SGS

MANAGEMENT SYSTEM CERTIFICATION
AUDIT SUMMARY REPORT

Organization:	Kohinoor Textile Mills Limited (Raiwind Division)				
Address:	8 KM, Manga Raiwind Road, District Kasur, Pakistan				
Standard(s):	SA 8000:2008		**Accreditation Body(s):**		SAAS
Representative:	Mr Muhammad Adeel Shahzad (HR Executive)				
Site(s) Audited:	01		**Date(s) of Audit(s):**		04-05, Apr, 2016
EAC Code:	04	**NACE Code:**	17.23, 17.30	**Technical Area Code:**	4.1
Effective No. of Personnel:	850		**No. of Shift(s):**		03
Lead Auditor:	Umer Khayyam (UK)	**Additional Team Member(s):**		Nil	
Additional Attendees and Roles (Lady Expert):				Nil	
This report is confidential and distribution is limited to the audit team, client representative and the SGS office.					

1. AUDIT OBJECTIVES

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization’s policy objectives.

2. SCOPE OF CERTIFICATION

Design & Manufacturing of Greige Fabrics

Has this scope been amended as a result of this audit?	☐ Yes	☒ No
This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client	☐ Yes	☒ No

3. CURRENT AUDIT FINDINGS AND CONCLUSIONS

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). The audit methods used were interviews, observation of activities and review of documentation and records.
The structure of the audit was in accordance with the audit plan and audit planning matrix included as annexes to this summary report.

The audit team concludes that the organization ☒ has ☐ has not established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization’s policy and objectives.

Number of nonconformities identified: **Nil** Major **01** Minor

Therefore the audit team recommends that, based on the results of this audit and the system’s demonstrated state of development and maturity, management system certification be:
☐ Granted / ☒ Continued / ☐ Withheld / ☐ Suspended until satisfactory corrective action is completed.

4. PREVIOUS AUDIT RESULTS

The results of the last audit of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented to address any nonconformity identified. This review has concluded that:

☐ In case of certification audit, stage 1 critical audit findings have been appropriately addressed or have resulted in nonconformities during stage 2 audit.

☒ Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective. (Refer to Section 6 for details)

☐ The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

5. AUDIT FINDINGS

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system.		☒ Yes	☐ No
The organization has demonstrated effective implementation and maintenance / improvement of its management system and is capable of achieving its policy objectives.		☒ Yes	☐ No
The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement.		☒ Yes	☐ No
The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system.		☒ Yes	☐ No
The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system.		☒ Yes	☐ No
Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard.		☒ Yes	☐ No
Certification claims are accurate and in accordance with SGS guidance and the organization is effectively controlling the use of certification documents and marks.	☐ N/A	☒ Yes	☐ No

6. SIGNIFICANT AUDIT TRAILS FOLLOWED

The specific processes, activities and functions reviewed are detailed in the Audit Planning Matrix and the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

- Relating to Previous Audit Results:

02 MINOR non-conformances were raised during the last **(1st Surveillance)** audit conducted on **14-15, Dec, 2015.**
Corrective Actions were verified during this audit against the **02 Minor** non-conformances raised in last audit by Site Tour, Document Review and Workers Interviews and found effectively closed out. Updated CAR forms are attached with the Audit Report Pack.

- Relating to this Audit; including any significant changes (eg: to key personnel, client activities, management system, level of integration, etc.):

The opening meeting of this **2nd Surveillance (Un-Announced) Audit** was started at **Kohinoor Textile Mills Limited (Raiwind Division)** with the words of Thanks from SGS, after that brief introduction of audit team was given to the participants. The audit was carried by **UMER Khayyam (UK)** as a **Lead Auditor.** The audit methodology (Disclaimer), confidentiality policy of SGS, classification of NCR and observations and methodology of reporting the audit results were thoroughly briefed by the Lead Auditor.

Before proceeding to the audit the audit scope and criteria were reaffirmed and audit itinerary/ plan, which had been forwarded to the organisation, was agreed. The Opening Meeting was attended by **Mr Adeel Shahzad (MR)** and other members of the management while department/ section in/charges and staff members were involved during auditing activities. After the opening meeting & before the start of other audit activities, findings raised in the previous audit were reviewed & evidence of their closure were verified.

Around **50 Male WORKER INTERVIEWS** were conducted by the auditors to ensure that SA 8000 requirements related to Forced Labour, Child Labour, Health and Safety, Freedom of Association, Disciplinary practices, Remuneration, Discrimination, Management Systems and Working Hours are being fulfilled. Attendance Record, Salary Sheets, Payment Slips, Contract Letters, Age Verification, Overtime, MSDS, Employee Committee Meeting Minutes, Management Review Meeting Minutes, monitoring records, and training records of workers were verified. There are no Female workers in the workforce hence no Lady Expert was required for the interviews.

Following main areas were audited during this activity;

- Site Tour (Production Areas including Utilities, Storage, Security)
- Management System (Internal Social Monitoring, Management Review, Corrective & Preventive Actions, Management Representative, SA 8000 Workers Representative)
- Supplier Control & Monitoring Records, Outside Communication
- HSE Training Records and Internal Monitoring
- Child & Bonded Labour
- Freedom of Association
- Discrimination & Disciplinary Practices
- Working Hours & Remunerations

A few issues have been identified in the **Health & Safety** domain that have been detailed in the Section 7 of this report.

- Any other significant information about SA8000 requirements (see also pt. 8)

Details of the items identified are in Section 8 of the audit report.

7. NONCONFORMITIES

Non-Conformity	**N° _01_ of _01_**	☐ **Major** ☒ **Minor**	
Department/ Function:	**Health & Safety**	**Standard Ref.:**	**SA 8000:2008 Clause 03**
Document Ref.:	**N/A**	**Issue / Rev.:**	**N/A**
Details of Nonconformity:	Risk Assessment was not found carried out for some non-routine tasks being carried out at the premises e.g. Civil Maintenance inside main hall, paint activity at the front wall, shifting of plant machinery from Shed-1 to Shed-3, etc. Furthermore, following points are observed during the site tour • Inspection of portable ladders/ scaffolds installed for civil maintenance could not be verified. • Floor marking to facilitate safe evacuation was inadequate in the Quality Control Section • Use of PPE was inadequate in Weaving Section as a few workers were found without wearing ear-plugs or masks. • Hygiene cards could not be verified in case of a few workers during personal files review.		

Client Proposed Action to Address Minor Non-Conformances Raised at this Audit:

- Signed Corrective Action Forms have been attached with the Audit Report Pack.

Nonconformities detailed here shall be addressed through the organization's corrective action process, in accordance with the relevant corrective action requirements of the audit standard and shall include actions to analyse the cause of the nonconformity and prevent recurrence, and complete records maintained.

☐ Corrective actions to address identified major nonconformities shall be carried out immediately **including a cause analysis,** and SGS notified of the actions taken within 30 days. An SGS auditor will perform a **follow up visit** within 90 days to confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.

☐ Corrective actions to address identified major nonconformities shall be carried out immediately **including a cause analysis,** and **records with supporting evidence sent to the SGS auditor** for close-out within 90 days.

☐ Corrective Actions to address identified minor non conformities **including a cause analysis,** shall be documented on a action plan and sent by the client to the auditor within 90 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit.

☒ Corrective Actions to address identified minor non-conformities **including a cause analysis,** have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.

☐ Appropriate **cause analysis** and immediate **corrective and preventative** action taken in response to each non-conformance as required.

Note:- Initial, Re-certification and Extension audits – recommendation for certification cannot be made unless check box 4 is completed. For re-certification audits the time scales indicated may need to be reduced in order to ensure re-certification prior to expiry of current certification.
Note: At the next scheduled audit visit, the SGS audit team will follow up on *all* identified nonconformities to confirm the effectiveness of the corrective actions taken.

8. GENERAL OBSERVATIONS & OPPORTUNITIES FOR IMPROVEMENT

CHILD LABOUR

The company adheres strictly to the issue of child labour. Persons under the age of 18 are not allowed to work in the organizations. The applicants are asked to show a proof of their age at the time of their hiring. The proof of age is preferably a computerized National Identity Card (Issued by the Government at the age of 18) or a birth certificate or educational credentials as a proof of age. No person under 18 year age observed during the site tour. A comprehensive Child Remediation Plan is documented by the company. During the review of personal files, all employees found complying the minimum age requirement of the law.

FORCED AND COMPULSORY LABOUR

In general practice, the company discourages forced labour at all levels. No sign of forced labour was found by the audit team during the audit or during the tour of the site. No evidence of confiscating the National Identity Cards, Security & other documents was found during the audit, in order to obtain a job in the organization. Personnel have the right to leave the workplace premises after completing the standard workday, and are free to terminate their employment provided that they give reasonable notice to their employer. Company not found engaged in or support trafficking in human beings.

HEALTH & SAFETY

The company has appointed **Mr. Adeel Shahzad** who is responsible for H&S management system and safe & healthy environment for all the personnel and is also responsible to ensure that all personnel receive regular H&S training **(H&S Training records verified for**

Trainings Basic First Aid Training conducted dated 20-12-2015 and Firefighting Training dated 23-01-2016. Written procedures in shape of hand book (General Environment, Health & Safety Rules) and training is also provided to the workers to create awareness among them on the health and safety issues prevalent in the factory. The company has a health and safety committees working under H&S Superintendent which meet on a regular basis to discuss the issues regarding Health & Safety. There have been some discrepancies found in the implementation of Health & Safety protocols which has been reported in **CAR 01.**

EVACUATION VALIDATION AS PER ADVISORY 18
Company's claim for emergency fire preparedness was validated through **Fire Drill on first day of the audit** for the complete factory. Protocols for Emergency Preparedness & Response found adequate as mentioned in the report. Company Installed fire equipment at all site, Including fire extinguishers, Fire Trolley, Fire Hydrants, Hose pipes / Fire Reel, Call points & bells, Smoke detectors, and Emergency Lights. The record review on H&S and Emergency Preparedness Response included Fire Fighting Training Record, First Aid Training Record, Evacuation Drill Record, Inventory Record of First Aid Boxes, List & Record of Trained Fire Fighters & First Aiders, List & Log of Fire Extinguishers, Fire Alarm, Fire Hydrants, Emergency Lights, Housekeeping log sheet, Canteen/ Dormitories Inspection Record, PPEs Distribution Record, List of Hazardous Chemicals, MSDS of all Hazardous Chemical, Inspection Documents for Lifts & machinery, which includes load test, Drinking water test, Drinking water filter cartridge changing record, Provision of Separate Washrooms for female workers, Restrooms and Adequate breaks for the gender mix of employees verified, Company keeps the records of Accidents & injuries.

FREEDOM OF ASSOCIATION & RIGHT TO COLLECTIVE BARGAINING
The company respects the right of employees to join or form Trade Union; this is clearly mentioned in the company policy which is also pasted at various locations. The company has an **Workers Welfare Committee. Mr Muhammad Altaf** has been elected to be current **Head of the Workers Welfare Committee.** The company has a system to elect the members of this committee, where the workers have a right to choose their representatives from a number of candidates. As per job responsibilities of this committee, they conduct meeting after **01 month** with the management to resolve issues communicated to them by the workers. Minutes of Meetings of Employee Committee were verified in the records to be effective. Last meeting was conducted on **02-02-2016.** In addition to this a complaint box mechanism has also been established directly under a supervision of the MR of the company.

DISCRIMINATION
It was verified during the interviews and review of records that the company not found engaged in any form of discrimination at any level of organization and also not found in support of discriminatory elements in their supply chain through a proper control of sub-contractor in hiring, remuneration, access to training, promotion, termination & retirement based on race, caste, religion, disability, gender, sexual orientation, union membership, political affiliation or age. All national & religious holidays are displayed and every worker is free to observe these holidays. No evidence of separate pay structure etc. was observed among the workers on the basis of their affiliation with certain religious or ethnic groups. The company does not subject personnel to pregnancy or virginity tests under any circumstances, also during focus group & individual interview no evidence observed of any behaviour that is threatening, abusive, exploitative, or sexually coercive, including gestures, language, and physical contact, in the workplace.

DISCIPLINARY PRACTICES
The company has a well-established Disciplinary policy. Company respects at all times for workers' mental, emotional and physical integrity in disciplinary and performance processes. The company has an elaborated system, where if a worker is not working satisfactory is first warned verbally on second mischief, factory issues a written notice and its copy staple in the personal file of worker. After second notice if the worker doesn't show the interest in work then factory transfers him in the any other department. If the worker doesn't change his behaviour after transformation then given written warnings by the factory management on recommendation of their supervisors or managers. The management (administration) also investigates the problem before issuing the formal warning. During the course of investigation the worker is also given chance to express their point of view and to investigate whether it is a case of discrimination.

WORKING HOURS
The Company have defined 08 working hours in a day for **03 shifts for selective production departments (Spinning, Weaving, Processing, and Washing at Garment Division) and 03 shifts for Security Guards.** The workers are also given a One Hour break. The workers are also given a day off at the end of each working week (after every six days). The workers are also entitled to have public holidays as announced by the government. Workers are also entitled for annual leaves as well as per local labor law. Company discourages the use of Overtime Hours but if needed, they are compensated at a premium of twice the Gross Salary. Working hours records verified for workers who were sampled from the interviews and records were verified for months of **Dec-15, Jan & Feb-16.**

REMUNERATION
The company has defined a system of providing effective remuneration to the workers. The Company has arranged insurance coverage up to the maximum legal coverage for all employees under the Compulsory Group Insurance Ordinance, 1968. Gratuity and bonus were also paid as per laws records were evident and found satisfactory. At the time of the payment each employee receives a salary stub

showing the detail of his/her salary and other benefits in the native language, verified through observation. The Basic Need wage is defined as **13,650 PKR as per rates of the Economic Survey of Pakistan.** A comprehensive plan to implement this basic need wage has also been documented and implemented in the company in which the company provides Legal Minimum wage, Pick n Drop for Workers, Subsidized Food and Social Security. Salary is provided before 7th of each month as verified in the worker interview as well. Company also offers following incentive to employees: Advanced salary payment, Loan facility, Social security (PESSI), Medical Treatment facility, Pension (EOBI), Group Insurance, Annual bonus, Gratuity / Provident Funds, Children education program, etc. Wages records verified for workers who were sampled from the interviews and records were verified for months of **Dec-15, Jan & Feb-16.**

MANAGEMENT SYSTEMS
The company has a complete document Social Accountability Management System. The company has designated **Mr. Adeel Shehzad (HR Executive)** as Company Rep. The Company Rep. has the authority to document, distribute, edit and implement the Social Accountability Management System after approval from the concerned authority. The Company Representative is also responsible to conduct the Management Review Meeting at a regular interval. Last management review found conducted on **03-Mar-2016.**

Company Representative is also responsible to ensure and that both internal and external audits are carried out regularly and subsequent corrective actions are addressed properly. Last internal audit found conducted on **24-25, Feb, 2016. 11 findings** have been raised in various parts of the audit, corrective actions on which have been verified. During the discussion with the management it was noted that the company is investigating, addressing and responding to concerns of employees and other interested parties adequately and records are being maintained. The company also maintained the causes of system Non conformities are investigated and corrective actions are implemented to prevent their occurrence.

The company has developed a procedure to select their suppliers & sub-contractors based on their ability to meet the requirements of SA 8000 which is to be subsequently verified through internal audits carried out for suppliers as well. Furthermore, a letter of commitment is also obtained from every vendor/ supplier before doing business with the company. Supplier audit records were found adequate as verified for a few suppliers

Outside communication means are established and records verified as communication to customers, employees and suppliers regarding social performance of the company.

Following points are recommended as Opportunities of Improvement:

- Outside communication may further be strengthened by summarizing the Social Improvement points and stakeholders may further be identified to facilitate the engagement and communication.
- Quantitative Data to be incorporated in the Management Review Meeting minutes to facilitate traceability of decisions.
- Emergency Evacuation Drills are to be more detailed to incorporate the Positive & Negative outcomes of the drill.

9. OPENING AND CLOSING MEETING ATTENDANCE RECORD

Name	Position	Opening	Closing
Mr Muhammad Adeel Shahzad	HR Executive (Training & Dev.)	YES	YES
Mr Muhammad Iqbal	Admin Executive	YES	YES