

## **ESQ ASSESSMENT REPORT**

### **Prepared for:**

**M/S R.K Leather Complex**

**Plot No: XE-5, BSCIC, Tannery Industrial Estate,**

**Hemayetpur, Savar, Dhaka-1340; Bangladesh.**

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**Dated: 15 July 2020**

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### **and Prepared the ESQ Assessment Report**

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<b>vi. Years of ESQ assessment experience in the selected sectors:</b>	3 Years

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## A comparison of the standards on the ISO 14001: 2015, SA 8000 and ISO 9001:2015

SA 8000	ISO 9001:2015	ISO 14001:2015
<b>The rights of Freedom of Association and Collective Bargaining</b>	<b>1 Scope</b>	<b>1 Scope</b>
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	<b>2 Normative Reference</b>	<b>2 Normative Reference</b>
	<b>3 Terms and Definitions</b>	<b>3 Terms and Definitions</b>
	<b>4 Context of the Organization (Section title)</b>	<b>4 Context of the organization (title only)</b>
	4.1 Understanding the organization and its context	4.1 Understanding the organization and its context
	4.2 Understanding the needs and expectations of interested parties	4.2 Understanding the needs and expectations of interested parties
<b>No Discrimination</b>	4.3 Determining the scope of the quality management system	4.3 Determining the scope of the environmental management systems
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 organisations, 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.	4.4 Quality management system and its processes	4.4 Environmental management system
	<b>5 Leadership (Section title)</b>	<b>5 Leadership (title only)</b>
	5.1 Leadership and commitment	5.1 Leadership and commitment
	5.2 Policy	5.2 Environmental policy
	5.3 Organizational roles, responsibilities and authorities	5.3 Organizational roles, responsibilities and authorities
<b>Fair Remuneration</b>	<b>6 Planning (Section title)</b>	<b>6 Planning (title only)</b>
	6.1 Actions to address risks and opportunities	6.1 Actions to address risk associated with threats and opportunities (title only)
	6.2 Quality objectives and planning to achieve them	6.1.1 General
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	6.3 Planning of changes	6.1.2 Significant environmental aspects

<p>decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder.</p> <p>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.</p> <p>Deductions will be permitted only under the conditions and to the extent prescribed by law or fixed by collective agreement.</p>	<b>7 Support (Section title)</b>	6.1.3 Compliance obligations
	7.1 Resources	6.1.4 Risk associated with threats and opportunities
	7.1.1 General	6.1.5 Planning to take action
	7.1.2 People	6.2 Environmental objectives and planning to achieve them (title only)
	7.1.3 Infrastructure	6.2.1 Environmental objectives
	7.1.4 Environment for the operation of processes	6.2.2 Planning actions to achieve environmental objectives
	7.1.5 Monitoring and measuring resources	<b>7 Support (title only)</b>
	7.1.6 Organizational knowledge	7.1 Resources
	7.2 Competence	7.2 Competence
	7.3 Awareness	7.3 Awareness
<b>Decent Working Hours</b>	7.4 Communication	7.4 Communication (title only)
<p>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 amfori 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</p>	7.5 Documented Information	7.4.1 General
	7.5.1 General	7.4.2 Internal communication
	7.5.2 Creating and Updating	7.4.3 External communication
	7.5.3 Control of Documented Information	7.5 Documented information (title only)
	<b>8 Operation (Section title)</b>	7.5.1 General
<b>Occupational Health and Safety</b>	8.1 Operational planning and control	7.5.2 Creating and updating
<p>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.</p>	8.2 Requirements for products and services	7.5.3 Control of documented information
	8.2.1 Customer communication	<b>8 Operation (title only)</b>
	8.2.2 Determination of requirements related to products and services	8.1 Operational planning and control
	8.2.3 Review of requirements related to products and services	8.2 Emergency preparedness and response
	8.2.4 Changes to requirements for products and services	<b>9 Performance evaluation (title only)</b>
<b>No Child Labour</b>	8.3 Design and development of products and services	9.1 Monitoring, measurement, analysis and evaluation (title

		only)
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	8.3.1 General	9.1.1 General
	8.3.2 Design and development planning	9.1.2 Evaluation of compliance
	8.3.3 Design and development inputs	9.2 Internal audit
<b>Special Protection for Young Workers</b>	8.3.4 Design and development controls	9.3 Management review
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	8.3.5 Design and development outputs	<b>10 Improvement (title only)</b>
	8.3.6 Design and development changes	10.1 Nonconformity and corrective action
	8.4 Control of externally provided processes, products and services	10.2 Continual improvement
	8.4.1 General	
<b>No Precarious Employment</b>	8.4.2 Type and extent of control	
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 recognized and documented employment relationship, established in compliance with national legislation, custom or practice and international labour standards, whichever provides greater protection.	8.4.3 Information for external providers	
	8.5 Production and service provision	
	8.5.1 Control of production and service provision	
	8.5.2 Identification and traceability	
<b>No Bonded Labour</b>	8.5.3 Property belonging to customers or external providers	
Business partners shall not engage in any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour. 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.	8.5.4 Preservation	
	8.5.5 Post-delivery activities	
	8.5.6 Control of changes	
	8.6 Release of products and services	
	8.7 Control of nonconforming outputs	
<b>Protection of the Environment</b>	<b>9 Performance evaluation (Section title)</b>	
Business partners observe this principle	9.1 Monitoring, measurement,	

when they take the necessary measures to avoid environmental degradation, without prejudice to the specific expectations set out in this chapter	analysis and evaluation	
	9.1.1 General	
	9.1.2 Customer satisfaction	
	9.1.3 Analysis and evaluation	
<b>Ethical Business Behavior</b>	9.2 Internal audit	
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	9.3 Management review	
	<b>10 Improvement (Section title)</b>	
	10.1 General	
	10.2 Nonconformity and Corrective Action	
	10.3 Continual Improvement	
<b>SA 8000</b>	<b>ISO 9001:2015</b>	<b>ISO 14001:2015</b>

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## A. EXECUTIVE SUMMARY

### INTRODUCTION

M/S R.K Leather Complex is a Leather manufacturing company, which is located in Plot No: XE-5, BSCIC, Tannery Industrial Estate, Hemayetpur, Savar, Dhaka-1340; Bangladesh. The facility has started its operation at Hazaribag on 1998 and shifted at Hemayetpur Savar on 2018. Main production processes are Trimming-Wet blue- (Socking – Liming – Fleshing- Deliming – Vibrating – Wash – Pickling – Chrome Tuning) – Seaming – Splitting- Shaving – Crust – Setting – Vacuum – Hanging – Dryer – Vibrating Staying – Tabling – Trimming – Hydraulic Press – Finished Goods. Total floor is 40116 square feet. The major customers of the factory are Guangzhou Light Holdings Home ray Ltd., Dongguan Zhongxin Leather Industry Ltd., Hip Hing Enterprises Co, China National Township enterprises Co Ltd., Fracopel Spa etc. An onsite ESQ assessment were conducted by Assist management consultancy on 15 July 2020. Sabiha Akter (Lead Assessor) along with Md. Sahadat Hossain and Md. Rabiul Sarker has conducted the assessment.

### THE OBJECTIVE OF ASSESSMENT

The Export Readiness Fund (ERF) is a \$10 million matching grant program which will provide grant-based incentives to firms to support Bangladeshi exports. ERF grants will assist firms to identify and address Environmental, Social and Quality (ESQ) compliance gaps, upgrade products and production processes and support firms to meet trade standards. This will be done in order to comply with the laws and regulations of major export markets and the requirements of multinational brands.

Assessment was performed to assess the adequacy of the Environmental Management System, Quality Management System & Social Compliance to meet the requirements of local regulation and international standard and buyer Code of Conduct for example ISO 9001,14001, 45001, SA 8000, BSCI, SEDEX, Bangladesh Labour law 2006, BangladeshLaborRule2015, ECA-Environmental Conservation Act 1995 and ECR-Environmental Conservation Rule 1997, Bangladesh National

Building Code 2006 and Hazardous waste and ship breaking waste management rule 2011 as well as international standards (e.g., ISO50001, ISO14001, LWG, ZDHC, etc)

## SCOPE

We will be carry out assessment of environmental, social and quality compliance with national and international requirements by following ERF guidelines and defined assessment check lists.

Major issues are mentioned below:

- I. Identify ESQ compliance gaps specific to major export markets.
- II. Analyze the underlying causes of gaps identified
- III. Propose corrective actions plan (CAP) for gaps i.e. technical, technological production process, managerial, etc.
- IV. Recommend prioritized services required for corrective actions; and equipment required for corrective actions.
- V. Based on iv, recommend the estimated cost and time required for implementation.

## COMPANY ORIENTATION

Management	
<b>Organization Chart</b>	Available (N/A)
<b>Area</b>	6700 sf (land), 40116 sf (6 storied building)
Work Practices	
<b>Production days</b>	48 hours/week
<b>Work shifts</b>	1 shift of 8 hours
Organization	
<b>Certifications</b>	Nil
<b>Products</b>	Crust Leather, Finished Leather
<b>No. of Workers</b>	119 Permanent, 20 Contractual employees
<b>Key buyer</b>	Guangzhou Light Holdings Home ray Ltd., Dongguan Zhongxin Leather Industry Ltd., Hip Hing Enterprises Co, China National Township enterprises Co Ltd., Fracopel Spa etc.

Legal Information of the Enterprise	
Company Registration	Not available
Factory Registration	21085/ DHAKA (Expired: June 30, 2021)
Fire License	License no: A/D DHAKA 34615/17 (Expired: June 30, 2021)
Trade License	001138 (Expired: June 30, 2021)
BIN/VAT ID	000587416-0403
Tax Identification No	129943423765
ECC (Environmental Clearance Certificate)	Not available
Association Membership	Bangladesh Tanners Association; Membership ID: 127

## BUILDING STRUCTURE AND FLOOR PLAN

There is one building observed. Details as follow:

### Building 01:

- Ground floor – Wet process
- 1<sup>st</sup> floor- Office, Dry process, Leather warehouse
- 2<sup>nd</sup> floor- Finishing, Selection and Packing
- 3<sup>rd</sup> floor- Chemical store, Office, Canteen
- 4<sup>th</sup> floor- Office, under construction
- 5<sup>th</sup> floor- Under construction

## PRODUCTION PROCESS

### Production step or parts concerned:

Production Process	Type of component	Internal or External Process	Name of Subcontractor
<u>Wet</u> Process (Trimming- Wet blue- (socking – liming – fleshing- deleming – vibrating- wash- pickling- Chrome, tuning) – seaming – splitting- sheaving – crust)	Leather, Chemical	Internally	N/A

<u>Dry</u> Process (setting – vacuum – hanging – dryer – vibrating staying – tabling – Trimming – hydraulic press )	Leather	Internally	N/A
Quality Control	Final product	Internally	N/A
Packaging	Final product, Poly, Carton	Internally	N/A

## PRODUCTION AND WORKING HOUR

### Production Summary:

Work Shifts		From		To	
<b>Shift 1:</b>		08:00		17:00	
Work at night	Some time	<b>Peak season months</b>		Round the year	
Weekly rest days		Friday			
Main Products	<b>Product 1</b>	<b>Product 2</b>	<b>Product 3</b>	<b>Product 4</b>	<b>Product 5</b>
<b>Product Typology of the products</b>	Crust Leather	Finished Leather	Leather Key ring, card holder, cap	Leather Shoes	Leather Jacket
<b>Production Standard Lead Time (in days)</b>		30 Days			
<b>Monthly production capacity (in pieces)</b>		Crust Leather: 75000 sft Finished Leather: 300000 sft			

## MANPOWER SUMMARY

### Manpower Summary:

BREAKDOWN OF INTERNAL WORKERS (HIRED DIRECTLY BY FACTORY)		Male	Female	TOTAL
A1.1	<b>ADMINISTRATION/SECURITY/MAINTENANCE</b>			
A.1.1.1.	Permanent	30	0	30
A.1.1.2.	Temporary	0	0	0
A.1.2.	<b>PRODUCTION SUPERVISORS</b>			
A.1.2.1.	Permanent	4	0	4
A.1.2.2.	Temporary	0	0	0
A.1.3.	<b>PRODUCTION</b>			
A.1.3.1.	Permanent	75	05	80
A.1.3.2.	Temporary	0	0	0
A.1.3.2.1.	Fixed-term contract	0	0	0
A.1.3.2.2.	Apprentices	0	0	0
A.1.3.2.3.	Casual workers	0	0	0
A.1.3.2.4.	Other	0	0	0
	<b>Grand Total</b>	109	05	114

A.2.	<b>BREAKDOWN OF EXTERNAL WORKERS</b>	Male	Female	TOTAL
A.2.1.	<b>ADMINISTRATION/SECURITY/MAINTENANCE</b>	0	0	0
A.2.2.	<b>PRODUCTION SUPERVISORS</b>	0	0	0
A.2.3.	<b>PRODUCTION</b>	20	0	20
	<b>Grand Total</b>	20	0	20

## A BRIEF OUTLINE OF THE FINDINGS

### ENVIRONMENTAL

There are total 23 non-compliance issues observed during assessment. Major non-compliances found related to, facility didn't recruit an environmental responsible person who can handle all environmental related issues in the factory. The Policy and procedure of chemical and environmental management system not yet established. Besides, the Environmental Clearance Certificate (ECC) was expired. In addition, they didn't maintain or preserve energy and fuel consumption records and yet to develop energy saving plan and actions.

### SOCIAL

There are total 39 non-compliance issues observed during assessment. Major non-compliances found related to, legal benefits, legal paid leave, working hour, missing firefighting equipment and first aid box. Moreover, facility didn't maintain any personal file. They didn't provide any training related to social compliance issues and didn't establish any policy and procedure related to social compliance. None of the workers has received job contract. There is no social compliance responsible person observed during the assessment.

### QUALITY

There are total 25 non-compliance issues observed during assessment. Major non-compliances found related to, no policy and tools established on quality management system, no calibration found for the machinery and didn't maintain any maintenance record as well. Moreover, no TNA conducted to develop the employee after recruitment process. Also there is no internal audit system and management review meeting implemented in the factory.

### TARGET EXPORT MARKET

Factory is intended to export their product to the Japan, Spain, Italy, Canada, Australia and All European Countries.

### GOOD PRACTICES

There is no significant good practice found in the facility.

## RECOMMENDATION

M/S R.K Leather Complex is a Leather manufacturing company. At present they are not in line with basic social standards aligned with local legal legislations. More improvement were necessary to make them update with Bangladesh Labor Rules 2015, Bangladesh Labor Act 2006, Bangladesh Environment Conservation Act 1995, Environmental Conservation Rules 1997, Bangladesh National Building Code 2006 and Hazardous waste and ship breaking waste management rules 2011 as well as international standards (e.g., BSCI, SEDEX, SA 8000, WRAP, ISO50001, ISO14001, LWG, ZDHC. Need to appoint Management representative as it required to ensure implementation, follow-up, assessment and for continuous improvement.

After the assessment is done, in the context of environmental assessment in this factory they have a total 23 findings. Among all findings, 16 findings could be completed by three (03) months, 2 findings could be completed by six (06) months and 5 finding could be completed by Twelve (12) months. For the social assessment, the auditors found a total 39 non-conformity. As per assessor's recommendation, among all findings, 12 findings could be completed by three (03) months, 12 findings could be completed by six (06) months and 15 finding could be done by Twelve (12) months. For the quality management system, there are a total 25 findings. Among all findings, 21 could be done by three (03) months, 4 could be done by six (06) months.

After analyzing all the circumstances, AIMCO footwear is not in a condition to meet the requirements of the trade standards. Overall it is in the backdrop position in terms of ESQ assessment. However; it's a matter of Twelve (12) months to overcome all the identified gaps if proper mitigation measures are applied. Where an estimated cost for implementing Environmental Management System, Social Compliance Standard and Quality Management System will require 26, 10,000 BDT, 24,00,000 BDT and 9,50,000 BDT respectively. A grand total is 59, 50,000 BDT.

At present, they need to establish a written manual for social, environmental and quality systems. The manual shall respect the listed laws and standards. Factory management needs to appoint a management representative as it is required to ensure implementation, follow-up, assessment, and continuous improvement. In addition to these, other major mitigation measures are mentioned below:



For Environment,

1. Factory has to obtain ISO 14001 EMS certificate
2. Factory has to conduct an environmental impact assessment (EIA)
3. Factory has to make a dedicated chemical storage.
4. Factory needs to obtain a water extraction permit and need to install water flow meter.

For Social,

1. Factory has to conduct social compliance standard audit like BSCI, SEDEX, WRAP etc.
2. Factory has to conduct a detail engineering assessment (DEA).
3. Need to obtain generator permission.
4. Need to install and maintain fire equipment, exit marking and signs.
5. Need to setup medical, canteen and dining hall.

For Quality,

1. Factory has to obtain ISO 9001 QMS certificate
2. Factory needs to recruit a competent person and conduct training.

## **B. METHODOLOGY**

The ESQ Assessment at M/S R.K Leather Complex was conducted on July 15, 2020. Some of the secondary data was acquired from the management before starting the assessment and the analysis. This was checked for its suitability for use in our assessment and certain clarifications were sought. Relevant personnel were interviewed regarding their respective areas for process details. An onsite assessment was conducted following the below mentioned processes.

*Firstly*, the assessment team consists of 03 auditors arrived in the factory at 09:30AM on July 15, 2020 and an opening meeting was held immediately after the auditors' arrival with Leather Engineer and General Manager. During opening meeting auditors explained about the assessment scopes & processes and a short presentation about the ESQ. Immediately after the opening meeting, a plant visit was conducted with factory management. Besides, a required document list was provided to the management representative and reviewed after receiving. For worker's interview, the auditors selected workers from different production processes and different age groups and carried out in group for time management. Meanwhile, during the entire assessment and interview, social distancing was maintained and ensured the use of workers and auditors face mask. *Finally*, auditors conducted a closing meeting and provided a

signed CAP to the factory management. Before this closing meeting there was a pre-closing meeting among the auditors.

Auditor conducted group interview for time management. But social distance was maintained and workers and auditors were using face mask during the interview session.

## OPENING MEETING

- Lead auditor has introduced the assessors' team' briefly explain the ERF and ESQ assessment. Assessment scope and the ESQ guideline were briefly explained to the factory management.
- Audit covering the topics: Social, Environmental and Quality
- Purpose of the assessment is to evaluate your current Environmental, Social & Quality Management System performance but in particular, the objective is to find opportunities for further improvements for readiness of export by fulfilling the requirement of international business market which was explained to the management in detail.
- Requested factory management for transparency
- Describe the audit plan: The auditor has briefly explain what will be the planning of the audit on-site (order of assessment steps: factory tour, then document review then interview for example and when the closing meeting is supposed to start) and indicate the factory's resources needed during the audit (which person to attend to document review, factory tour etc.)
- Lead auditor requested the following authorizations and explained how assessor will proceed in case of finding: The auditor has asked the factory's management if they agree to let him/her: take photographs of the factory and of required documents; the auditor has ensured the confidentiality of those documents. Auditor asked the authorization to have access to the full production site, documents and authorization to ask questions to the workers.
- The Auditor asked to arrange a confidential room to take worker interview.

- Auditor has asked if there is any precaution to take during the visit and if PPE are needed in some sections.
- Explained that the auditors will communicate issues as they arise during the audit in order to: provide additional evidence where necessary, address issues immediately and explain what can be done for improvements
- At the end of the opening meeting, the auditor requests all attendants (including the audit team) to sign the document signature-sheet.

## FACILITY TOUR

To evaluate Social, Environment, Quality and health & safety conditions and observe other practices, the auditor conducted a walkthrough of any areas where workers may be present including, but not limited to: production floors, warehouses, chemical storage units and restrooms. Photos are taken during the walkthrough to capture non-compliances and the general layout of the facility (outside view of facility's gate, buildings and name), its work floors and storage area.

## INTERVIEW

### MANAGEMENT INTERVIEW

The study has conducted several interviews with management representatives from the human resource, administration and production departments. During the interviews, discussion on different aspects regarding the documents and documentation processes were discussed.

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### WORKER INTERVIEW

There were 10 individual interviews and 4 group interviews conducted to understand the synchronization between documentation and actual practices. The interviewees were selected with balancing the gender ration as well as their service during with this facility. There were twenty two (22) respondents from women and men group has been selected based on appointment within the last 6 months, 1 year, 2 years. The diversification for selecting the respondents to understand the long time practices within the facility. Interview was conducted in empty office room without presence of the management and taken the consent of workers.

## DOCUMENTS REVIEW

Auditor has provided the ESQ documents check list facilities were requested to provide the documentation at the latest 2 hours after the opening meeting. In case the documentation has not been provided, auditors rated NO to questions related to the document review.

It has scrutinizing the policy and procedure, organizational structure, management review meeting minutes, training records for content, environmental management system, contents of developed procedures, actions taken to implement the procedures, working contract or appointment letter, building structural plan and floor lay out plans, maintenance schedule, maintenance records, detail engineering assessment, energy assessment procedure, procurement procedure, actions plan to save energy, data on energy consumption, data collection procedures, salary sheet, pay roll slip, identification card etc. Any non-provided document has led to non-compliance in the report. Original documents are required for review, nevertheless if the factory can provide only copies, the auditor will accept and won't consider as non-compliance. The facility should be required to make available the requested documentation for at least the last 12 months. Exceptions can be made for new facilities, as long as during the audit a sample of 3 months has randomly selected for the review.

## PRE-CLOSING MEETING

A pre-closing meeting was held between assessors before the closing meeting. All assessors seat and discussed about the factory practices observations, non-conformities and good practice of the factory and decided to report on CAP and explain with the factory management during closing meeting.

## CLOSING MEETING

At the end of the assessment, a closing meeting was held to discuss all the issues raised in the CAP with Md. Ismail Hosain (Leather Engineer) and with his team during the closing meeting, they agreed with all noncompliance issues.

The facility management agreed to take corrective action within the mentioned timeline as per priority and Md. Nurul Amin, signed the CAP.

## C. KEY FINDINGS AND OBSERVATIONS OF THE ASSESSMENT

### ENVIRONMENT

Immediate corrective actions , Date of CAP- 15 July, 2020		
S.N	Non-Compliance/ Findings	Root cause
1.	During provided documents scrutinize and representative interview, there is no designated or assigned staff found to be responsible for environmental issues [ISO 14001:2015, Clause 5.3].	Lack of customer monitoring, Lack of knowledge about the environmental management system and absence of the competent environmental responsible person.
2.	An Environmental Clearance Certificate (ECC) issued on 18.09 2017 has found during the documents review which has expired on 18.09.2018. However, the facility has already applied for ECC on 06.11.2019 which online application number is 69160 and waiting for issuance from Department of Environment (DoE) [ISO 14001:2015, Clause 5.2].	Lack of monitoring and absence of the competent environmental responsible person who can monitor and time to time take feedback from DoE.
3.	The facility is using two boilers which have the capacity of 1000 liters per hour, one generator 265 kV and a deep tube well. However, there is no certificates are shown by facility during the documents review [ISO 14001:2015, Clause 5.2].	Facility management was not aware about the requirement.
4.	Review of provided documents and interview with facility representative, it is revealed that facility has not developed any policy on environment. Besides, facility has not yet developed environmental procedure [ISO 14001:2015, Clause 5.2].	Lack of customer monitoring, Lack of knowledge about the environmental management system and absence of the competent environmental responsible person.
5.	There is no internal/external training procedures were found during the review of provided documents by facility. Similarly, there were no training plan and	Lack of customer monitoring, absence of the competent environmental responsible person who can develop the training materials.

	records also found for developing the awareness on environment.	
6.	The facility has not developed the Environmental Management System (EMS) yet, therefore, there were no values and aims including procedures either in English and translated in Bangla (local language) on environmental aspects and impacts (e.g., raw materials, was reuse, recycle, and reduce, energy efficiency etc.) [ISO 14001:2015, Clause 6.2.1].	Lack of customer monitoring, Lack of knowledge about the environmental management system and absence of the competent environmental responsible person.
7.	Management interview disclosed that, there was no purchasing policy has been found, which considers environmental aspects, i.e. aims at reducing negative environmental impact [ISO 14001:2015, Clause 4.4].	Management was not aware not about the requirement.
8.	The heating machines were found working in good condition during the field visit. However, there was no maintenance procedure and records as well as corrective and preventive actions. Moreover, the duties and responsibilities of heat machine operating person were not found to be defined [ISO 14001:2015, Clause 8.1].	Absence of the competent responsible person who can set the duties and responsibilities. Lack of awareness of the maintenance department, as management didn't set any requirement for them. Lack of stakeholders and top management understanding and monitoring.
9.	The duties and responsibilities of machine operating persons were not found. In addition, there was no maintenance procedure and records, corrective and preventive actions of these machines found [ISO 14001:2015, Clause 8.1].	Absence of the competent responsible person who can set the duties and responsibilities. Lack of awareness of the maintenance department, as management didn't set any requirement for them. Lack of stakeholders and top management understanding and monitoring.
10.	Facility is using the electricity and supply water from BSCIC and extracting ground water. However, it does not maintain or preserve any energy, diesel and water resource consumption records rather than keeping records of bills. Besides,	Local of customer doesn't bother about such requirements. So, top management didn't recruit anyone who has the competency to keep such records.

	management interview revealed that, facility has no energy assessment procedure in place to reduce energy consumption [ISO 14001:2015, Clause 9.1.1, and ISO 50001].	
11.	There is no responsible staff to conduct quantitative analysis of energy consumption data and not practicing currently at this facility. Moreover, interviewing management representative added to develop a water consumption reduction procedure or strategy which will reduce almost one-third of requirements [ISO 14001:2015, Clause 5.3].	Absence of the competent environmental responsible person, who can implement and plan such things to reduce water consumption. As factory has lack of budget.  Such installation required a good amount of money. Management doesn't have that much.
12.	Representative from management claimed to have and maintain a record of raw materials which is in their Dhaka head office. However, there was no policy and procedure on control and reduction of raw material usage found. In addition, there was no operating procedures and work instructions to control and reduce raw material usage in the relevant departments/sections also been found. Moreover, there was no internal communication methods (posting, training etc.) are effective in reducing raw material consumption was been observed during the field visit [ISO 14001:2015, Clause 9.1.1; ISO 50001].	Absence of the competent environmental responsible person who can establish and implement the policy and procedure.  Lack of budget to recruit the person.
13.	Facility has no written policies or procedures in place to segregate, store and transport the generated solid wastes [ISO 14001:2015, Clause 8.1].	Absence of the competent person who can establish and implement the policy and procedure.
14.	The factory has not been maintaining water consumption record. The location of flow meter has not been documented and defined at the facility to record water	Absence of the competent environmental responsible person who can analyze the data.  And lack of budget to recruit the person.

	inflows. Moreover, facility did not analyze quantitative data of water consumption [ISO 14001:2015, Clause 8.1].	
15.	The major chemicals using by this facility like degreasing agent, formic acid, sodium sulfate, oxalic acid, fungicide, sodium format etc. During documentation review it is observed that facility has not established chemical handling procedure or written policies or procedures in place to manage chemical waste transportation [ISO 14001:2015, Clause 8.1].	Absence of the competent person who can establish and implement the policy and procedure. Lack of training and awareness among the chemical handler.
16.	Documentation review reflects that facility acknowledges chemical consumption and record in a registrar book. Facility has separate chemical storing rooms with maintaining proper storage distance. However, the safe handling procedure especially during use not maintains. As well, during factory visit, MSDS of all chemicals were not found. Moreover, during the factory visit no chemical spillage kit were been found close to chemical storage. Besides, it does not conduct regular and periodic training on chemical handling, storage, and disposal [The Bangladesh Labor Rules, 2015, Chapter-5, Section-58 (1)(7)(10), Chapter-6, Section-67(3)]. ISO 14001:2015, Clause 8.1].	Lack of knowledge and training about the chemical management system. Lack of stakeholders monitoring.

Short-term corrective actions , Date of CAP- 15 July, 2020		
S.N	Non-Compliance/ Findings	Root cause
17	The facility has not carried out any Environmental Impact Assessment (EIA) to identify the significant impacts associated with the different activities as well as their potential impacts on human, different spheres (atmosphere, hydrosphere and lithosphere), plants and animals [ISO	Absence of the competent environmental responsible person who can establish and implement the policy and procedure. Lack of budget to recruit the person. Lack of budget to conduct EIA from 3 <sup>rd</sup> party.



	14001:2015, Clause 6.1.1; ECR, 1997].	
18	The documents review as well as direct facility visit has revealed that there was no noise pollution assessment or inspection has been conducted for its high noise generating machinery and factory surrounding area [ECR, 1997, under rule 12].	Lack of budget, they couldn't take the necessary action.

Long-term corrective actions, Date of CAP- 15 July, 2020		
S.N	Non-Compliance/ Findings	Root cause
19.	Facility has not any renewable/clean energy (in particular wind, solar) sources at their premises [ISO 14001:2015, Clause 6.2.2].	Lack of budget to implement such technology to reduce energy consumption
20.	Documentation review finds that facility does not monitor any air emission test [ECR, 1997, under rule 12].	Lack of budget to conduct such assessment.
21.	There are many electric appliances were found to be placed without safety measures. As well, there are many loose wires, joint wires; hanging and wires were found in ground floor [The Bangladesh Labor Rules, 2015, Chapter-5, Section-58 (1)(7)(10)].	Lack of routine maintenance and budget for proper insulation and installation of the electric wires.
22.	Interviewing management representative as well as field visit, there were no alternative water collection (e.g., rain water harvesting) and use sources (e.g., grey water recycling) identified. Besides, there facility did not maintain water consumption record and did not develop any water consumption reduction strategy [ISO 14001:2015, Clause 8.1].	Absence of the competent environmental responsible person, who can implement and plan such things to reduce water consumption. As factory has lack of budget. Such installation required a good amount of money. Management doesn't have that much.
23.	Most of the windows were found to be insulated or closed during the direct field visit. Besides, there was no exhaust fans found in different floors [The Bangladesh Labor Rules, 2015, Chapter-5, Section-58 (1)(7)(10)].	Lack of budget to install exhaust fan

## SOCIAL

Immediate corrective actions, Date of CAP- 15 July, 2020		
S.N	Non-Compliance/ Findings	Root cause
1.	It was noted through management interview that, facility didn't maintain personal files for the workers. They only maintain one file with workers age proof documents (BLR 2015, Sec-34).	Lack of stakeholders monitoring Factory management not aware about the workers personal file keeping and there is no competent person who can do this work.
2.	It was noted through floor visit that, facility has no first aid box. first aiders are not available at production floor (BLR 2015 Sec 76 and BLC 2006 Sec 89)	Lack of budget to provide first aid boxes. Lack of knowledge about first aid requirement. Lack of Stakeholders monitoring
3.	It was observed during management interview that, facility didn't conduct social compliance training	There is no social compliance responsible person in the factory who can conduct the training.
4.	It was observed during workers and management interview that, facility didn't provide pay slip to the workers (BLR 2015, Sec 111 sub sec 2).	Factory management not aware about the local legal requirement that, it is mandatory to provide pay slip to the workers.
5.	It was observed during management interview that, workers didn't receive appointment letter (BLC 2006 Sec 05)	Factory management not aware about the local legal requirement that, it is mandatory to provide job contract and there is no stakeholders monitoring.
6.	It was noted through management interview that, facility didn't recruit social compliance responsible person.	Lack of budget to hire a competent responsible person
7.	Facility didn't establish anti-discrimination, force labor, disciplinary action, working hour, leave policy and procedure, child labor, child labor remediation, young workers engagement, freedom of association and collective bargaining policy and procedure.	There is no social compliance responsible person in the factory, who can establish and communicate the policy.
8.	It was observed during management	Factory management not aware about

	interview that, fire drill not yet conducted by the facility. (BLR 2015, Sec 55)	the local legal requirement that, it is mandatory to conduct fire drill.  There are no stakeholders monitoring.  Moreover, there is no social compliance responsible person who can take responsibility to conduct the drill.
9.	It was observed during floor visit that, No entry restriction and danger sign with the electric panel, boiler room, generator room, chemical and sub-chemical room. (BLR 2015, Sec 58 (1))	Facility management not aware about the requirement.
10.	It was observed during management interview that, facility doesn't have fire fighters (BLR 2015, Sec 55).	Factory management not aware that, it is legal requirement to train workers as a fire fighter.  There is no social compliance responsible person in the factory who can arrange the training.
11.	It was observed during management interview that, facility didn't conduct occupational health and safety, firefighting and PPE training to the workers.	There is no social compliance responsible person in the factory who can arrange the training.
12.	It was noted through management interview that, facility didn't maintain leave records for the workers. (BLR 2015 Sec 24)	Facility management not aware about the leave records

Short-term corrective actions, Date of CAP- 15 July, 2020		
S.N	Non-Compliance/ Findings	Root cause
13.	It was observed during management interview that, facility didn't conduct any engineering assessment, DEA from 3 <sup>rd</sup> party.	Lack of budget to conduct such assessment.
14.	Management interview revealed that, facility doesn't have procedure for disable workers, new and expectant mother, trauma, major illness, and transmittable diseases.	There is no competent person who can establish, implement and communicate the policy and procedures.
15.	Management interview revealed that, temperature monitoring facility not available in the production floor.	Lack of budget to buy equipment and conduct the test from 3 <sup>rd</sup> party.

	Moreover, facility didn't install exhaust fan in the production floor.	
16.	It was observed during management and workers interview that, no participation committee available in the factory.	Management has no idea about the requirement of Participation Committee.
17.	It was observed during management interview that, facility has no health and safety committee.	Management has no idea about the requirement of health and safety committee.
18.	Management interview revealed that, Facility has no grievance policy and committee inside the facility. Complaint/suggestion boxes are not found in confidential area. Facility has no complaint register.	Factory management was not aware about the grievance mechanism and there is no competent person who can establish it.
19.	Management interview revealed that, facility didn't conduct risk analysis for the production process.	There is no competent person who can do the risk assessment.
20.	It was revealed during management interview that, facility didn't maintain machine and electrical maintenance record.	The maintenance department was not aware about it and management didn't set the requirement.
21.	It was revealed during management interview that, facility didn't test drinking water.	Management not aware about the requirement and there is no stakeholder monitoring that, they feel pressure to do it.
22.	It was observed during floor visit that, housekeeping system is not organized. (BLC 2006, Sec 62 sub sec 6 and BLR 2015, Sec 59)	Lack of stakeholders and top management monitoring. Lack of training of the production people
23.	Management review disclosed that, factory use contract workers. Agreement not available with the contractor. Personal files are not available for the contractual workers. None of the workers are receiving any legal benefit.	Lack of training and aware of the management. Lack of compliance personnel who can take this responsibility.
24.	Workers interview disclosed that,	Factory management not aware about

Workers are not receiving one day off after 6 consecutive day work.  Workers are doing (8.00am-8.00pm) 12 hours mandatory work. But they are not receiving over Time payment for 3 hours.	the legal requirement
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Long-term corrective actions, Date of CAP- 15 July, 2020		
S.N	Non-Compliance/ Findings	Root cause
25.	It was revealed during management and workers interview that, facility has not yet provided salary for the Month of June (Today 15-07-20). Facility doesn't provide salary within 7 working days (BLC 2006 Sec 123).	Factory management not aware about the legal time limit
26.	Document review disclosed that, salary sheet only contain basic/net salary, designation and present day. But break down of the salary, absent deduction, OT, Grade etc. not mentioned in the salary sheet (BLR 2015, Sec- 111 (38)).	Factory management has not enough knowledge about the minimum wage and the format of salary sheet.
27.	Management interview disclosed that, facility didn't conduct the test for lux, air emission and noise level (BLR 2015, Sec-49, The Environment Conservation Rules, 1997, Schedule-2 & 4.	Facility doesn't have enough budgets to conduct such test from the 3 <sup>rd</sup> party.
28.	It was observed during management interview that, facility has no social insurance (BLC 2006, Sec-99).	Factory management not aware about the social insurance. Lack of budget to introduce this type of program.
29.	It was revealed during management interview that, facility management didn't arrange health examination for the workers exposed to hazardous environment (BLC 2006, Sec 79 (C)).	Lack of budget to conduct the test and management was not aware about it.
30.	It was revealed during management interview that, facility didn't provide service benefit to the resigned workers (BCL 2006 Sec 22, 26, 27).	Management not aware about the requirement.  Lack of stakeholders monitoring
31.	Document review disclosed that,	Factory management doesn't have enough knowledge that they need to

	<p>i. Trade license expired on 30-06-2020</p> <p>ii. Factory license expired on 30-06-2020</p> <p>iii. Fire license expired on 30-06-2020 and it doesn't cover 40116 sqf.</p> <p>iv. Existing approved floor layout plan only contains ground-2<sup>nd</sup> floor. But they didn't take approval for 3<sup>rd</sup>-5<sup>th</sup> floor.</p> <p>v. EPB license expired on 30-06-20.</p> <p>vi. IRC expired on 30-06-19. But they have applied On 2019. Due to the system up gradation the delay is happening from the IRC authority.</p> <p>viii. ERC expired on 30-06-20</p> <p>ix. BTA certification expired on 31-12-2019.</p> <p>x. Facility has no generator and boiler license.</p>	<p>avail the certificates on time.</p>
<b>32.</b>	<p>It was observed during floor visit that,</p> <p>i. facility has not yet installed fire extinguisher, fire hose pipe, emergency light, fog light, Smoke detector, PA system.</p> <p>ii. Facility has secondary staircase. But one staircase not connected with the roof top.</p> <p>iii. Facility has two emergency exits. But one exit found locked.</p> <p>iv. No aisles mark, exit signs, arrows and directions in the production floor.</p> <p>v. Evacuation plan not available (BLC 2006 Sec 62, BLR 2015 Sec 55, BLC 2006 Sec 57, BNBC 2006).</p>	<p>Lack of budget to provide the equipments.</p>
<b>33.</b>	<p>It was observed during floor visit,</p> <p>i. No safety precautions taken with the electric panels, DB board (no safety instructions, PPE, ebonite sheet).</p> <p>ii. Broken switch, loose wire found in production floor</p>	<p>Lack of budget for proper insulation and safe precaution.</p>

	(BLR 2015 Sec 58 sub sec 7)	
34.	Management interview revealed that, Overtime payment didn't calculate double of basic (BLC 2006 Sec 118).	Management not aware about the legal requirement.
35.	Document review revealed that, facility maintains a register to record the working hour. But in and out time not mentioned on the register. Facility only mention "present" in the register.	Management not aware about the proper working hour recording system and lack of budget to install automatic time recording system.
36.	It was revealed during management interview that, facility didn't implement maternity benefit system. (BLC 2006, Sec 46)	Factory management was not aware about the maternity benefit
37.	Facility didn't provide increment as per legal law. Management stated that, they provide increment based on workers performance. (BLR 2015, Sec-99 and BLC 2006, Sec 100)	Lack of knowledge about the legal law.
38.	It was revealed during facility tour that, worker's dining and canteen was in under construction. (BLC 2006 Sec 93, 94)	Construction going on for the dining and canteen.
39.	It was revealed during management interview that, facility deduct the absent money from gross instead of basic. (BLR 2015, Sec- 111 (38))	Lack of knowledge about the legal law.

## QUALITY

Immediate corrective actions, Date of CAP- 15 July, 2020		
S.N	Non-Compliance/ Findings	Root cause
1.	Scrutinizing the documents has revealed that this facility has not adopted any quality policy yet with demonstrating its mission, vision and objectives (Clause 5.2.1, ISO 9001: 2015).	Management is not aware about the quality policy and they do not have any competent person, who can establish, implement and communicate the policy.

2.	It has come into observation that the facility does not conduct any internal check on the factories' quality issues and not maintaining any documentation on it (Clause 7.1.5.2, ISO 9001: 2015).	Customer doesn't want any documents. No requirements set by the management for maintaining documentation to the quality department. Because management didn't aware about the positive impact to maintain the documentation
3.	It was observed during the document review that facility does not develop any documented quality management system or tools (Clause 6.2, ISO 9001: 2015).	Lack of knowledge on quality management system or tool.
4.	During documentation review it was found that no quality assurance steps maintaining in the quality management system. (Clause 5.2.1, ISO 9001: 2015; Clause 8.2.4, ISO 9001: 2015)	Management and quality staffs were not aware about the system.
5.	During interview and documentation review it was observed that facility did not develop quality management philosophy that's why employees including managers, supervisors and production workers were not aware of Quality management philosophy. (Clause 9.2.1, ISO 9001: 2015)	Lack of competent person who can develop quality management philosophy and communicate the documents.
6.	Scrutinizing the documents on the organizational structure, it has not establish an effective organizational structure which can clearly defined roles, responsibilities and reporting structures in terms of quality. (Clause 5.3, ISO 9001: 2015)	Management is not aware about documented organizational structure.
7.	It was observed that facility has not developed any quality tools as well as maintain any machine maintenance record and schedule. It is also observed that facility does not conduct any calibration for its machinery (Clause 7.1.5.2, ISO 9001: 2015).	There is no requirement set by the management for quality department. As they are not aware about the record keeping system.
8.	Facility does not conduct any skill test before appointing any managers or supervisors to manage workers to monitor the quality inspection. (Clause	Management is not aware about the skill test and TNA



	7.2, ISO 9001: 2015)	
9.	During documentation review and worker interview it has observed that the factory does not taken any initiatives to develop their worker through worker development program, or regular training regards to quality. (Clause 7.2, ISO 9001: 2015)	There is no competent person who can train the workers.
10.	Documentation review reflects that facility has no quality team. Management interview revealed that there is a quality control specialist works with this facility on demand basis. This specialist design and manage all quality aspects for an article. However, there is no appointment or contract letter is found between them. (Clause 5.3, ISO 9001: 2015)	Management didn't hire quality team, as they have lack of budget.
11.	Documents review reflects that factory does not conduct pre-production and after delivery assessment meeting. (Clause 8.5.1, ISO 9001: 2015)	They are doing work as traditional way. They save time to not conducting the meeting.
12.	During documentation review and floor visit it was observed that factory does not have any written production method, working instruction and training record. (Clause 6.2.2, ISO 9001: 2015).	There is no competent person who can maintain the records.
13.	Documentation review reflects that factory does not identified and classified quality parameter. (Clause 6.1.1, ISO 9001: 2015)	Management not aware about the requirement.
14.	Factory does not implement any modifications in the production process to reduce the defect rate. (Clause 8.2.4, ISO 9001: 2015).	Management didn't implement the system as there is no requirement set by the customer.
15.	During documentation review it is observed that factory does not develop any quality manual. (Clause 4.4.2, ISO 9001: 2015).	Management didn't hire quality team, as they have lack of budget.
16.	Management interview reflects that facility normally conducts quality inspection for incoming goods, inline,	There is no requirement set by the management for quality department. As they are not aware about the record

	final inspection, packing but they do not maintain any record on it. During assessment it was observed that facility has no procedure, quality tools, and acceptance criteria for quality inspection. (Clause 4.3, ISO 9001: 2015).	keeping system.
17.	During documentation review it was observed that facility did not identify the acceptance criteria for quality parameter in quality tools. (Clause 4.3, ISO 9001: 2015).	There is no customer monitoring and demand, so management didn't set any criteria.
18.	Documentation review reflects that Facility does not determine test criteria at each production step.	There is no customer monitoring and demand, so management didn't set any criteria for test.
19.	Documentation review reflects that facility has no inspection plan. (Clause 4.3, ISO 9001: 2015).	There is no requirement by the management for the quality departments, as customer didn't ask for it.
20.	Documentation review observed that facility yet not develops any method to handle rework. (Clause 8.2.4, ISO 9001: 2015)	Management is not aware about the method.
21.	Interview with management and documentation review reflects that facility yet not implement any potential improvement in the Quality Management System. (Clause 9.1.3, ISO 9001: 2015).	Lack of the competent person who can improve the Quality Management System.

Short-term corrective actions, Date of CAP- 15 July, 2020		
S.N	Non-Compliance/ Findings	Root cause
22.	During documentation review and management interview it was observed that facility yet not conducted any internal audit or develop any procedure or schedule on it. As well as facility was not maintaining any documented procedure to identify root cause of analysis or corrective and preventive action plan. (Clause 4.4.2, ISO 9001: 2015)	Lack of competent person who can develop the manual.
23.	Documentation review reflects that factory does not defined quality	Management and quality department not aware about the requirement.

	inspections, testing method and handling procedures. (Clause 7.2, ISO 9001: 2015; Clause 4.4.2, ISO 9001: 2015).	
24.	During factory visit it was observed poor housekeeping is located in all over the factory. (Clause 6.4, ISO 9001: 2015)	Lack of stakeholders and top management monitoring. Lack of training of the production people
25.	During documentation review it was revealed that facility has no continuous improvement system to review and redesign the work processes with the aim of eliminating defects and delays. During field visit it was observed that facility has defect catalogue with handling advice.	Management and quality department not aware about the requirement.

## D. KEY RECOMMENDATIONS

The following recommendations have been developed to the facility in relation to the local legal legislations along with international standards. We are very much optimistic that, this improvement plan is very much feasible for “M/S. R.K. Leather Complex” in long run business endeavor.

## ENVIRONMENTAL

### Recommended Immediate Corrective Actions:

Immediate Recommended corrective actions , Date of CAP- 15 July, 2020					
S.N	Recommendations	Necessary services	Equipment's	Estimated cost (BDT)	Time Scale
1	Facility shall appoint a designated staff responsible for environmental issues and he/she will responsible for environment and will also accountable for creating the awareness on local environmental legislation to other staff [ISO 14001:2015, Clause 5.3].	Manpower	N/A	30,000/	Nov-2020

2	The facility shall have its ECC as soon as possible as if meet the obligatory compliance requirements for the international buyers [ISO 14001:2015, Clause 5.2].	Consultancy Support	N/A	50,000/	Nov-2020
3	Facility shall collect the assessment on boilers and generator and collect certificate as soon as possible [ISO 14001:2015, Clause 5.2].	3 <sup>rd</sup> party assessment	N/A	200,000/	Nov-2020
4	The facility shall prepare environmental policy identifying with specific objectives, targets and goal regarding the environmental issues. In addition, facility shall establish an environmental procedure to communicate with the staffs. Besides, these policies and procedures should be reviewed on regular basis for enhancing employees' awareness. Moreover, the facility needs to provide training on environmental policy to the staff along with pasting and hanging on notice board in local language for making it publicly available and understandable [ISO 14001:2015, Clause 5.2].	Consultancy	N/A	300,000/	Nov-2020
5	Facility shall develop training procedure, training manual, and training calendar as well as conduct environmental awareness training on regular basis. Training record should be documented and will carry content, participants list, and photo as the future evidence.	Training and awareness	Projector and training materials	50,000/	Nov-2020
6	Facility shall develop Environmental Management System (EMS) including values and aims and should review it regularly. The revision of EMS procedures thereby will be enhanced and updated with the contemporary and relevant environmental legislations [ISO 14001:2015, Clause	Guidance and training	N/A	200,000/	Nov-2020

	6.2.1].				
7	Facility shall develop a procurement procedure considering the environmental aspects i.e. aim at reducing negative environmental impact [ISO 14001:2015, Clause 4.4].	Consultancy	N/A	Ref-to-SL#4	Nov-2020
8	Facility shall establish maintenance procedure and records as well as corrective and preventive actions [ISO 14001:2015, Clause 8.1].	Consultancy	N/A	Ref-to-SL#4	Nov-2020
9	Facility shall develop maintenance procedures (maintenance schedule, defined duties and responsibilities, maintenance records), corrective and preventive actions for maintenance procedures, maintenance record etc. [ISO 14001:2015, Clause 8.1].	Consultancy	N/A	Ref-to-SL#4	Nov-2020
10	Facility shall establish energy assessment procedure place to reduce energy consumption. In addition, facility shall maintain energy and fuel consumption record in monthly basis and will analyze energy consumption data [ISO 14001:2015, Clause 9.1.1, and ISO 50001].	3 <sup>rd</sup> party energy assessment	N/A	200,000/	Nov-2020
11	The facility shall assign a responsible person who will record and analyze the quantitative data of energy consumption to develop energy consumption scenarios as well as consumption reduction plan. Besides, facility shall establish the water consumption reduction procedure with primarily testing in this facility and will adopt permanently with continuous improvement for the future [ISO 14001:2015, Clause 5.3].	Consultancy	N/A	Ref-to-SL#4	Nov-2020
12	Facility shall develop procedure to reduce major raw material consumption. In addition, there will be taken in accounts for internal		N/A	Ref-to-SL#4	Nov-2020

	communication methods (posting, training etc.) to reduce raw material consumption [ISO 14001:2015, Clause 9.1.1; ISO 50001].	Consultancy			
<b>13</b>	Facility will develop policies or procedures regarding the waste management issue and it should be in place to manage waste transportation [ISO 14001:2015, Clause 8.1].	Consultancy	N/A	Ref-to-SL#4	Nov-2020
<b>14</b>	The facility will maintain the water consumption records. As well, the facility is advised to define and document its location and analyze the monthly water consumption data ISO 14001:2015, Clause 8.1].	Consultancy	N/A	Ref-to-SL#4	Nov-2020
<b>15</b>	Facility will develop policies or procedures regarding the waste management issue and it should be in place to manage waste transportation [ISO 14001:2015, Clause 8.1].	Consultancy	N/A	Ref-to-SL#4	Nov-2020
<b>16</b>	Facility will develop chemical inventory identifying with chemical consumption record. In addition, it shall collect and preserve all MSDS for all of its chemicals. Beside, facility shall ensure chemical spillage kit close to chemical storage. As well, facility shall maintain proper documentation (training schedule, content, list of participants, trainer(s), photos, soft/hard copies) on training records of chemical handling, storage, and disposal [The Bangladesh Labor Rules, 2015, Chapter-5, Section-58 (1)(7)(10), Chapter-6, Section-67(3)]. ISO 14001:2015, Clause 8.1].	Consultancy	N/A	Ref-to-SL#4	Nov-2020

### **Recommended Short-term Corrective Actions:**

Short-term Recommended Corrective Actions, Date of CAP- 15 July, 2020					
S.N	Recommendations	Necessary services	Equipmen t's	Estimated cost (BDT)	Time Scale
1.	Facility shall Conduct an EIA identifying the significant impacts and environmental implications associated to its activities based on the Environment Conservation Act, 1995 (ECA 1995) and Environmental Conservation Rules 1997 (ECR 1997). In addition, the facility has not classified the factory based on ECR 1997 [ISO 14001:2015, Clause 6.1.1; ECR, 1997].	EIA from 3 <sup>rd</sup> party	N/A	200,000/	Jan-2021
2.	Facility will conduct noise inspection for its high noise generating machinery, production floor and factory surrounding area [ECR, 1997, under rule 12].	3 <sup>rd</sup> party inspection	NA	50,000/	Jan-2021

### **Recommended Long-term Corrective Actions:**

Long-term Recommended Corrective Actions, Date of CAP- 15 July, 2020					
S.N	Recommendations	Necessary services	Equipmen t's	Estimated cost (BDT)	Time Scale
1.	Facility will install solar panel so that 7% of total energy comes from renewable energy [ISO 14001:2015, Clause 6.2.2].	Installation of Solar panel	Solar panels, wire etc	600,000/	Sep-2021
2.	Facility shall conduct air emissions (stack emissions - generators, inside production floor, outside premises) test once in a year or according to the ECC recommendation [ECR, 1997, under rule 12].	Air emission test by 3 <sup>rd</sup> party	N/A	30,000/	Sep-2021
3.	Facility shall ensure the insulation system of all types wires in each and every floor during all processes.	Insulation and installation	Cables, wire etc	100,000/	Sep-2021

	Besides, it is recommended to develop documents related to electrical insulation maintenance records as well as routine checking of electrical wirings, electrical substations, power hours, electrical sub distribution boxes, loose wires, broken switches, joint wires, hanging wires, etc. on regular basis [The Bangladesh Labor Rules, 2015, Chapter-5, Section-58 (1)(7)(10)].	of cable, wire and electrical equipments			
4.	Factory shall develop water saving procedure to reduce water consumption. In this case, facility will install rain water harvesting system as an alternative water source. As well, facility will develop water consumption inventory with keeping record and analyze them as well as develop a saving procedure to reduce water consumption [ISO 14001:2015, Clause 8.1].	Installation	Installation of rain water harvesting	300,000/	Sep-2021
5.	Facility shall ensure the proper ventilation system with opening up the windows [The Bangladesh Labor Rules, 2015, Chapter-5, Section-58 (1)(7)(10)]	Installation of exhaust system	Exhaust fans and wires	300,000/	Sep-2021

## SOCIAL

### Recommended Immediate Corrective Actions:

Immediate Recommended corrective actions, Date of CAP- 15 July, 2020					
S.N	Recommendations	Necessary services	Equipment's	Estimated cost (BDT)	Time Scale
1.	Facility shall ensure all the legal prescribed documents are available in the personal files.	Consultancy	N/A	N/A	Nov-2020
2.	Facility shall conduct fire drill and record it as per legal law.	N/A	N/A	50,000/	Nov-2020
3.	Facility shall conduct training on	Training	Projector,	200,000/	Nov-2020



	social compliance.		Training materials		
4.	Facility shall provide pay slip to all the workers.	Consultancy	N/A	N/A	Nov-2020
5.	Facility shall provide appointment letter to all the employees.	N/A	N/A	N/A	Nov-2020
6.	Facility shall appoint a social compliance representative.	Manpower	NA	30,000/	Nov-2020
7.	Facility shall establish anti-discrimination, force labor, disciplinary action, working hour, child labor, child labor remediation, young workers engagement, freedom of association and collective bargaining policy and procedure and it should be communicated with the employees.	Manpower	N/A	N/A	Nov-2020
8.	Facility shall provide adequate first aid materials and train first aiders in production floor.	Buy first aid material and box	Medicines, kits, boxes	50,000/	Nov-2020
9.	Facility shall ensure entry restriction/danger sign with all the hazard areas.	Installation of signage	Signage	100,000/	Nov-2020
10.	Facility shall ensure the sufficient fire fighters present in the premises.	N/A	N/A	N/A	Nov-2020
11.	Facility shall provide occupational health and safety, Fire, and PPE training to the workers and the training should be recorded.	Consultancy	Projector and training material	50,000/	Nov-2020
12.	Facility shall maintain leave records for their workers.	N/A	First aid boxes, medicines and kits	50,000/	Nov-2020

### **Recommended Short-term Corrective Actions:**

Short-term Recommended corrective actions, Date of CAP- 15 July, 2020					
S.N	Recommendations	Necessary services	Equipment's	Estimated cost	Time Scale
1.	Facility shall ensure stability certificate, DEA for the structure.	Building inspection by 3rd party	N/A	300,000/	Jan-2021
2.	Facility shall establish procedure for disable workers, new and expectant mother, trauma, major illness, and transmittable diseases.	Consultancy	N/A	100,000/	Jan-2021
3.	Facility shall monitor the temperature regularly and maintain the record properly. Moreover, they need to install the exhaust fan in production floor.	N/A	temperature monitoring meter	80,000/	Jan-2021
4.	Facility shall establish a Participation Committee prescribed by legal law.	Consultancy	N/A	100,000/	Jan-2021
5.	Facility shall establish a health and safety committee prescribes by legal law.	Consultancy	N/A	Ref-To-SL#4	Jan-2021
6.	Facility shall establish a grievance mechanism and communicate with the employees.	Consultancy	N/A	Ref-To-SL#4	Jan-2021
7.	Facility shall perform the risk analysis for the production process and communicate with the workers	Consultancy	N/A	N/A	Jan-2021
8.	Facility shall keep all the records related to electrical and machines.	Consultancy	N/A	N/A	Jan-2021
9.	Facility shall provide potable drinking water and the drinking water test shall be performed as per legal time limit.	3rd party test	N/A	90,000/	Jan-2021
10.	Facility shall maintain proper housekeeping system.	Manpower	N/A	N/A	Jan-2021
11.	Facility shall maintain all the documents for contractual workers.	Manpower	N/A	N/A	Jan-2021

12.	Facility shall ensure all workers are received one day off after 6 consecutive day work. Moreover, OT should be voluntary and if workers allow to do OT, then they should be paid double of basic.	N/A	N/A	N/A	Jan-2021
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#### **Recommended Long-term Corrective Actions:**

Long-term Recommended corrective actions, Date of CAP- 15 July, 2020					
S.N	Recommendations	Necessary services	Equipment's	Estimated cost	Time Scale
1.	Facility shall provide salary within 7 working days.	N/A	N/A	N/A	Sep-2021
2.	Facility shall ensure all required information are mentioned in the salary sheet.	N/A	N/A	N/A	Sep-2021
3.	Facility shall test lux, air emission and noise level	3rd party assessment	N/A	300,000 /	Sep-2021
4.	Facility shall ensure social group insurance for all the employees.	N/A	group insurance	100,000 /	Sep-2021
5.	Facility shall ensure health examination for the workers exposed to hazardous environment.	Health examination by outside hospital	N/A	200,000 /	Sep-2021
6.	Facility shall provide service benefit to the workers as per legal law.	N/A	N/A	N/A	Sep-2021
7.	Facility shall ensure all legal licenses must be in place to run the operation.	N/A	Legal Requirement	300,000 /	Sep-2021
8.	Facility shall ensure all the fire detection and protection system are properly installed. Also they need to the safe evacuation of the workers. So that, secondary staircase needs to be connected with the roof top, aisles marks	Installation of Fire hose pipe, fire extinguisher, emergency light, fog light, Smoke	Fire hose pipe, fire extinguisher, emergency light, fog light, Smoke detector, PA	20,00,000 /	Sep-2021

	needs to be provided and all emergency exit must be unlocked.	detector, PA system, reconstruction of secondary staircase	system		
9.	Facility shall ensure all electrical equipment are safe.	N/A	N/A	N/A	Sep-2021
10.	Facility shall ensure the overtime payment is done double of basic.	N/A	N/A	N/A	Sep-2021
11.	Facility shall ensure the automatic and transparent time recording system to all the employees.	Installation of automatic time recording system	Finger/punch card	100,000 /	Sep-2021
12.	Facility shall implement maternity benefit for the female workers.	N/A	N/A	N/A	Sep-2021
13.	Facility shall ensure the workers are received increment of their every work anniversary as per law.	N/A	N/A	N/A	Sep-2021
14.	Facility shall ensure the money is deducted from basic.	N/A	N/A	N/A	Sep-2021
15.	Facility shall provide dining and canteen to the workers	N/A	dining and canteen	200,000 /	Sep-2021

## QUALITY

### Recommended Immediate Corrective Actions:

Immediate Recommended corrective actions, Date of CAP- 15 July, 2020					
S.N	Recommendations	Necessary services	Equipment's	Estimated cost (BDT)	Time Scale
1.	It is recommended to develop quality policy with clearly stating its vision and mission. In addition, the communication on these issues shall be in a way so that the employees are aware on it [ISO 9001].	Consultancy	N/A	300,000/	Nov-2020

2.	It is strongly advised that the facility will maintain its internal check regularly on the factory's quality issues. As well as will check all quality related documents regular basis by the senior management representative. [ISO 9001]	Consultancy	N/A	Ref-To-SL#1	Nov-2020
3.	Facility shall develop a manual on quality management system as well as quality tools e.g. inspection instructions, checklists, records of inline reworks and rejects, records of root cause analysis of reworks and rejects, records of corrective and preventive actions etc. [ISO 9001]	Manpower and guidance	N/A	Ref-To-SL#1	Nov-2020
4.	Facility will develop steps of quality assurance (e.g. Q- Planning, Q- Inspection, Q-Control, Q-Promotion) in quality management system. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Nov-2020
5.	Facility will develop quality management philosophy and an effective internal communication method e.g. training, posturing in locale language etc. so that they facility aware managers, supervisors and production workers about quality management philosophy. [ISO 9001]	Training and awareness	N/A	50,000/	Nov-2020
6.	Facility shall develop an organogram and job descriptions for all personnel with clarifying the duties and responsibilities. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Nov-2020
7.	It is strongly recommended to the facility to develop its quality tools in the shortest period time. As well as facility shall conduct and maintain machine calibration record and machine maintenance records as per schedule [ISO 9001].	N/A	machine calibration	300,000/	Nov-2020

<b>8.</b>	Facility shall conduct skill test before appointment to choose capable and skilled managers/ supervisors to manage workers to monitor the quality inspection. Facility will also conduct TNA and arrange training to improve them continuously [ISO 9001].	N/A	N/A	Ref-To-SL#1	Nov-2020
<b>9.</b>	Facility shall develop an effective skill matrix and identify the TNA to find out the scope of the area of development to implement those [ISO 9001].	N/A	N/A	Ref-To-SL#1	Nov-2020
<b>10.</b>	Facility will establish effective internal quality audit team with clearly defined job functions, roles, responsibilities and reporting structure. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Nov-2020
<b>11.</b>	Facility will maintain pre-production meeting and after delivery assessment meeting will maintain proper records. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Nov-2020
<b>12.</b>	Facility shall develop production method, work instruction and risk assessment before starting the production. These documents will be publicly available in local language and workers will be trained on it. Training records should have to be preserve. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Nov-2020
<b>13.</b>	Facility shall establish, identified and classified quality parameter. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Nov-2020
<b>14.</b>	Facility shall maintain the defect and root cause analysis records and will maintain modifications in the production process to reduce the defect rate.	N/A	N/A	Ref-To-SL#1	Nov-2020
<b>15.</b>	Facility shall develop quality manual and it should be accessible to the employee. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Nov-2020

16.	Facility shall develop on quality inspection procedure, inspection checklist including with parameter and acceptance criteria. As well as facility need to preserve those records according to the procedure. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Nov-2020
17.	Facility shall determine the acceptance criteria. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Nov-2020
18.	Facility shall determine the test criteria. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Nov-2020
19.	Facility shall develop an inspection plan [ISO 9001]. Inspection plan may include  Inspection plans cover all quality parameters defined by the clients  Availability of checklist to worker,  Critical parameters test e.g. color fastness, washing fastness, tear and tensile strength etc. and  Third party test reports for physical and chemical parameters that meet the clients' requirements are conducted.	N/A	N/A	Ref-To-SL#1	Nov-2020
20.	Facility shall implement a method to handle rework. [ISO 9001]	N/A	N/A	N/A	Nov-2020
21.	Facility shall implement potential improvement in the Quality Management System through e.g. regular exchange with workers, external consulting, implementation of new processes etc. [ISO 9001]	Consultancy	N/A	300,000/	Nov-2020

### **Recommended Short-term Corrective Actions:**

Short-term Recommended corrective actions, Date of CAP- 15 July, 2020					
S.N	Recommendations	Necessary services	Equipment's	Estimated cost (BDT)	Time Scale
1.	Facility shall develop an Internal Quality Audit Procedure, Audit Schedule, Audit Checklist and a trained internal Auditor so that they can continue internal audit of its quality management system, root causes analysis, corrective and preventive action measures. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Jan-2021
2.	Facility will establish and will defined quality inspections, testing method and handling procedures [ISO 9001].	N/A	N/A	Ref-To-SL#1	Jan-2021
3.	Facility should ensure good housekeeping system. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Jan-2021
4.	Facility will develop and maintain PDCA cycle for developing continuous improvement system to review and redesign the work processes with the aim of eliminating defects and delays. Besides, facility shall develop defect catalogue. [ISO 9001]	N/A	N/A	Ref-To-SL#1	Jan-2021

### **BENEFITS OF ESQ ASSESSMENT**

This facility has significant amount of findings in all three aspects. ESQ assessment and the corrective action may change the outlook of any manufacturing industry drastically. The factory structure is totally new and they have scope to implement all the criteria. It is bit challenging to implement and practice environment, social and quality parameters in Bangladeshi perspective, as country has always been going through lot of local and international challenges. But factory management has positive intention to implement these parameters for their betterment.



Overall, we think in terms of environmental aspect, EMS is a moral and ethical issue, but for others, the return on investment calculation will be an imperative because of several reasons. An EMS helps an organization address its regulatory demands in a systematic and cost-effective manner. This proactive approach can help reduce the risk of non-compliance and improve health and safety practices for employees and the public. It can also help to address non-regulated issues, such as energy and water conservation, and can promote stronger operational control and employee stewardship. It also reduce environmental pollution, raw materials & utility waste and waste disposal costs hence, it improves regulatory performance of the organizations, therefore lower risk of fines for non-compliance with environmental legislation issues. The assumption is that this assessment and evaluation will identify opportunities for improving and implementing the environmental performance of the organization.

Social compliance is a continuing process in which organizations endeavor to protect the health, safety, and rights of their employees, wages and benefits, discrimination against gender or vulnerable groups, health, and emergency planning etc. It is necessary to adopt the international standards (SEDEX, BSCI, WRAP, CTPAT) for the monitoring of this organization. It helps employees and workers morality and attitude towards organizations. It improves workers working condition, ensure worker health & safety, fair value of their work and benefits, good work environment, especially for female workers it gives them working rights and befits same as male workers, as well as getting maternity leave etc. Alternatively organizations also benefitted by adopting systematic approach taken. They can monitor employees and workers daily work much better way etc.

In terms of quality aspect, adopting ISO 9001, it helps customers to gain more satisfaction by improved product quality, it increases productivity, reduce wastage, employee capacity building, cost minimization, system development, process development etc. Moreover it brings good to the organizations in holistic approach.

Overall, as per our findings and recommendations, if a factory can solve their issues by 6 months to 1 year, they will be ready to export to Asian, UK, US, EU countries without major troublesome. Before that, factory has to be passed international certifications likewise ISO 9001, ISO 14001, ISO 45001, SEDEX, BSCI, WRAP, CTPAT etc. Through that, they can pass buyer

audit and become compliant according to their specification and requirement. Certification actually recognize organizations to foreign buyers when comes to export, also country reputation to go up to the world market, overall workers become more ethical towards their employers, hence, it change the overall outlook of the organizations.

#### ANNEXES A: PHOTOS

#### ANNEXES B: CAP

#### ANNEXES C: CHECK LIST