

Fair Trade Evaluation Report on Oasis Transformation Limited

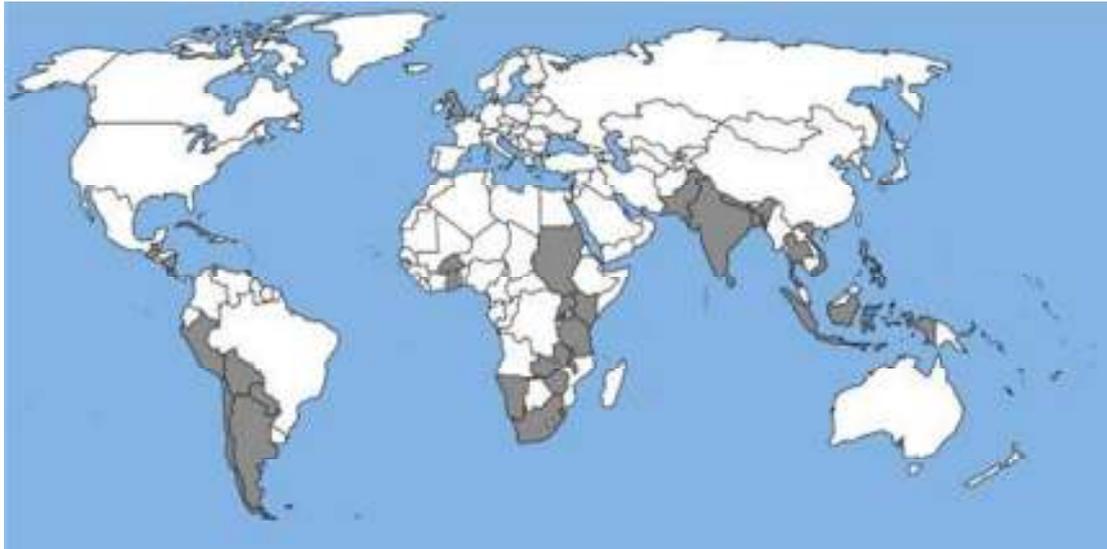


By Alistair Leadbetter



What is Traidcraft?

Traidcraft was founded in 1979. We are the United Kingdom's leading fair trade organisation. We sell a wide range of fairly traded food and craft products sourced from around 100 producer groups in more than 30 countries from Africa, Asia and Latin America.



What are Our Principles?

- Traidcraft is a Christian response to poverty
- Our mission is fighting poverty through trade
- We respect all people and the environment
- We abide by and promote fair business practices
- We strive to be transparent and accountable

For more information about Traidcraft visit www.traidcraft.co.uk

Introduction

As part of the Cooperative's engagement with fair trade, Traidcraft have been engaged to assess the fair trade credentials of Oasis Transformation Ltd and in particular the supply chain of the coffins which are sold to Cooperative Funeralcare by JC Atkinson's, a UK coffin manufacturer and supplier.

This report is based on my recent visit to Bangladesh that took in numerous meetings with David How, the managing director, James Khan, the manager in the Export Processing Zone [EPZ], the finance and admin staff in Dhaka, and the workers in the EPZ and in ESN and in Supoth, the NGO supporting the bamboo farmers.

The visit took place over four days in July 2012.

The report is intended to describe the organisations involved, the manufacturing process and Oasis' objectives and processes. It is intended that the information here will describe the evaluation process and the rationale behind **the decision to support the Traidcraft endorsement of the coffins produced by Oasis Transformation Ltd.**

There is interest from Oasis in demonstrating both their fair trade credentials as well as their social impact over the course of the business. Whilst this assessment considers Oasis's fair trade credentials, it does not look at impact and nor is it designed to. Impact studies are a complicated area of work and they begin with deciding the areas of impact to be measured [selected on the basis of the organisation's mission and objectives], the criteria to be measured and the collection of baseline data. The criteria are subsequently measured on a regular basis [but probably not more frequently than annually] and action plans are developed and evolved to ensure that the mission and objectives are being achieved.

Business and Fair Trade Context

The world of fair trade endorsement, labelling and certification is a complex one.

The main certifying body is Fairtrade International, which is often known by the acronym for its old name FLO or Fairtrade Labelling Organisation. This organisation bases its certification system around the auditing and labelling of raw materials, often traded commodities such as sugar, coffee and tea and there are standards and minimum prices for each commodity. There is no current standard for the materials being used by Oasis Transformation although a timber standard is in development. If and when this standard is introduced it may be applied to the bamboo and willow being used by Oasis but would require the farmers and everyone who takes ownership of the materials to be certified.

The other major fair trade organisation is the World Fair Trade Organisation [WFTO]. This is a membership organisation that involves fair trade producers from around the world. It focuses more on the organisations rather than the raw materials. It is in the process of developing a labelling system but it is unclear how this will be applied in practice.

Traidcraft, as already mentioned, is the UK's largest fair trade company. We are in the position of being able to endorse products that are sold in the UK since our brand is well respected and represents a system for showing that products have been produced in a fair trade manner and to provide assurance to customers. It should be emphasised that this is not a labelling initiative. We choose to work in areas that are not covered by existing standards and that we consider to be innovative and which can deliver to fair trade mission. We work closely with the stakeholders and have not endorsed multiple producers in the same business sector. Examples of other areas where we have endorsed products are for charcoal from Namibia and rubber gloves from Sri Lanka.

In this particular instance we are looking at the coffins produced by Oasis Transformation which are made from bamboo, willow and seagrass [hogla]. These coffins are manufactured in the Export Processing Zone established in Nilphamari in north-western Bangladesh and are supplied by Oasis to JC Atkinson's and there is an exclusivity agreement applicable to the UK. This fair trade assessment has been funded by Co-operative Funeralcare but the endorsement is applied to the coffins produced by Oasis Transformation. There is an exclusivity agreement for one year between JC Atkinson's and Co-operative Funeralcare for the supply and sale of Traidcraft endorsed fair trade coffins. After this exclusivity agreement has expired then JC Atkinson's will be free to sell these coffins to other UK based customers.

Traidcraft only operates in the UK and thus its brand recognition is limited to this market. Further discussions will be needed between Oasis Transformation and Traidcraft to consider how Oasis's fair trade credentials can be communicated in other markets.

The process for assessing Oasis's fair trade credentials on a continuing basis has yet to be established.

Country Context

Bangladesh is a relatively new country, formed when East Pakistan seceded from West Pakistan in 1971. Given its geography, it has suffered numerous devastating floods and tropical storms.

At least 45 million people in Bangladesh, almost one third of the population, live below the poverty line, and a significant proportion of them live in extreme poverty. The poverty rate is highest in rural areas, at 36 per cent, compared with 28 per cent in urban centres. Many people have an inadequate diet and suffer from periods of food shortage. Half of all rural children are chronically malnourished and 14 per cent suffer from acute malnutrition.

Most of Bangladesh's labourers are engaged in informal, low-income jobs with limited productivity. Although agriculture now accounts for less than 20 per cent of GDP, the farm sector still employs about 44 per cent of the labour force. However, the growth of the towns and cities has seen a reduction in land for cultivation. Rice is the dominant crop, but production increases are limited by farmers' lack of access to key inputs. In addition, coastal areas are prone to saline intrusion and the salination is being worsened by a boom in poorly managed shrimp fisheries.

A key cause of rural poverty has been population growth, although this has dropped sharply from 3 per cent to 1.4 per cent in recent years and migration to the cities has reduced this. Population density remains extremely high, placing enormous pressure on the country's natural resources –

especially on arable land. Meanwhile, rural and urban industries are unable to meet the demand for jobs, forcing many Bangladeshis to seek work abroad, often as contractors in Indonesia, Malaysia and the Arab states.

Education standards are generally poor and the national literacy rate is estimated at around 56% [compared with only 44% in Nilphamari, where OTL is based], with men performing much better than women. It is common for girls to be either withheld from school or to leave earlier and this bias is particularly noticeable at the tertiary level.

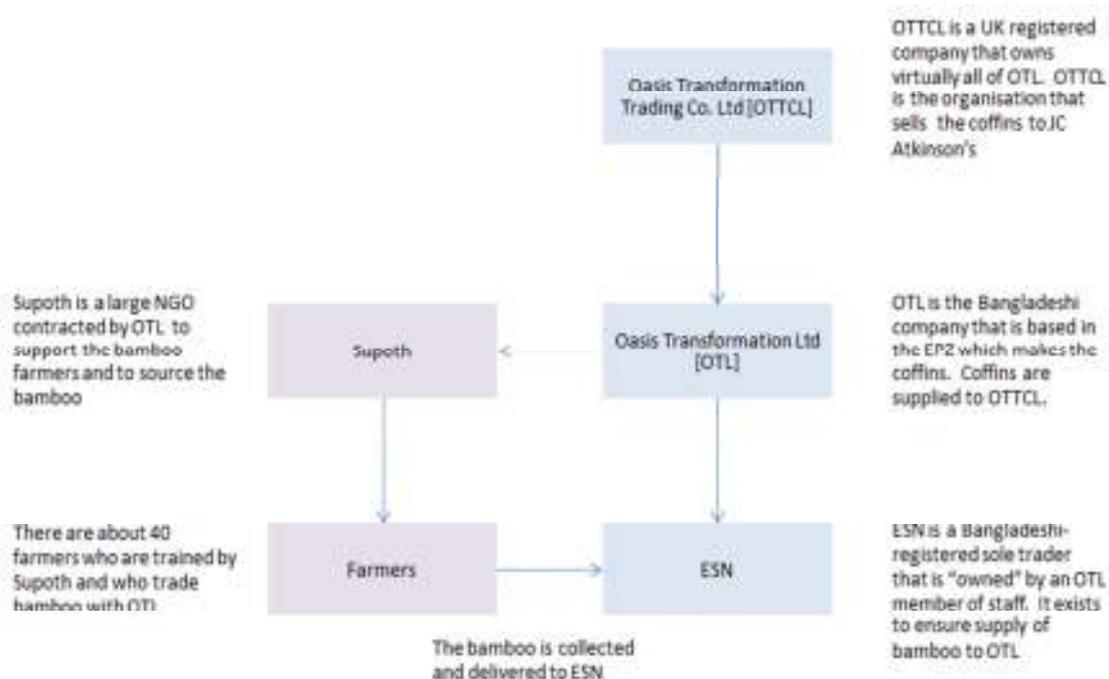
Bangladesh is particularly vulnerable to climate change. Two thirds of its territory is less than five metres above sea level, making it one of the most flood-prone countries in the world. Severe flooding during monsoons can cause significant damage to crops and property, and an adverse impact on rural livelihoods. Climate change seems likely to add to the destruction by monsoon floods, and the frequency of cyclones may increase. Poor people are hit hardest because they are more densely concentrated in badly constructed housing on land that is prone to hazards.

Poverty is especially persistent in three areas; the north-west [where OTL is based], which is affected by droughts and river erosion; the central northern region, which is subject to serious seasonal flooding that limits crop production; and the southern coastal zones, which are affected by soil salinity and cyclones.

Ownership and Structure

Oasis Transformation or at least thinking behind it has been a long time in gestation and development. David How set up Oasis Transformation in 2006 as a private company to focus on fighting poverty and bringing work through social enterprise whilst delivering profits and the company began production in 2008. At the time David worked for Oasis Bangladesh, part of the global group of faith-based NGOs. It was only when he was able to focus full time on Oasis Transformation that the momentum started to build and the last year has seen significant growth and, as well as the UK, coffins are now being sold into the Netherlands and further opportunities are being pursued in Germany, Australia, South Africa and the USA. These sales activities are being supported by a rebranding and marketing campaign, of which the organisation's fair trade approach forms a part.

There a number of organisations involved in the supply chain for bamboo. Both OTTCL and OTL are "for profit" organisations and expect to provide both social and economic returns to their backers, including Oasis, the NGO. I have attempted to briefly summarise them in the diagram below.



Oasis Transformation Trading Co Ltd. [OTTCL]

This is the main company involved in the supply chain. It is owned by a number of actors and organisations, including social investors such as Panahpur, Tinder Capital, the managing director and his wife David and Preeti How and the global NGO Oasis.

It is UK registered and owns 99.8% of Oasis Transformation Ltd. It is this organisation that sells the coffins to JC Atkinson's, the coffin company supplying Co-operative Funeralcare.

Oasis Transformation Ltd [OTL]

This is the organisation that actually makes the coffins. It is registered in Bangladesh and other than 0.2% of its shares, it is wholly owned by OTTCL. It is based in in the Export Processing Zone [EPZ] in Nilphamari. OTL sells the coffins to OTTCL.

Eco-Supply Nilphamari [ESN]

This company is essentially part of Oasis Transformation Limited but for legal reasons associated with the supply of processed items to the EPZ, is registered as a sole trader. It is registered as being owned by a member of OTL's Dhaka office. It makes no profits or losses and simply enables bamboo to be sourced and processed before delivery to OTL in the EPZ.

Supoth

Supoth [a Bengali word meaning "right way" or "good path" and is also seen as being an acronym of Scheme for Under-privileged People to Organize THemselves] is an NGO assisted and funded by the Christian Reformed World Relief Committee (CRWRC). It has a contract with Oasis. Oasis fund a member of staff at Supoth who is responsible for training the bamboo farmers and for identifying and grading the best bamboo.

The Farmers

There are around 40 farmers who are working with Supoth and supplying OTL [via ESN].

Production

There were no bamboo coffins being made during my visit so the description that follows is for the willow coffins.

The bamboo that is used for the frames has to be split to prevent it from snapping during manufacture.



The basic frames are made from many layers of bamboo strips which are glued and held in place with clamps.



Once the glue has dried the clamps are removed and the basic structure of the frame can be assembled.



The coffins require a hard base and these are measured and then cut from plywood.



So that the straps that hold the framework together can be passed under the base without leaving raised areas [which can affect the coffin's movement into the crematorium], slots have to be cut into the base to the thickness of the straps.



The straps can then be used to fasten the bases to the frames.



The rough, visible edges of the frame are now covered.



And then the willow is then nailed onto the frame to create the warp ahead of the weaving.



After the basic weaving, the coffins now look like this



The bases are now finished. In order to bend the willow without splitting, the willow is wet with sprays and can be bent over to make a high quality finish.



Here, most of the coffin has been woven and the insides are being checked and any loose ends clipped away.



The coffin lids are assembled. The basic shape is woven first



Once the shape is made, the edges can be completed



And the lids are then finished before final assembly



The coffins are now complete and ready for shipping, via Chittagong to the UK.



Supply Chains

Bamboo

OTL's bamboo supply chain is well established and impressively run. In order to source the best quality bamboo, OTL and ESN have made an arrangement with Supoth, a Bangladeshi NGO. ESN cover the cost of a member of staff at Supoth to work with the local farmers and to identify and source the best quality bamboo. Supoth have been providing training on the growing and management of bamboo since many farmers weren't originally aware of bamboo as a potential cash crop. Bamboo is resilient to the frequent flooding in the area and the sandy soils of the region are better suited to this crop than rice. Bamboo therefore offers a more reliable income than rice.

There are approximately 40 farmers who are working with Supoth and OTL. Supoth know the farmers well through their other work in local communities. Contracts are signed at the beginning of the relationship and are on-going. Given the nature of the relationship and Supoth's on-going support, the bamboo is traceable from the planting or "date of birth" of the bamboo.

The bamboo is priced according to the market rates for Grade A [the best quality] bamboo in the local markets. The grading system has been developed by Supoth and OTL and is based around the straightness, thickness and length of the bamboo. Supoth gather the price information and make contracts with the farmers on behalf of OTL. OTL pays the farmers via Supoth in advance of harvesting. The farmers benefit further because the bamboo is collected from them and transported to ESN for processing. It is normal practice for the farmers to bear the cost of harvesting and transport but, in this instance, OTL bears the cost.



A worker preparing bamboo at ESN

The bamboo is then processed by hand by the workers at ESN. The work is seasonal and lasts for about six months per year. The work is paid at a rate that is 50% above the minimum wage defined for the Bangladeshi textile industry [the only up to date minimum wage currently defined by the government]. The workers are very happy with the work, it is much better paid than being an agricultural day-labourer and the group working is described as being very enjoyable. Naturally the workers wish that there was more work, but it is limited by the quantities of coffins being made and the availability of bamboo. These workers do not have contracts and it is fair to say that these workers, despite being a key part of the supply chain and essentially working for OTL, are not as involved in the Fair Trade side of production and awareness of Fair Trade is non-existent. This shortcoming has been identified in the assessment, which is described in greater detail later.

Willow

The willow is sourced from China, where there is an established industry. According to the UN's Food and Agriculture Organisation [FAO] China has the second largest area of willow planted for production (21,000 ha) and the largest area of willow planted for environmental purposes (59,000 ha, planted to combat desertification).

The willow is transported from China by sea in containers. Given that it is a natural product, it is difficult to pack and containers often only weigh 3 or 4 tonnes. One container per month is being delivered to OTL.

There are a variety of needs in terms of colour for the coffins, so the willow is often boiled with bicarbonate of soda in order to darken the wood to differing degrees.



Various willow colours at OTL

Since the willow coffins are the most popular coffins sold by OTL, it may be necessary to learn more about the supply chains and sources. China has a reputation for being a difficult place to source ethically from and it may be necessary to gather some basic information on the willow supply chain. The willow supply chain fell outside of this particular supply chain although it should be noted that David How has visited the suppliers in China and does have a good relationship with them.

Hogla or Seagrass

Hogla, also called seagrass [despite it not actually being a seagrass], is commonly found in the mangroves and tidal forests of the coastal region in the Sundarbans region of South West Bangladesh. Hogla has a variety of uses and are commonly used for weaving into mats, baskets and hut walls.



Hogla stored at OTL

After harvesting, hogla leaves are gathered, bundled and transported by head load or by boat. Standing hogla leaves are not purchased by the weavers, but by traders. The traders then harvest and prepare the leaves for sale in the local markets where weavers buy them. Weaving is mainly done by women. Hogla collection, transport, trading, weaving and the marketing of finished products provide a source of income and livelihood to the poor people in and around the Sundarbans.

OTL sources the hogla from a middleman. There is no direct relationship between OTL and the community that produces it although Kamrul from the OTL office in Dhaka [who has the responsibility for sourcing] has visited the area and some of the producers involved.

Given the small number of raw materials used by OTL, it is recommended that efforts are made to learn more about the sources of the material although any strong relationship may not be required since the quantities consumed are relatively small.

Fair Trade Evaluation

The evaluation was carried out according to the system designed by the European Fair Trade Association [EFTA], of which Traidcraft are a member. The system is not a certification or labelling system but more of a process in which organisations can understand their own achievements and development areas. We also try to avoid the language of audits. Rather than simply go through a tickbox exercise, we work alongside suppliers and partners to bring about the changes that all our missions require.

The system is based on the Fair Trade principles outlined by the World Fair Trade Organisation [WFTO] and these can be found here

http://www.wfto.com/index.php?option=com_content&task=view&id=2&Itemid=14

Within each principle, we have identified a number of indicators against which we can evaluate the business. The level of achievement is shown by using colours.

	The organisation meets the standard
	There are minor gaps in meeting the standard
	There are major gaps in meeting the standard
	There are major gaps and the organisation is not willing to make any changes within the next 12 months

The full results are given at the end of this document but the key points are shown in the following summary.

Given ESN's close relationship with OTL, I have considered them to be producers who are also part of this assessment.

Summary

OTL has performed very well in all areas and, for the Fair Trade principles, no area scores less than a yellow. Some indicators are orange where more work is required, but I believe that these shortfalls can easily be addressed. When the length of time that OTL has been involved in fair trade is considered, then the evaluation is very positive indeed. OTL must be applauded for the spirit with which they have engaged with the process and the openness and willingness demonstrated.

Creating Opportunities for economically disadvantaged producers

It is generally true that businesses operating in developing countries that they offer work to people who are disadvantaged in some way, particularly by poverty.

The mission statement that is applied by OTL is that developed by Oasis Global. Whilst this is a strong and detailed document it is not particularly relevant to a business context or to the specifics of OTL. It is recommended that, as part of the forthcoming business planning process, this statement is revisited to allow OTL to truly identify its purpose and ethos. It may well be that much of the Oasis ENDS statement is relevant and that is all that is required is some additional thinking re: OTL's own goals. The business plans should also reflect this mission. Currently, and for perfectly understandable business reasons, the plans reflect the more commercial business needs and requirements.

The record keeping is well developed and sophisticated and it is certainly the case that more established Fair Trade organisations could learn much from OTL's approach

Transparency and Accountability

OTL is very open with its workers and its records and openness is to be praised. The only comments to be noted with OTL's immediate practices are to do with the documentation of communications with staff and this can be easily rectified.

However the workers at ESN are somewhat excluded from the mission and practices shown in the EPZ. There was little or no understanding of OTL and of fair trade in general. This needs some significant work but the work should not prove onerous. Given the backgrounds of the workers at ESN care should to be taken to help them understand what is being communicated.

Chain Responsibility

As has been described earlier, the supply chains for bamboo are well understood and very well managed. If possible, it would be useful to learn more about the producers of the hogla and willow. This should be relatively easy particularly for the hogla supply chain.

Fair Trading Practices

OTL has demonstrated clear and fair practices. There were no reports or comments related to late payments and, in the case of the raw materials, the payments are made prior to delivery.

Fair Prices and Fair Wages

The minimum wages in Bangladesh are defined by the Minimum Wage Board, which is part of the Ministry of Labour and Employment. Recent press reports describe a significant backlog in the definition of minimum wages for the majority of business sectors. For the sake of this report, I have used the minimum wage as prescribed for the garments sector. Whilst it is not an appropriate sector, it is the most up to date number available. This rate is set at 3,000 BDT per month [~£24].

There are also minimum wage levels for the EPZ and these are above the levels described above. Interestingly, the EPZ wage levels are set using the US Dollar. This is done to ensure that EPZ workers benefit in the same way as the businesses. Apprentices are to be paid a minimum of 39USD and unskilled workers are to be paid 53USD per month. There is an issue related to the fluctuation of exchange rates in that, in theory, if the Taka strengthens against the dollar, then workers could face a drop in pay. This issue has been raised with the EPZ management but as yet no answer is forthcoming.

Currently all workers with OTL and ESN are paid above the required rates.

The prices for the coffins are set during discussions with JC Atkinson's and these discussions appear to be positive and open. As a for profit business which has invested considerably in support of its FT ethos, Oasis works to ensure that a fair share of the benefits of its Fair Trade credentials are passed down the supply chain into the business and to the local workers.

Child Labour and Forced Labour

There is no evidence of either child labour or forced labour [or the conditions that might bring it about] within the supply chain inspected. It is recommended that Oasis make some basic enquiries into the supply chains for seagrass and willow to further understand these supply chains.

Non-discrimination & Gender Equity

There is a policy that needs to be reviewed, communicated and implemented within the organisation. Issues were identified in that some job adverts defined an upper age range and also suggested appropriate genders for specific jobs. Since all applicants undergo a test to assess their ability and competence in the role, then this should be the sole determinant and not the applicant's gender. These issues were discussed during the evaluation and will be addressed in future advertisements.

Freedom of Association

All businesses in the EPZ are obliged to have a Worker's Welfare Association which is democratically elected and which represent the concerns of the workers. This functions well and relations between workers and management are positive. The functioning and use of the WWA may be improved by providing training to the representative and this can further strengthen the worker's involvement in the business.

Working Conditions

The conditions in the OTL factory are very good and complies with all requirements and indicators. Some of the requirements are defined by the EPZ and some are defined by OTL. The only area where an improvement is needed is in the area of the payslips which are provided in English and not in Bangla, the language understood by the workers.

The conditions for the ESN workers are somewhat different. As has already been discussed, these workers are somewhat isolated from the practices at the OTL site. It is recommended that these workers are brought into line with the terms and conditions as much as is practicable.

Health and Safety

As has already been said, conditions in the OTL factory are good. The main points raised are closely related to James Khan, the factory manager, taking too much onto his shoulders. He is trying to deliver H&S training, basic first aid training and carrying out H&S assessments. These responsibilities and tasks are ones that can be readily delegated and give other members of staff greater involvement and chances to learn new skills whilst also freeing James to focus on his other work.

It was also noticed that two of the fire escape doors were locked during our visit. This was partly due to EPZ management requiring that the neighbouring workshop being secured. This has now been resolved but needs to be checked on a daily basis.

Again, the situation was slightly different at ESN. There is a need to provide training to workers here on basic fair trade, on the use of an accident book and on the use of fire fighting equipment.

Capacity Building

There has been a fair degree of training offered to the workers at OTL. The literacy training is very well attended and popular among the workforce. There is also training to improve the workers'

skills. It is recommended that a clearer view is taken of the training that is needed and this can then be planned and budgeted for. This is an area where particular use can be made of the WWA and the personnel officer.

Again, there is a need to provide opportunities to the ESN workers to learn about the organisation and about the wider world of fair trade. This will make them more closely integrated into the OTL “family”, which they are essentially part of.

Promotion of Fair Trade

General awareness of fair trade is good among the workforce at OTL but is non-existent at ESN. OTL has made good steps to engage with the world of Fair Trade by becoming associate members of ECOTA, the Bangladeshi fair trade network, and in speaking at various events.

Environment

OTL has done a great deal of work in the development of its environmental policies and practices but, since the departure of the person responsible for this area, the implementation of policies and plans has been somewhat neglected. It is strongly recommended that this work is restarted.

It should be remembered that the raw materials used here are natural and sustainable.

1. Creating Opportunities for economically disadvantaged producers				
Standard	Colour	Findings	Actions to be taken	Deadline
There is a written mission statement which includes fair trade principles.		There is a mission statement but it is the ENDS statement from Oasis International [the NGO] and this makes little or no direct or indirect reference to fair trade or business. Senior management do speak clearly and coherently about their ethics and fair trade	To revisit the mission statement so that it clearly reflects the principles of Oasis Transformation	
There are written policies and plans, with clear objectives in terms of economic and social improvement of disadvantaged producers.		There are drafts of the various policies and these now need to be reviewed, communicated and implemented. Following Oasis International's reduced shareholding, the business plans are being reviewed and redeveloped as appropriate.	To review and revise the business plans and to ensure that these plans include clear reference to the workers and staff and their benefit.	
Records of producer (groups) and/ or workers supplying the organization.		Records are well maintained.		

Documents shown / evidence:

ENDS statement

Business plans

Worker records

2.a. Transparency & Accountability (trading partner / exporter)				
Standard	Colour	Findings	Actions to be taken	Deadline
The organisation has a clear structure and administration. There is an organogram. It shows the whole organisation.				
Job descriptions are on paper. They are clear and known by the employees involved.				
Annual reports, annual audited accounts				
The organisation has a good process for internal communication – with workers and producers		These daily meetings are not documented but their existence is referred to by workers.	Consider noting the major points from meetings. Anyone who misses them can catch up and people can also resolve any confusion or misunderstandings later if needs be.	
The organisation provides relevant information on a regular basis to workers, producers and clients.		The website is currently being revised and a newsletter is being considered.		
Records are being kept and are accessible and up-to-date.(staff files, financial records, producer records, client records)				

Documents shown / evidence:

Organogram

Job descriptions

Annual and financial reports

Worker interviews

2. a. Transparency & Accountability (producers)				
Standard	Colour	Findings	Actions to be taken	Deadline
Records are being kept, are accessible and up-to-date: attendance book, workers' files, salary records, order forms				
Financial reports, in – out book.		ESN is essentially a dummy company to allow a guaranteed supply of bamboo components into OTL so this element is less relevant		
The organisation has a good process for internal communication with workers		There is a sense that the workers at ESN are somewhat neglected and forgotten when compared to the workers at OTL. There is a need to resolve this situation.	Look at how the workers at ESN can be included within the OTL ethos and behaviours.	
The organisation provides relevant information on a regular basis to workers and clients.		See the above point		

Documents shown / evidence:

Attendance records

Payment records

Worker interviews

2.b. Chain Responsibility				
Standard	Colour	Findings	Actions to be taken	Deadline
Fair trade goods and producers are clearly traceable from production to export		The products only really become fair trade at the point when they become part of ESN and OTL but the chains are known and the bamboo supply chain is particularly well understood and managed.		
Fair trade principles are followed by *regular sub-contractors		n/a		
*Sub-contracting is transparent. There is a policy in place, and sub-contracting is recorded.		n/a		

Documents shown / evidence:

3. Fair Trading Practices				
Standard	Colour	Findings	Actions to be taken	Deadline
The organisation provides pre-financing or raw materials to producer groups when requested.		All raw materials are paid for before delivery.		
The organisation makes clear contracts for each order. These detail price, product specifications, quality requirements, delivery and lead times and payment conditions,				
The organisation pays staff and producers in a timely manner				
The organisation has a regular trading relationship of more than 5 years with most producer groups/workers.		The organisation isn't five years old.		

Documents shown / evidence:

4. Fair Prices & Fair Wages (trading partner / exporter)				
Standard	Colour	Findings	Actions to be taken	Deadline
A living wage is paid (factored to 100% employment) to staff / workers.		All staff and workers are paid according to EPZ rules and permanent staff are paid at least 33% more than the 3,000BDT minimum in agreement with the garment workers. Apprentices are paid 100BDT more than then minimum		
There is a system to check that living wages / piece rates are paid to producers				
There is a recognised system of cost calculation in place.				
There is a process to ensure that a fair price is mutually agreed through dialogue and participation.				

Documents shown / evidence:

Wage records

Costing records

Calculation of the Living Wage:

Legal Minimum Wage:

The Minimum Wage Board in Bangladesh is somewhat behind in its work to develop minimum wages. We have used 3,000BDT which is the most recently agreed minimum and is for garment workers.

Overview salaries / wages paid:

Wages are fair and are all in excess of the minimum started above. The area is predominantly rural and the cost of living is significantly lower than in Dhaka. As with all places around the world, there is price inflation.

4. Fair Prices & Fair Wages (producers)				
Standard	Colour	Findings	Actions to be taken	Deadline
A living wage is paid (factored to 100% employment) to workers.		Workers are seasonal and are paid above the minimum wage at 152BDT per day [minimum wage is 115BDT]		
There is a system to check that living wages / piece rates are paid to producers				
There is a recognised system of cost calculation in place.				
There is a process to ensure that a fair price is mutually agreed through dialogue and participation.		ESN supply directly to OTL and makes neither a profit or loss		

5.a. Child Labour				
Standard	Colour	Findings	Actions to be taken	Deadline
There is no evidence of child labour.				
There is a system to check the ages of employees.				
There is a system to check child labour in the production chain.		The willow supply chain in China has not been checked.		
There is a written child labour policy which applies to the organisation and producer groups.		The policy needs to be reviewed, communicated and implemented		
There is a system to check the working hours of young workers. No more than 8 hours per day, outside school time, not at night. They only work outside school time and are not involved in heavy labour, or with chemicals				

Documents shown / evidence:

Policy

Staff records

5.b. Forced / Bonded Labour				
Standard	Colour	Findings	Actions to be taken	Deadline
The provision of services, payment and employment practices does not lead to forced or bonded labour conditions.				
Employees can choose where they buy provisions, and are able to access these when needed.				
Where housing is provided as part of employment, other family members can work elsewhere, family members can come and go freely.		n/a		

Documents shown / evidence:

6.a. Non-discrimination & Gender Equity				
Standard	Colour	Findings	Actions to be taken	Deadline
At all levels in the production chain the organisation does not willingly support discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, caste, national origin, religion, gender, sexual orientation, union or legal group membership, political affiliation, age, marital status or HIV/AIDS status.		Job adverts have, until now, stated a preference for applicants to be aged between 18 and 35 and some roles have explicitly stated a requirement for men or women. This will be changed for future adverts to remove any discrimination following our conversation.	Ensure that no jobs make a requirement based on age, gender or any other points.	
The organisation has a written policy on non-discrimination in place (this includes a gender policy)			Review, communicate and implement the policy	
The organisation seeks to support a gender policy with producers/workers, and there is a written gender policy in place.			Review, communicate and implement the policy	
The organisation actively promotes applications from women for job vacancies and leadership roles.				
Where discrimination on the grounds of gender is a problem the organisation is working to find a		n/a		

solution				
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Documents shown / evidence:

Policy

Adverts

6.b. Freedom of Association				
Standard	Colour	Findings	Actions to be taken	Deadline
<p>There is an active and representative workers / producers' committee or similar group which works with management on issues which concern workers (including collective bargaining)..</p> <p>The committee is democratically elected by workers / producers.</p>		<p>The Workers' Welfare Association [WWA] is democratically elected and is a requirement for the organisations based in the EPZ</p>	<p>The WWA may become more useful and may function better with some training</p>	
<p>The organisation has a freedom of association policy</p>				
<p>There are records of meetings between management and workers / producers' committee (or similar) and examples of agreed actions.</p>				

Documents shown / evidence:

7.a. Working Conditions (trading partners / exporter)				
Standard	Colour	Findings	Actions to be taken	Deadline
Working hours comply with national laws/ILO. Working week, not including overtime, is defined by law but below 48 hours				
All employees have a clear labour contract or letter of employment. This shows agreed working hours, wages, secondary working conditions and extra benefits.				
Labour contracts are signed by both the employer and employee.				
The organisation contributes to pension and sickness benefit/insurance or extra benefits for producers/workers		Provident fund is required and carried out according to EPZ regulations		
The organisation makes provision for maternity leave and nursing mothers.		Maternity leave is as per EPZ rules		
All employees receive clear payslips, or the equivalent. These explain the amount received and are written in the employees home language		Employees receive payslips but these are in English	Provide payslips with Bangladesh	
Salaries /wages are recorded and paid in timely manner.				
Overtime is not compulsory, and is paid at a pre-agreed rate.				

Seasonal workers benefit from some core fair trade standards		n/a		
The organisation has a written disciplinary practise for workers which explains how any issues are dealt with.		Included as part of the EPZ policies and requirements		

Documents shown / evidence:

7.a. Working Conditions (producers)				
Standard	Colour	Findings	Actions to be taken	Deadline
Working hours comply with national laws/ILO. Working week, not including overtime, is defined by law but below 48 hours				
Workers' list, attendance book				
Salaries /wages are recorded and paid in timely manner.				
Salary records are signed by the worker.				
The organisation contributes to extra benefits for workers.		The workers are paid a daily salary but there are no other benefits	Investigate how the ESN workers can benefit from their involvement with Fair Trade	
Overtime is not compulsory, and is paid at a pre-agreed rate.		No overtime is required		
Seasonal workers benefit from some core fair trade standards		There is a sense that the ESN workers are somewhat separated from the Fair Trade work being implemented at OTL and there is work to be done to include the ESN workers. There are no contracts / letters of appointment	As above. How can the ESN workers receive the same benefits as the OTL workers?	

Documents shown / evidence:

7.b. Health & Safety (trading partner / exporter)				
Standard	Colour	Findings	Actions to be taken	Deadline
Appropriate policies, procedures and practices are in place to safeguard health and safety.		The policy has been drafted and now requires review, communication and implementation		
The organisation ensures appropriate practices are in place with producer groups				
A staff member is responsible for health and safety procedures and practices.		James Khan is responsible but there is a strong argument to delegate this to lighten James' load and to involve others in the running of the organisation.		
H&S training is done regularly with workers. Emergency plans and procedures are in place, including notices, warnings , signs etc.		Training is done [by James], there are no written plans and procedures. There are signs and notices	Ensure policies and procedures are developed, reviewed, communicated and implemented. Consider delegating the responsibility for this task	
Protective clothing (if needed) is available and people use it correctly,				
First aid kits are available, well equipped and there is a person responsible for filling and using them.		The first kits are available but training has been limited and it is important to train others to ensure that someone is always present should an accident happen	Ensure training is done	
Accidents in the workplace are recorded properly		Accidents and illness are well recorded. The next step is to analyse the records to see what can be done to reduce the		

		incidences		
Fire fighting equipment is available, up to date and people know how to use it.		Some of the fire exits were locked during our visit [by the EPZ management] but this has now been addressed and needs to be checked on a daily basis.	Implement and ensure the continued availability of fire exits and also the continued awareness of fire drills and actions in case of fire.	
Easy access to clean water and toilets. There are separate toilets for males and females.				
Any chemicals are stored in a safe and secure place. There are appropriate chemical records.				

Documents shown / evidence (photos):

7.b. Health & Safety (workshops)				
Standard	Colour	Findings	Actions to be taken	Deadline
Appropriate policies, procedures and practices are in place to safeguard health and safety.		The policy has been drafted but needs to be reviewed, communicated and implemented		
A staff member is responsible for health and safety procedures and practices.			Assign responsibility	
H&S training is done regularly with workers. Emergency plans and procedures are in place, including notices, warnings , signs etc.			Involve the ESN group with the H&S training	
Protective clothing (if needed) is available and people use it correctly,		The workers have protective gloves		
First aid kits are available, well equipped and there is a person responsible for filling and using them.			Provide training and support	
Accidents in the workplace are recorded properly			Ensure that any accidents are recorded and that these incidents are reviewed.	
Fire fighting equipment is available, up to date and people know how to use it.			Provide training	
Easy access to clean water and toilets. There are separate toilets for males and females.				

Any chemicals are stored in a safe and secure place. There are appropriate chemical records.		n/a		
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Documents shown / evidence (photos):

Site visit and worker interviews

8. Capacity Building				
Standard	Colour	Findings	Actions to be taken	Deadline
The organisation has a plan and budget for business, economic and social development for staff, producers and workers.	Yellow	There is no plan or budget for training	Develop a plan for training that has been assigned a budget and someone to oversee it	
The organisation provides regular training and development of skills and technology for producers and workers. These activities and training are recorded.	Green	The Literacy training is very popular and training on skills etc has also been delivered		
There are frequent opportunities for workers to learn about the organisation and their roles and responsibilities.	Yellow	The people at OTL meet daily and learn about orders and activities. There is little or no equivalent at ESN	Ensure that the workers at ESN receive communications as well as a greater understanding of their roles and responsibilities and place within the organisation	

Documents shown / evidence:

9. Promotion of Fair Trade				
Standard	Colour	Findings	Actions to be taken	Deadline
The organisation regularly raises awareness of Fair Trade amongst their employees, producers and workers.	Yellow	General awareness at OTL of FT is good but generally poor / non-existent at ESN. OTL participated in WFTD and has joined Ecota	Seek to raise awareness and understanding with ESN workers	
Posters, brochures, year reports etc show Fair Trade principles and activities.	Green			
Employees, producers and workers know and understand the fair trade principles	Yellow	Certainly true at OTL but not at ESN.		

Documents shown / evidence:

Worker interviews

Site visits

10. Environment				
Standard	Colour	Findings	Actions to be taken	Deadline
The organisation is aware of relevant environmental legislation and is committed to complying with it. Policies and plans reflect this commitment.		Policies and plans have been developed but not implemented or revisited for some time.	Assign responsibility for environmental practices and revisit the existing plans and implement as appropriate.	
There is a written environmental policy in place to assess the organisation's sustainability and environmental impact. The organisation set targets and reviews progress.		Policies, Environmental Management Systems etc. have been developed but have not been implemented or revisited for some time. The person who was responsible has left the organisation and the responsibility has not been reassigned	As above.	
The organisation demonstrates responsible management of resources - production and packing		The resources are all sustainably sourced, natural materials.		
The organisation demonstrates responsible management of waste.		Again, a waste management plan has been developed but has yet to be properly implemented	As above	
Organic certification is in place – where this is possible/appropriate.				

Documents shown / evidence:

Policies