit of measurement)	<input type="text"/>	<input type="text"/>	<input type="text"/>
Maximum capacity per month in low season (including Unit of measurement)	<input type="text"/>	<input type="text"/>	<input type="text"/>
Domestic market (production units)	<input type="text"/>	<input type="text"/>	<input type="text"/>
Export (production units)	<input type="text"/>	<input type="text"/>	<input type="text"/>

Dormitories (if applicable)

	1	2	3
If dormitories are provided, please fill in the address for each location or type «N/A» if not applicable.	Address 1	Address 2	Address 3
Number of individuals living in the dormitories provided by the company / total number of workers in the company	XY / ZY	XY / ZY	XY / ZY
Number of families living in the dormitories provided by the company	<input type="text"/>		
Number of sqm/individual	<input type="text"/>		

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QUESTIONNAIRE PART A.2

A.2 GENERAL COMPANY STRUCTURE AND SIZE

Business Overview and Labour Representation

Which labour law statutes are applicable within your company? Free Trade Zone Industry Collective Agreement

Is one (or more) of the following persons or organisations present in your company? Worker Representative Trade Union Worker Council Other

Name of representative:

Additional comments:

Products

	% of total production per year	Start month	Peak season	End month
1.	0,00%	<input style="width: 40px;" type="text"/>	<input style="width: 40px;" type="text"/>	<input style="width: 40px;" type="text"/>
2.	0,00%	<input style="width: 40px;" type="text"/>	<input style="width: 40px;" type="text"/>	<input style="width: 40px;" type="text"/>
3.	0,00%	<input style="width: 40px;" type="text"/>	<input style="width: 40px;" type="text"/>	<input style="width: 40px;" type="text"/>
4.	0,00%	<input style="width: 40px;" type="text"/>	<input style="width: 40px;" type="text"/>	<input style="width: 40px;" type="text"/>
5.	0,00%	<input style="width: 40px;" type="text"/>	<input style="width: 40px;" type="text"/>	<input style="width: 40px;" type="text"/>

Operations Information

Please indicate all business units included in your operations and complete all sections for each unit (including own units, subcontractors, etc.)

Name of unit / Identification	Type of business activity	Contact Person	Business Relation since (date)	Location Address	Distance to the company (in km)	Main Product	Certification
<input style="width: 100%;" type="text"/>	Please select one	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	ISO 9001 (Quality)
<input style="width: 100%;" type="text"/>	Please select one	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	ISO 9001 (Quality)
<input style="width: 100%;" type="text"/>	Please select one	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	ISO 9001 (Quality)
<input style="width: 100%;" type="text"/>	Please select one	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	ISO 9001 (Quality)
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<input style="width: 100%;" type="text"/>	Please select one	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	ISO 9001 (Quality)
<input style="width: 100%;" type="text"/>	Please select one	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	ISO 9001 (Quality)

In case of other certification please clarify:

Are certificates or audit reports available from past audits conducted at your company? If yes, please attach a copy of valid certificates. Yes No N/A

Did you receive the BSCI Code of Conduct? Yes No

Additional comments:

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QUESTIONNAIRE PART A.3

A.3 EMPLOYMENT STRUCTURE

Please describe below the workers you hire. In case you use a third party for hiring, please include its details

	Hired directly	Hired through third party	Name of the third party	Contact details of the third party
Total number of workers at the time of the self-assessment	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Peak season : Total number of workers*	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Maximum number of temporary or seasonal workers*	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Local Workers	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Migrant Workers	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Low season : Total number of workers*	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Maximum number of temporary or seasonal workers*	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Local Workers	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Migrant Workers	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Working Hours

What is the statutory number of working hours per working week in your country?

What is the average number of weekly overtime hours?

Please indicate the following information per department

Department name	1.	Peak season	Low season	2.	Peak season	Low season
No. of workers	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Shifts worked in the department	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Shift 1	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Break	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Weekdays	Monday	Monday	Monday	Monday	Monday	Monday
Resting day	Monday	Monday	Monday	Monday	Monday	Monday
Shift 2	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Break	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Weekdays	Monday	Monday	Monday	Monday	Monday	Monday
Resting day	Monday	Monday	Monday	Monday	Monday	Monday
Shift 3	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Break	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Weekdays	Monday	Monday	Monday	Monday	Monday	Monday
Resting day	Monday	Monday	Monday	Monday	Monday	Monday
Shift 4	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Break	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Weekdays	Monday	Monday	Monday	Monday	Monday	Monday
Resting day	Monday	Monday	Monday	Monday	Monday	Monday

Wages Information

	Amount in local currency	Indicate unit for wage (hour/day/ month)	Gross	Net	
What is the legal minimum wage applicable in your production unit?	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
What is the lowest wage you pay workers for regular working hours?	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
What are the wage supplements required by law? (local currency)	<input type="text"/>				
	<input type="text"/>				
	<input type="text"/>				
	<input type="text"/>				
	<input type="text"/>				
What is the percentage for wage supplements paid in relation with your human resources overall costs?	<input type="text"/>	Weekly rest day	Holiday	Night shift	Other
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
How often do you compensate your employees?	<input type="text"/>				

Age Information

What is the statutory minimum age for employment?

What is the age of the youngest worker?

Since when is he/she working?

Note: In case you have children or young workers in your company please complete the tab titled «Child & Young Worker Record Sheet»

Child and Young Worker Record Sheet

Please only complete this table if you have children (anyone below the national minimum age) or young workers (anyone above the national minimum age but below 18 years of age) in your company.

	Name	Birthday (month, year)	Attending school? (yes, no)	Working start date (month, year)	Department he/she works in	Working time schedule	Comments
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
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16.							
17.							
18.							
19.							
20.							
21.							
22.							
23.							
24.							
25.							

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QUESTIONNAIRE PART B

Please take your time to fill in this self-assessment questionnaire providing as much information as possible. Try to answer «not applicable» (N/A) only when strictly necessary.

During the BSCI audit you will be requested to provide documentation for the auditors to review. For example, you will be required to show time records, payrolls, social security payments, as well as health and safety documentation such as training records, risk assessments and safety data sheets. Gathering all documentation related to factory may take some time. Therefore, it is worthy that you start collecting the documents required while filling in the self-assessment and keep them organized and accessible for the auditors.

1. LEGAL COMPLIANCE

Explanation: Sales are governed by a number of legal requirements designed to protect your customers. Playing it by the book can help your factory build and maintain an honest and trustworthy reputation, avoid the cost of legal actions and loss of profit.

Expectation: Your factory should be compliant with all applicable national laws, regulations and industry minimum standards. By following the BSCI, we expect you to work successfully towards better social practices as defined by International Labour Organization and United Nations Conventions.

- 1.1 Do you have a written social policy that documents BSCI requirements in line with the national law? Yes No N/A
- 1.2 Do you inform the workers or give them the opportunity to inform themselves about national labour regulations [for example, do you provide the texts of these regulations to interested workers or do you hold informational meetings on the regulations]? Yes No N/A

Additional comments:

2. MANAGEMENT SYSTEM

Explanation: Social requirements are more successfully implemented when they are understood by both management and workers. Transparent communication helps to raise awareness.

Expectation: The factory shall define and implement a social policy (including anti-bribery / anti-corruption policy) and management system to ensure that the requirements of the BSCI Code of Conduct can be met at its facilities. Additionally, when using subcontractors, management is responsible for ensuring those units are also following the principles of the BSCI code and monitor their social compliance. Management is responsible for the correct implementation and continuous improvement by communicating effectively to the workers, conducting internal audits and taking corrective measures. Periodical review of the Social Policy is expected.

- 2.1 Has a copy of the BSCI code of conduct been posted in the worker's languages and/or attached to the workers' contract? Yes No N/A
- 2.2 Do you have a procedure for updating and implementing legal regulations with regard to matters subject to continuous change like wages and safety? Yes No N/A
- 2.3 Do work rules exist and are they documented and applied to all employees? Yes No N/A
- 2.4 Has a senior management representative been appointed to implement the BSCI code? Yes No N/A
- If yes: please indicate name and function:
- 2.5 Has a representative of the operational team been appointed to implement the BSCI code? Yes No N/A
- If yes: please indicate name and function:
- 2.6 Do you keep a register of the trainings provided to workers about the content of the BSCI code of conduct, including a description of the content and a participant list? Yes No N/A
- 2.7 Do you hold regular meetings between management and workers to inform workers on implementation of BSCI requirements and national labour legislation? Yes No N/A
- 2.8 If yes, do you maintain records of these meetings? Yes No N/A
- 2.9 Do you have a grievance mechanism system in place? Yes No N/A
- 2.10 Are there records available for grievances and solutions from at least the past 12 months? Yes No N/A
- 2.11 Have you distributed the BSCI code of conduct (or equivalent) to your subcontractors and communicated them the BSCI requirements and expectations? Yes No N/A
- 2.12 Do you have a procedure for monitoring social standards at your subcontractors production facilities? Yes No N/A

If yes, please provide documentation.

<p>2.13 Have all subcontractors completed the BSCI Self-Assessment Questionnaire or equivalent social assessment?</p> <p>Additional comments: <input type="text"/></p>	<p>Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/></p>
<p>3. FREEDOM OF ASSOCIATION AND RIGHT TO COLLECTIVE BARGAINING</p>	
<p>Explanation: The rights of freedom of association and collective bargaining are core labour standards and inalienable human rights. Union's membership must not be required, nor hired or rendered ineffective.</p> <p>Expectation: All workers should have the right to form and join trade unions of their choice and to bargain collectively. If in your country the rights regarding freedom of association and collective bargaining are restricted by law, your company shall facilitate other means of independent and free organisation and bargaining. At the same time, the representatives of workers shall have access to their representatives in the workplace.</p>	
<p>3.1 Do you allow workers to join or establish a workers' organization (for example a worker council or trade union)?</p> <p>3.2 If the right of freedom of association and collective bargaining are restricted by law - for example when independent trade unions are forbidden - do you provide other ways for workers' to be heard and to collectively bargain - for example having a freely chosen worker representative or council?</p> <p>If yes, please describe: <input type="text"/></p>	<p>Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/></p> <p>Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/></p> <p>Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/></p>
<p>4. PROHIBITION OF DISCRIMINATION</p>	
<p>Explanation: There are two kinds of discrimination: direct and indirect. Direct discrimination occurs when certain characteristic are used as an explicit reason for preventing people from exercising their rights. Indirect discrimination occurs when there are criteria or practices operating, which have the effect of discriminating against certain groups of people, by putting them at a disadvantage compared with others, and which cannot be justified as proportionate.</p> <p>Expectation: No discrimination shall be tolerated in hiring, remuneration, access to training, promotion, termination or retirement based on gender, age, religion, race, caste, social background, disability, ethnic and national origin, nationality, membership in workers' organisations including unions, political affiliation, sexual orientation, or any other personal characteristics.</p>	
<p>4.1 Do you guarantee that all workers are treated equally?</p> <p>4.2 Do all your worker have the same opportunities within your company? (for example hiring, social benefits and overtime)</p> <p>4.3 Do you ensure that any form of verbal, physical or psychological threats, abuse or harassment take place in your company (included but not limited to sexual harassment)?</p> <p>Additional comments: <input type="text"/></p>	<p>Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/></p> <p>Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/></p> <p>Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/></p>
<p>5. COMPENSATION</p>	
<p>Explanation: A good compensation system will have a positive impact on the efficiency and results produced by employees as it will encourage them to perform better and achieve the standards fixed by your business. Materials, machinery and money are all very important factors for business, but it is impossible to be successful without a good workforce.</p> <p>Expectation: Wages paid for regular working hours and overtime hours shall meet or exceed legal minimums and/or industry standards. You should never make illegal, unauthorised or disciplinary deductions from wages. If the legal minimum wage and/or industry standards do not cover living expenses and provide some additional disposable income, you are encouraged to provide workers with adequate compensation to meet these needs. It is your responsibility to ensure that wage and benefits are detailed clearly and regularly for workers.</p>	
<p>5.1 Do you pay at least legal minimum wages or relevant industry wage to all workers?</p> <p>5.2 Do you apply all wages supplements required by law to all workers?</p>	<p>Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/></p> <p>Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/></p>
<p>Back to table of contents</p>	

7. WORKPLACE HEALTH AND SAFETY

Explanation: Good health and safety at work helps to reduce absences and increase the productivity of workers; reduce business costs, such as insurance premiums and business disruption, and enables your business to meet and exceed customer expectations. Neglecting health and safety at work may have a major financial impact on your business as the costs of accidents and ill-health can be substantial.

Expectation: The factory shall establish and follow a clear set of regulations and procedures regarding occupational health and safety, especially the provision and use of personal protective equipment, clean bathrooms and access to potable water. Same conditions shall be applied for **dormitories, when provided by the company**. A management representative **shall be appointed to be responsible for the health and safety**, and accountable for the implementation of the Health and Safety elements of the BSCI. All workers shall receive regular and recorded **health and safety training**. **Young workers shall not be exposed to hazardous, unsafe or unhealthy situations**. Systems shall be in place, to detect, avoid or respond to **potential threats** to health and safety of all workers.

5.3 Do you provide **all legally required benefits** to your workers (regardless if permanent or seasonal)? (This includes paid leave, maternity benefits, social insurance and any other mandated by your local law) Yes No N/A

5.4 Do personnel files (e.g. proof of age, working contract) exist for all workers? Yes No N/A

5.5 Do all workers receive pay slips that state basic salary, working time, overtime, overtime compensation and all legal required social contributions? Yes No N/A

Additional comments:

6. WORKING HOURS

Explanation: Social compliance implies that you ensure all workers earn at least the **legal minimum wage** in the regular working time and apply regulations with regards to compensation (especially overtime).

Expectation: Hours of work, night work and rest periods for workers shall be in accordance with national laws and regulations or collective agreements. The International Labour Organization (ILO) recommends that the maximum allowable working hours in a week on a regular basis **should not exceed 48 hours** and the maximum allowable overtime hours in a week should not exceed **12 hours**. Overtime hours shall be on a voluntary basis and to be paid at a **premium rate**. An employee is entitled to at least **one free day following six consecutive** working days.

6.1 Are all the hours, days and overtime hours worked in accordance with the national regulations? Yes No N/A

6.2 Is a time record system in place which shows the time in and time out of each worker for each day? Yes No N/A

6.3 Do the national labour regulations/collective agreements allow other definitions or particular exceptions to the previously mentioned working hours? Yes No N/A

If yes, please describe:

6.4 Do you have systems in place to ensure that no employee works more than 48 regular hours and no more than 12 overtime hours per week? Yes No N/A

6.5 Do you ensure that all employees have at least one free day after six consecutive days worked? Yes No N/A

Additional comments:

8. DORMITORIES / HOUSING	
<p>Explanation: The location of the dormitories shall be chosen in a way that workers are not exposed to both natural hazards and affected by the operational impacts of the worksite (for example noise, emissions or dust). Living facilities should be built using adequate materials and kept in good repair, clean and free from rubbish and other refuse. They should meet the basic needs of the personnel and do not violate any basic human right, avoid safety hazards and protect workers from diseases (E.g. resulting from humidity, stagnant water spread of fungi etc).</p> <p>Expectation: Dormitories shall be clean, safe, and meet the basic needs of the workers and their families when relevant. All workers and their families (when relevant) shall have the right to remove themselves from imminent serious danger without seeking permission from the management.</p>	
7.10 Do you have posted signs and warnings in your facilities (in pictographs and in the local language of workers) in order to remind all workers about the importance of wearing personal protective equipment and the importance of following all safety indications?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
7.11 Do you inform all workers about the company's accident and emergency procedures and phone numbers?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
7.12 Do you keep a register of accidents and do you always investigate the issue?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
7.13 Have you ensured that all workers dealing with hazardous chemicals are trained on the dangers and proper handling of chemicals?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
7.14 Do you restrict the access to the rooms containing chemicals products to only those workers who are trained in handling those products?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
7.15 Do you keep safety documents for all chemicals used (for example MSDS = Material Safety Data Sheet)?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
7.16 Are the use, storage and disposal of all chemicals documented?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
7.17 Do you ensure that workers cannot be harmed by electric installations or cables?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
7.18 Do you provide the legally required quantity of fire extinguishers, which are maintained regularly, mounted and accessible?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
7.19 Are escape routes/aisles and exits properly marked, unblocked and easily accessible at any time?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
7.20 Do you conduct yearly fire and evacuation drills in order to ensure that all workers know how to respond in an emergency situation?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
7.21 Are machines correctly installed, maintained and safeguarded?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
Additional comments:	<input type="text"/>
9. PROHIBITION OF CHILD LABOUR	
<p>Explanation: The education of the child shall be directed to develop his personality, mental and physical talents. A child should have the right to rest and engage in recreational activities appropriate to his/her age. Management should make sure that child labour is not endorsed and employees' children have their childhood's rights guaranteed.</p> <p>Expectation: Any forms of exploitation of children are forbidden as defined by International Labour Organization and United Nations Conventions and/or by national law. The rights of young workers must be protected.</p> <p>Policies and Procedures for child labour remediation shall be established and documented by the company, which shall include adequate support to enable children to attend and remain in school until no longer a child.</p>	
9.1 Are all employees over the legal minimum age?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
9.2 Do you ask for proof of age (for example identity cards, birth certificates or other documents) to make sure that all hired workers are above the legal minimum age?	Yes <input type="radio"/> No <input type="radio"/> N/A <input type="radio"/>
Additional comments:	<input type="text"/>

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9.3 Do you ensure that all national regulations for protection and training of young workers (everyone below 18 years but above the minimum age) are enforced?	Yes <input type="radio"/>	No <input type="radio"/>	N/A <input type="radio"/>
Additional comments: <input type="text"/>			
10. PROHIBITION OF FORCED LABOUR AND DISCIPLINARY MEASURES			
Explanation: All workers should be free to terminate their contracts within the legal framework. Threats or coercions (either physical or psychological) should not be used against workers.			
Expectations: All forms of forced labour, such as lodging deposits or the retention of identity documents from personnel upon commencing employment, are forbidden. Use of corporal punishment, mental or physical coercion and verbal abuse shall not occur.			
10.1 Are documents such as ID-cards, passports or birth certificates returned to the workers immediately after hiring?	Yes <input type="radio"/>	No <input type="radio"/>	N/A <input type="radio"/>
10.2 Do you allow workers to terminate their contracts and leave their place of work freely and without sanctions if they follow all applicable national regulations?	Yes <input type="radio"/>	No <input type="radio"/>	N/A <input type="radio"/>
10.3 Do you ensure that the company does not engage or tolerate the use of corporal punishment, mental or physical coercion or verbal abuse or other forms of abusive disciplinary measures?	Yes <input type="radio"/>	No <input type="radio"/>	N/A <input type="radio"/>
Additional comments: <input type="text"/>			
11. ENVIRONMENTAL AND SAFETY ISSUES			
Explanation: A good management of natural resources will have a positive impact at the welfare of your workers, build a good reputation and contribute to sustainable ecosystems that meet both ecological and human needs in the future.			
Expectation: Management shall guarantee that no gross or evident environmental malpractice occurs and the business runs in line with national environmental regulations. Procedures and standards for waste management, handling and disposal of chemicals and other dangerous materials, emissions and effluent treatment must meet or exceed minimum legal requirements.			
11.1 Do you make sure that air emissions (i.e. gases and fumes from machines and vehicles) are in compliance with national regulations?	Yes <input type="radio"/>	No <input type="radio"/>	N/A <input type="radio"/>
11.2 Do you make sure waste water is treated as required by national law?	Yes <input type="radio"/>	No <input type="radio"/>	N/A <input type="radio"/>
11.3 Is waste managed and disposed of in compliance with the national regulations so that it does not harm the environment?	Yes <input type="radio"/>	No <input type="radio"/>	N/A <input type="radio"/>
11.4 Do you ensure that chemicals are stored and disposed in ways that avoid leakage?	Yes <input type="radio"/>	No <input type="radio"/>	N/A <input type="radio"/>
11.5 Do you make sure that empty chemical containers are not re-used?	Yes <input type="radio"/>	No <input type="radio"/>	N/A <input type="radio"/>
Additional comments: <input type="text"/>			
NEXT STEPS			
<i>Once you have filled in this self-assessment questionnaire, you should be in a better position to analyse the social gap that your company will need to fulfil. If requested, you will need to share this document with your commercial client, or the BSCI auditor.</i>			

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ANNEXES: DOCUMENTATION AT THE DATE OF THE AUDIT

This is the documentation that the BSCI Auditor shall verify during the audit. As a producer you should use this list to guide you through collecting all documentation prior to the audit.

Num.	Documents	Available	Verified	Reasons for no verification
1	Copies of official documents on legal status, company name(s), year of foundation	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
2	Valid business licences and all necessary official approvals to run operations including the related machinery	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
3	Company's Financial Balance sheet	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
4	Social policy and procedures in written form, including but not limited anti-corruption procedure, human resources procedure, etc	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
5	Complaint mechanism including procedure, records of complaints by employees measures taken and follow up	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
6	List of valid certificates and/or audit reports concerning but not limited to management systems, social and environmental standards or codes of conduct	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
7	Environmental procedures including but not limited to water and waste management, chemicals' disposal and emissions treatment	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
8	Documentation of responsibilities in the company on senior management and operational level for implementation of and checking compliance with the BSCI Code of Conduct	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
9	Calculation of the necessary financial and personnel resources to comply with the Minimum Social and Environmental Requirements	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
10	Written declaration of commitment of subcontractors' compliance with the BSCI Code of Conduct	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
11	Written declaration of consent for farms to be included in the ISMS (when applicable)	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
12	Proof of continuous improvement of social performance in the facilities of subcontractors	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
13	Working Rules in written form	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
14	Documentation of any infringements of the working rules and any disciplinary measures taken	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
15	Documentation of the legal minimum wages (relevant for the type of industry) and the source of this information	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
16	Personnel Data Files for all employees (including sessional workers)	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
17	Working time records	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
18	Documentation on all benefits to employees with remarks if they are mandatory or voluntary (including pregnancy and mothers)	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>
19	Documented valid authorisation to make exemptions on working hours (e.g. from government, from collective bargaining agreements with trade unions)	Yes <input type="radio"/> No <input type="radio"/>	Yes <input type="radio"/> No <input type="radio"/>	<input type="text"/>

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Num.	Documents	Available		Verified		Reasons for no verification
		Yes	No	Yes	No	
20	Minutes of meetings and records of written agreements with employees' representatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
21	Wage lists and wage calculation including but not limited to record of output of productivity rates or piece rate workers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
22	Production capacity planning in written form including but not limited cost calculation, growth expectation and human resources needed.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
23	Employment contracts including those related to security personnel and other services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
24	Payslips for employees and evidence of payment of wages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
25	Evidence of updated contribution to social insurance funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
26	Documentation of all trainings to workers, particularly but not limited concerning Health and Safety. Valid documentation should include at least list names and positions of the participants, dates, content of training and qualification of the trainers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
27	Documented record of the accidents including but not limited information on the source of the accident, type, dates, damages and indication of harmed persons and procedure followed.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
28	Medical Personnel Qualification certificates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
29	Qualification proof for employees working with dangerous machines, electrical installation and any other activity that requires specific training due to the level of risk.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
30	Inspection reports, maintenance records, operating and safety instructions for dangerous machines, included but not limited to lifts, electrical equipment high-pressure equipment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
31	Inspection reports and maintenance records for fire fighting equipment (e.g. inspection tags on fire extinguishers)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
32	Inspection documents and maintenance record concerning health and safety for the facilities and dormitories including but not limited to temperature, noise level and lighting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
33	Records of receipt, consumption, withdrawal and disposal of chemicals (including presentation of Material Safety Data Sheets – MSDS)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
34	Inspection reports and maintenance records on the water potability both facilities and dormitories (when relevant)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
35	Documented risk assessment and related action plan for safe, healthy and hygienic working conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>
36	List of production processes outsourced to prisons, and name and place of premises (if relevant)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="text"/>

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Annex IX: Example - Corrective Action Plan

1st follow up visit on improvement Plan – FACTORY A [DATE]

1. Health & Safety						To be completed	To be completed
Description of the situation	Root Cause Analysis	Necessary measures	Responsibility	To be completed by	1 st Follow up visit	To be completed	
<p>No chemical label in local language available on the spot cleaner bottle, no PPE provided, and no Material Safety Data Sheet (MSDS) available in finishing room</p> <p>The MSDS are in English, no secondary containers for chemicals and no PPE are provided in the mechanic room</p> <p>No occupational health checks are carried out for workers who use hazardous chemicals</p> <p>No list of hazardous chemicals is available</p> <p>No chemical training is conducted for employees</p>	<p>No chemical management policy and system exists including responsible person and working procedure</p>	<p>Short term:</p> <ul style="list-style-type: none"> Translate all MSDS into local language Purchase suitable PPE Provide PPE and training to workers on how to use PPE Put safety labels on all chemical bottles and containers Provide secondary containment for all chemical containers; Post all MSDS in local language where chemicals are used in the production area Arrange occupational health checks for workers who use chemicals <p>Long term:</p> <ul style="list-style-type: none"> Establish a chemical management policy Create a list of chemicals used in the factory Train all the responsible persons in the Health & Safety committee in chemical safety 	<p>Person A & Person B</p>	<p>Short term: 14th Nov. 2014</p> <p>Long term: 7th Dec. 2014</p>	<p>Factory decided not to use any hazardous chemical but only detergent powder to remove the spot based on the requirement of H&M, so the hazardous chemical requirement is not applicable for them any more. There is no hazardous chemical used on site during the factory tour.</p> <p>Further action: Arrange occupational health check for the 1 operator who use hazardous chemical in the past.</p>	<p>16th Jan. 2015</p>	
							<p>No emergency light installed in the packaging room.</p> <p>No clear exit signs available in finished products and packaging room.</p> <p>Evacuation aisles are blocked by fabrics in the cutting room.</p> <p>Health & Safety policy, fire fighting posters, evacuation map are only available in English.</p> <p>No signs are available for all fire extinguishers.</p> <p>Scissors are put on the table</p>

Systain Academy Training visit - Report & Improvement Plan

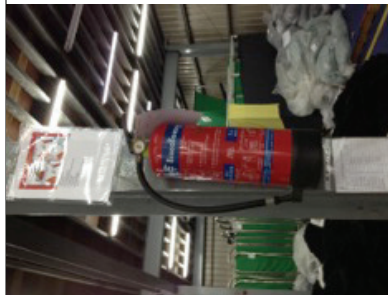


<p>without tying them up first. No anti-explosion lamps are installed in the warehouse. No first aid training certificates are available for first aiders. No boiler and lift inspection reports and no lift operators' certificates were available.</p>	<ul style="list-style-type: none"> No management policy on other areas of Health & Safety (machine safety, sharp tool management, electricity safety) exists 	<p>the Health & Safety committee</p>	<p>Further action:</p> <ul style="list-style-type: none"> Install the emergency light in the packaging room. Evacuation map are only available in English, add the local language sticker on the exiting maps. Use the picture of fire extinguisher as sign to post above the fire extinguishers Tie all scissors up to the table Keep searching for the anti-explosion lamps and install in the warehouse. Revise the H&S committee structure and responsibility, the fire safety management policy based on the discussion Revise the other policies of H&S management based on checklist and template documents provided 	<p>16th Jan. 2015</p>
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Photos



No emergency light installed



No sign for fire extinguisher

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2. General Management processes		Root Cause Analysis	Necessary measures	Responsibility	To be completed by	1 st Follow up visit	To be completed by
Description of the situation	Management team does not know the legal requirements	Add the basic wage figure and job title in labor contracts of all workers and include their signatures Revise the HR hiring policy <ul style="list-style-type: none"> to indicate that labor contracts with new employees must be signed within 7 working days based on the legal requirement to include the timeline for training of new employees and training content 	Person A	14 th Nov. 2014	Completed Added the basic wage figure and job title in labor contracts that Further action: <ul style="list-style-type: none"> Trainer works with them to revise the hard copy onsite, need to revise the soft copy on the computer 	N/A	
	A resignation policy does not exist.	Establish a resignation policy including workers' right to resign freely, anti-discrimination information, the notice time, the resignation procedure, necessary forms/records based on the legal requirement (the date of the last payment should be within 2 working days after termination)	Person A	21 st Nov. 2014	Achievement: <ul style="list-style-type: none"> Established the resignation policy Further action: <ul style="list-style-type: none"> Not include the timeline to issue the last payment in the policy, Trainer works with them to revise the hard copy onsite, need to revise the soft copy on the computer 	16 th Jan. 2015	
	The management team does not stay updated on the legal requirements.	General manager is in charge of law updates, but just randomly checks the legal requirements in the newspaper	Person A	7 th Dec. 2014	GM is not clear on how to do that, trainer explains and provides sample of comparison of national law, international standard and different customers' requirement that helps them to make improvement and understand the difference. Further action: <ul style="list-style-type: none"> Search different resources for legal updates, such as newspapers, Internet, government announcements etc. Create the file of the legal requirements, international standards on social compliance, customers' COC Summarize the key points into one sheet for better understanding and comparison Share and train the relevant people 	16 th Jan. 2015	

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3. Hours of Work					
Description of the situation	Root Cause Analysis	Necessary measures	Responsibility	To be completed by	1 st Follow up visit
Overtime application procedure is not correct in the English version. The responsible person and timeline are not included.	Management team lacks capabilities in establishing management systems/policies	Revise the overtime application policy and ensure accuracy of the English version. Include the responsible person and timeline	Person A	14 th Nov. 2014	<p>Further action:</p> <ul style="list-style-type: none"> Revise the overtime application policy and ensure accuracy of the English version. Include the responsible person and timeline
In the paper card time records, some workers punch the card between 6:00 and 6:44 in the morning, but it is not calculated as overtime (management mentioned that workers arrive earlier but are only allowed to enter the workshop at 7:30 am).	Transportation companies arrange bus arrival at an early time	Reschedule the timetable for buses with transportation company	Person A	12 th Nov. 2014	N/A
	Lack of communication on wage calculation as some workers thought they can get extra money if they punch in earlier	Provide wage calculation training to all workers	Person A	7 th Feb. 2015	<p>Completed:</p> <p>Arranged the training for workers on 13th Nov. 2014, keep the photo record</p>
	Company cannot control the effective time of punching paper card system	Install a smart card system, provide training to all workers and change to the new system gradually	Person A	7 th Feb. 2015	<p>Completed:</p> <ul style="list-style-type: none"> Replace the old machines which do not work well with the new ones; Install more new machines for card swiping
To be completed by: 16 th Jan. 2015					
4. Remuneration (including benefits)					
Description of the situation	Root Cause Analysis	Necessary measures	Responsibility	To be completed by	1 st Follow up visit
Wage and benefit management policy does not include all necessary information.	Management team is not aware that it is necessary to write down all implementation practices into a document	<ul style="list-style-type: none"> Revise the wage and benefit management policy, including the wage grid, description of different bonuses and the deduction of bonuses; Communicate the policy to all workers 	Person A	7 th Feb. 2015	<p>Management team do not understand the needs to have this written down, and don't know how to do it. Trainer explains the importance and risks for not transparent to workers. Trainer draws a template as an example to explain how to do it.</p> <p>Further action:</p> <ul style="list-style-type: none"> Revise the wage and benefit management policy include below information:
To be completed by: 16 th Jan. 2015					



				<ul style="list-style-type: none"> o 1st part: wage grid of different position with corresponding basic wage, bonus type and amount, and other benefits; o 2nd part: explanation on different bonuses, requirement to get full amount; Deduction of bonuses and under what scenarios; o 3rd part: How to calculate the monthly salary • Announce to the workers (verbal and written) • Add the information in the employee handbook 	
5. Disciplinary measures					
Description of the situation	Root Cause Analysis	Necessary measures	Responsibility	To be completed by	1 st Follow up visit
No disciplinary policy exists.	Management team does not know the legal requirements	Establish a disciplinary policy, including the scenarios of different levels of disciplinary measures (warning, termination etc.)	Person A & Person C	21 st Nov. 2014	<p>Achievement:</p> <ul style="list-style-type: none"> • Established the disciplinary policy includes the company rules and 3 level disciplinary measures (1st written warning, 2nd written warning, and termination) <p>Further action:</p> <ul style="list-style-type: none"> • Add the information on the existing policy to explain different scenarios for different disciplinary measure <p>16th Jan. 2015</p>
Deductions for using the phone/eating snacks are posted on-site. Deductions for uniforms are posted on site (no actual deductions are made based on the documents and interviews).		Remove all the deduction posters and communicate to current disciplinary policy to all employees	Person C	7 th Nov. 2014	<p>Completed:</p> <ul style="list-style-type: none"> • Removed the deduction posters which checked during the factory tour • Verbal announcement to workers about this <p>N/A</p>

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6. Child Labour & Young Workers					
Description of the situation	Root Cause Analysis	Necessary measures	Responsibility	To be completed by	1 st Follow up visit
No child labor remediation plan exists.	Management team does not know the legal requirements.	Establish a child labor remediation plan.	Person A	10 th Nov. 2014	Management team do not know how to do it. <i>Further action:</i> Establish the child labor remediation policy based on the template and example provided
No young worker protection policy exists.		Establish a young worker protection policy (including responsible person and working procedure, need to cover doctor's certificate before hiring, labor contract, training, personal file, young workers lists with all necessary information, annual health checks, no overtime, wage calculation)	Person A	10 th Nov. 2014	Completed: Established the young worker protection policy include all necessary information
To be completed by: 16 th Jan. 2015					
N/A					
7. Freedom of Association & Collective Bargaining					
Description of the situation	Root Cause Analysis	Necessary measures	Responsibility	To be completed by	1 st Follow up visit
No responsible person is included in the suggestion box policy.	Management team lacks capabilities in establishing management systems/policies	<ul style="list-style-type: none"> Complement grievance system policy to include collective bargaining information into worker committee documents Revise suggestion box policy to include the responsible person and clear working procedures 	Person A & Person C & Person D	21 st Nov. 2014	Management team do not know how to do that. <i>Further action:</i> <ul style="list-style-type: none"> Include the collective bargaining information in the exiting worker committee document based on the discussion. Revise the policy based on the current practice (2 responsible person for 4 boxes), working procedure (how to analyze and divide the suggestions, within how many days to provide feedback or discuss with top management then provide feedback
To be completed by: 16 th Jan. 2015					

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8. Discrimination					
Description of the situation	Root Cause Analysis	Necessary measures	Responsibility	To be completed by	1 st Follow up visit
Only limited information is available in the discrimination policy. It only covers job opportunities and harassment.	Management team does not know the law requirement clearly	Complement the discrimination policy to include promotion, disciplinary and discrimination handling process	Person A & Person B	21 st Nov. 2014	Management team do not know how to do that. <i>Further action:</i> <ul style="list-style-type: none"> • Include the anti-discrimination information in the wage and benefit, disciplinary policies based on the discussion. • Include the discrimination handling process (workers report to whom, who handle it, the timeline to handle it, when and how to provide feedback to workers etc.)
					16 th Jan. 2015

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SMART Myanmar Social Compliance Academy workshop - participants and SMART Myanmar team



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