

Social responsibility in the Malaysian glove industry

– a research of employment rights and environmental factors
in the production of gloves for medical use



Table of contents

Preface	3
Resumé	5
The glove industry	6
Method	6
Dialogue and control	
Audits	7
BSCI	
SMETA	
Hartalega	8
General	
Employment	
Working hours	
Freedom of movement	
Safety	
Environment	
Child labour	
Smart Glove	12
General	
Employment	
Working hours	
Union freedom	
Freedom of movement	
Safety	
Environment	
Child labour	
Conclusion	19
Appendices	

Preface

The glove industry in Malaysia is a billion-dollar industry growing exponentially, and recently, many Malaysian glove producers have been subject to critical magnitude. Especially employment rights and environmental factors have been points of special interest.

In the global market, complexity of supply chains increases. Therefore, more than ever, it is necessary to become transparent and create improvements where possible. In Lifco, it is our responsibility that the products we sell comply with all demands and regulations – both in relation to humans and the environment. With this report we put focus on the efforts of our suppliers.

The glove industry is very dependent on migrant workers, and in Malaysia alone, more than 3 million migrant workers are employed. Often, this group is offered less attractive work, and their employment often involves a third party from their home country who profit from their employment. The migrant workers are often uneducated and marginalised why they to a great extent are exposed in relation to employment rights. As a buyer, we have responsibility to ensure that the suppliers of Lifco offer responsible conditions for all their employees.

All our partners are chosen with the greatest care, and with the majority, we have a long-standing partnership behind us. The long-standing relationship facilitates an open and constructive dialogue which is the prerequisite for a confidential partnership where we can both demand and affect.

The purpose with this report is to identify possible challenges and discuss solutions of the partnership between Lifco and the factories Hartalega and Smart Glove as well as to ensure compliance with practices of Lifco Corporate Governance. This report focuses on these two suppliers because they handle most of our supplies.

We include audits conducted by independent organisations such as BSCI (Business Social Compliance Initiative) and SMETA (Sedex Member Ethical Trade Audit). Also, first-hand experiences from a factory visit and answers to Lifco's own surveys from the factories are included.

Resumé

The Malaysian glove industry is not only growing exponentially it is also very dependent on migrant workers. The conditions and employment rights for this group have been questioned by the media in recent years, and therefore, we have developed this report to explain Lifco's role in relation to the glove production.

All Lifco's partners are selected with the greatest care, and with the majority, we have a long-standing relationship behind us. The long-standing relationship facilitates an open and constructive dialogue which is the prerequisite for a confidential partnership where we can both demand and affect.

In this report we have analysed independent inspection reports of the two Malaysian glove suppliers Smart Glove and Hartalega. The reports are conducted by SMETA and BSCI and scrutinizes elements of work hours, employment rights, child labour, environmental factors and safety.

Both factories received positive feedback with only a few annotations on safety e.g. lack of waterproof boots for the employees, lack of fire detectors and lack of regular inspection of a natural gas line. Also, it is pointed out that employment rights in relation to volunteer work and maternity leave did not appear explicitly in the employment contract.

All annotations are subsequently rectified and evaluated as satisfactory by SMETA.

After our factory visit and the evaluation from BSCI and SMETA, we can conclude that the suppliers comply with local law and in many cases have committed beyond. We notice strong determination from the boards of the factories towards offering the employees better working conditions than the Malaysian standards which is confirmed e.g. by reduction of overtime.

We will continue to affect the suppliers and keep an open eye on employment conditions through report monitoring and factory visits.

The glove industry

The production of disposable gloves is a billion-dollar industry which is estimated to produce around 150 billion pairs every year. 85-95% of all disposable gloves are used in the medical industry.

Today, Malaysia is the biggest supplier of latex in the world and home to the leading glove producers. Since the start of the 90's, there has been a consolidation throughout the market. In 1990, there were more than 200 latex glove producers which was reduced to only 45 producers in 2009.

Today, two thirds of all disposable gloves are produced in Malaysia, and the leading producers are Top Glove, Supermac, Hartalega, and Kossan. The glove market for medical purposes increases every year with 6-8%, and the primary export is to USA, EU and Japan¹.

Method

To us, as a responsible organization, it is important to ensure sustainable conditions throughout the supply chain. In the following, we explain how we through collaboration seek to affect our suppliers. Also, we present the organisations which have conducted the independent inspections which our suppliers are subjected to.

Dialogue and control

In Lifco, we solemnly work with suppliers which comply with local laws in their respective countries. This is a minimum requirement. Both Hartalega and Smart Glove have committed beyond local law and introduced an upper limit for overtime of 70 hours/month. According to Malaysian law, the upper limit is 104 hours/month. Also, it is an important factor for our partnership that the producers show respect for both humans as well as the environment, and all suppliers are demanded commitment to Lifco's Code of Conduct when introducing a partnership with us.

We revise all independent audits and do a follow up with the producers if any conditions do not comply with our standards. Also, we have ongoing dialogue with the producers and do factory visits to inspect the working conditions with our own eyes.

We are aware of the uncertainty of these visits as we are accompanied by a guide and do not have the opportunity to move freely on the premises. Despite of that, we are certain that the visits support a trustful relationship which is determining for open discussion of challenges and the solutions.

¹ <https://www.bma.org.uk/collective-voice/influence/international/global-justice/fair-medical-trade/medical-gloves-report>

Audits

The independent audits are conducted every two years and are not vitiated with same degree of uncertainty. In the following, we provide a short presentation of the two organisations which audit our partners.

BSCI

BSCI is a business-driven platform which strive to promote social and trade improvements in supply chains. BSCI is a member organisation for businesses and trade organisations which base their work on 'BSCI Code of Conduct' and 'BSCI System Rule and Functioning'. BSCI members promote a collaborative monitoring and supplier development system².

SMETA

SMETA (Sedex Member Ethical Trade Audit) is an audit method based on best practise in relation to ethical auditing. SMETA is a tool which helps auditors conduct high quality surveys which comprises all aspects of responsible business. SMETA is based on four pillars³:

- Employment rights
- Health and safety
- Environment
- Business ethics

Our partners

In this report, we explain the two producers in short. The two producers are responsible for most of the gloves which Lifco redistribute. Also, we present the main points from the BSCI and SMETA-reports and what is left out only refer to neutral or positive annotations.

² <https://www.dieh.dk/om-dieh/etisk-handel/internationale-initiativer-og-standarder/bsci/>

³ <https://www.sedexglobal.com/smeta-audit/>

Hartalega

Hartalega was established in 1988 and produces latex and nitrile gloves. Hartalega is the world's largest producer of nitrile gloves with a production of 33 billion gloves a year and they expect to expand the production to 44.6 billion in 2020. The factory employs 7.800 employees in 8 locations.

Here, we go through factors such as work hours, freedom of movement and environmental factors based on results of the BSCI and SMETA-reports.

In the period 2016-2018, 16 audits were conducted on the factory which all came back with no annotations. Also, Hartalega is OHSAS 18001-certified. OHSAS 18001 is an international recognised standard in relation to work environment management systems which now is replaced by ISO 45001.

In the following, we present relevant excerpts from the SMETA-report.

General

- The facility has established procedure which includes the relevant laws and incorporated with the other Principles compiled as ETI Base Code
- Equal opportunity is given to all employees on the basis of their demonstrated capability, qualification, experience and potential.
- Workers interviews included both male and female. All workers were favorable towards the company.
- They enjoyed the work and stated it was a friendly environment. Pay is always accurate and is paid on time: no issues with the pay slips were noted. Also, they stated that they felt comfortable in approaching with any concerns they have.
- During employees' interviews, all the 80 randomly selected employees stated that they worked overtime on voluntary basis.
- Grievance mechanism available for employees are at any time can directly call to the Management as all the contact number posted at their hostel, Town Hall session for every quarterly and Customer Service 24 hours at Administration area for facility and at warden office for hostel occupants.

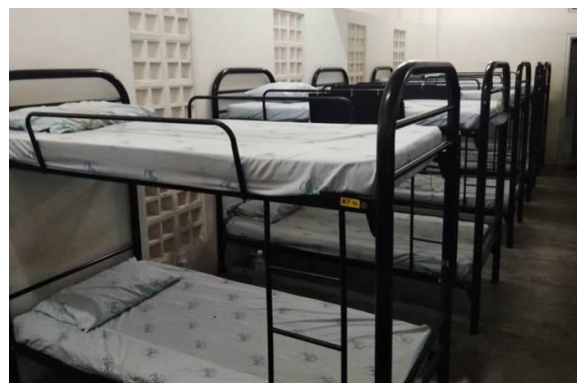
(SMETA)

In the SMETA-report, it is expressed that the employees seem safe and satisfied with their employment:

"Auditors managed to interview eighty production employees. The interview process was carried out in a private meeting room without the presence of any facility management. All interviewees were noted with positive attitude towards the management, workplace and welfare. Employees were not shy and aware of the audit conducted by Intertek. The employees were able to answer all the questions raised by the audit team and provided with information for cross reference/checking. The selected employees did not raise any negative issue during the interviews.



Hostels



Dormitory – meets local regulations in terms of space per person. 5S practices are also applied here.

The employees looked calm and truthful/not coached.”
(SMETA)

From the BSCI-report, it is evaluated that Hartalega has launched and developed policies which ensure all employees’ fair working conditions. This is supported by our own observations on the factory.

Employment

Hartalega is ambitious both in relation to the environment and humans. As the only factory, they have a “Zero-Cost Employment Policy” in writing which means that any costs of employees in relation to their employment are 100% covered by Hartalega. This has been one of the most explicit points of critique of the trade because migrant workers often pay a third party to retain their employment:

“Migrant workers do not need to pay Hartalega to join the Hartalega family. We comply with government procedures such as the SPPA and ePPAx to recruit migrant workers. These procedures are initiated and controlled by the Malaysian government with agreement from source country governments and are so beyond our capacity to change as a commercial entity. Hartalega is in full support of the new Malaysian government’s plans to reduce the possibility of abuse in the current systems by allowing direct recruitment and minimising costs to employees. Whether for normal working hours or overtime, all Hartanians are paid no less than the minimum rates dictated by Malaysian laws. All migrant workers, depending on the positions they hold in the company, are eligible for cash bonuses of up to 3.5 months and some were even given annual increment of up to 7%. Hartalega does not unlawfully withhold or deduct our Hartanians’ salaries and neither do we impose monetary penalties even for misconducts which may have been performed.”

According to Malaysian law, all employees have the right to one weekly day off.

Working hours

Hartalega provides an upper limit for overtime of 70 hours per month. The Malaysian law allows up to 104 hours overtime per month. Still, it is important to point out that overtime is voluntary for the employees:

“To increase their employment income, we have in place contractual overtime for eligible Hartanians. While this practice has been incorporated into migrant workers’ employment contracts that has been endorsed by the respective source countries’ embassies as well as the employment contracts for local workers, Hartanians themselves may request to not be required to perform the contractual overtime. In addition, any additional overtime performed is only on voluntary basis upon approval by the company.”

(Hartalega Migrant worker practices).

Freedom of movement

All employees have freedom of movement outside of the working hours. Hartalega offers free daily transport to the city, the mosque and local attractions. Also, the employees have access to their own locker



Bathroom – meets local regulations in terms of number of bathrooms in relation to number of occupants.



Kitchen



Futsal courts



Outdoor gym

where they safely can store their passport. The employees are the only ones with keys for their own locker and they have access whenever needed.

Safety

All employees at Hartalega participate in yearly safety drills in relation to e.g. fire, chemical spill and/or chlorine leakage. Also, Hartalega has specialized "Emergency Response Teams" consisting of employees which receive education and are subject to ongoing retraining in relation to their specific safety area:

"(...) we take the safety and health of our Hartanians very seriously and do much more than necessary, as proven by the grade A rating Hartalega received during the most recent annual factory inspection by Malaysia's Department of Safety & Health (DOSH) and our regular passing of OHSAS 18001 audits, a British Standard for occupational health and safety management systems that is recognized internationally." (Hartalega Migrant worker practices).

All employees have access to free treatment in the medical clinic connected to the factory. In case of a more severe injury, the employees are treated in the hospital where all expenses are covered by Hartalega or an insurance paid by Hartalega.

The only annotation in the BSCI-report is coined on safety:

"It was noted that one chemical drum (Lubricant Oil) was not provided with secondary containment in the workshop (Item 7.7). Law: In accordance with Laws of Malaysia, Factories and Machinery Act 1967 (Act139) and Regulations and Rules. Factories and Machinery (Safety, Health and Welfare) Regulations 1970 [Regulation 15(1)] Every drum, can or similar vessel containing volatile inflammable substances shall be kept securely closed when not in actual use and shall, after the contents have been emptied, be removed without delay from the premises in which they are used; and adequate arrangements shall be made to convey to a safe place any such substance which may escape due to failure of any vessel or leakage or overflow or accidental discharge thereof." (BSCI Audit Summary Report)

Environment

Hartalega is ambitious regarding the environment and is ISO 14001-certified. ISO 14001 is the international standard for environmental management and is based on the organisation, its processes and activities. ISO 14001 sets requirements to all elements of the environmental management system which must be met in order to become certified⁴:

- Environmental policies
- Planning
- Implementation and operation
- Control and corrective actions



Hostel leaders meeting with HR.



Health talk by Ministry of Health.



Festive night celebrations – workers having fun.



Festive night celebrations – a Hartalega tradition where management team wear aprons to serve food to workers, a symbolic gesture of appreciation.

⁴ <https://mst.dk/erhverv/groen-virksomhed/groenne-produkter/miljoeledelse/iso-14001/>

- Evaluation by the board

Yearly, Hartalega dedicate 4% of their surplus to investment in state-of-the-art equipment which may help protect the environment. Also, Hartalega has implemented the following initiatives:

- Designing our scrubber towers to reduce air emissions levels up to 20 times lower than the regulatory limit.
- Conforming to Malaysia's Department of Environment's highest benchmark for effluent water discharge (Standard A) by choice although the looser Standard B is still applicable by regulation.
- Converting waste to a valuable renewable energy resource as well as reducing dependence on fossil fuels with the industry's first Biomass Energy Plant.
- Stack Flue Monitoring
- Sewerage Servicing⁵

Child labour

Hartalega does not employ children which is confirmed by both BSCI and SMETA:

"Hartalega does not and will not employ any person below the age of 18. Measures are in place from the first point of contact with potential employees to ensure no accidental or fraudulent employment of minors occur, such as with age screening using official identification documents like passports and identification cards. Many social compliance audits conducted at our premises have also confirmed that we do not employ child labour."



Safety drills



Specialized Emergency Response Teams.



⁵ <https://hartalega.com.my/sustainability/health-safety-environment/>

Smart Glove

Smart Glove was established in 1994, and today, they produce gloves for different trades. Smart Glove has factories in Malaysia and Indonesia.

In the following, we go through aspects such as union freedom, working hours, freedom of movement and environmental factors based on the results from the SMETA-report. In relation to this report, there has been conducted rectification of all annotations described in the SMETA-report which we will touch upon in this section.

Generelt

- There are total of 399 employees employed by the site at time of the audit, 95 employees are local Malaysian and 304 employees are migrant workers from Nepal and Bangladesh.
- The youngest worker employed in the facility at time of the audit is 19 years old and the employee was recruited at the age of 18 years old.
- The site has no union, it is not a requirement to have union in regulation of Malaysia. The site has appointed worker representatives.
- Base on site verification, worker interview, document review and confirmation with management, it is confirmed that the site does not uses subcontracting or homeworkers.
- 26 attendance records (punch card records), payroll, payslip (sampled March 2019, December and November 2018) and personal files were randomly selected and reviewed.
- 6 individual interviews + 4 groups of 5 interviewees were performed successfully in this audit.

Employment conditions at Smart Glove

Besides Malaysia, the employees at Smart Glove comes from Bangladesh and Nepal. The work is carried out in shifts.

"All the workers are full time employee of the site. The site office staff, and executive staff work for 5 and half days a week in single shift (eligible for alternate Saturday rest). Operation workers work pattern is 2 shifts, where working hour for shift 1 is from 0700 – 1600 and shift 2 is from 1900 – 0400. The workers are entitled for 1-hour meal and rest break within the 9 hours work (30 minutes for meal and 2 rest breaks, each 15 minutes).

Employees' wages are calculated on monthly basis and paid on or before 7th of each month. The site provided accommodation to all migrant workers as per the contract, there are 14 units of hostels (double storey shop houses) managed by the site. The hostels are less than 6 km from the factory, the site provide free transport to/from hostel/home to factory (for both migrant and local workers)."

From the SMETA-report, it is found that the employees in general find Smart Glove as a satisfactory workplace.



Employees provided with transport from workers' hostel



Regular communication between HR and workers representative.

"Interviewed workers generally satisfied with the working environment. More than 50% of the interviewed workers informed that they have been working with the company for more than 8 years, showing sign of satisfactory working with the company (...) Based on the interview with the selected employee's no such objective evidence found that they were ill-treated, harassed whether sexually or otherwise, intimidated physically and mentally during their period of employment. During the site observation also noted no any physical and verbal abuse seen against the employees. No salary deduction as disciplinary measure. Security is present at this site but its function solely to watch and keep safe the site's properties."

All interviews were conducted in a private room, and it was explicitly communicated to the employee that the interview was confidential. Also, from the SMETA-report, it is found that the employees are free to resign their job and leave Smart Glove if they wish:

"Employees have right to accept or refuse employment as well as terminate his/her employment with acceptable period of notice (as defined by in the employment contract 1 month for confirmed employee and 14 days for workers under probation period). There is no suspicious movement of workers (hiring and resigning/termination) throughout the period of January.2018 - March.2019. The migrant workers term of employment was reviewing to have the same benefit and entitlement as per permanent workers i.e. annual leaves, medical benefit, free transport, OT premium and rest time."

Furthermore, from the report, it is found that management is cooperative in relation to the examination of the work environment for the employees:

"Directors and managers present during the opening and closing meeting were very co-operative and rendered full support to the auditors to ensure a smooth audit process. The arrangement of the audit was effective and transparent, auditor could access all factory's area, required documents were provided for review. Also, permission to conduct interviews with workers and worker representatives that selected by the auditor was granted. Co-operation was good with no delays at all in the employee interview session.

All required documents were presented without any difficulty when asked by the auditors. The discussion about the non-conformance and proposed corrective actions were positive by the management, there is no appeal raised by the management during closing meeting."

Working hours

Smart Glove has implemented an upper limit for overtime of 70 hours per month. Malaysian law allows overtime up to 104 hours per month. Overtime is voluntary, even though, this was not explicitly described in the employment contracts:

"The working hours of workers and office staff is clearly defined in each employee contract. Normal working hours at the site is 48 hours/week for workers and 44 hours/week for office staff, which is lower than regulatory requirements 48 hours/week. There is not exceeded local overtime working



Workers representative, nomination and election proces.



Workers' lockers for safe-keeping of passports.

hour's limit (72 hours/week or 104 hours/month).

The site operates 2 shifts for production; the shift rotation is on weekly basis. Normal working hours is from 0830 – 1730, as for shift workers the shift rotation is 0700 – 1900, and 1900 – 0700. All workers will be allocating 1 rest day in 7 days cycle, but it is not necessary fall on Sunday (depending on the job rotation). The site production head explained overtime hours based on production plan and duty roster. Overtime is paid at OT premium where normal OT pay 1.5 times, rest day OT pay 2.0 times and public holiday pay 3.0 times. Salary slip lists all overtime rate and amount compensated. No serious comment on overtime miscalculation. Workers may refuse overtime with substitute. Based on the time records, there isn't any peak season observed from the past 12 months man-power planning pattern. Evidence review was capture from the time recording system – Biometric thumb print system."

In the SMETA-report, it is described that the employee information regarding maternity leave and overtime is insufficient. This has later been rectified and information about the mentioned aspects are now explicitly mentioned.

Description of non-compliance:

"Some information about internal rules and regulations is not clearly addressed in the employment contract and the Employee Handbooks. The information of maternity leave and overtime for workers is voluntary was not determine in the employment contract."

Desktop verification comment on 15/05/2019:

"Revised employment contract was reviewed conforming the detail of the maternity leave policy and overtime policy is addressed. The action taken is effective and acceptable."

Union freedom

At the Smart Glove factory, worker representatives are elected among the employees:

"Worker committee/representative in the company were nominated from departmental level. Two(2) worker representatives were interviewed during the audit. The worker representatives from local workers and migrant workers were interviewed. The worker representatives were open towards the audit.

Representative informed the auditor that the workers relationship with management is positive, where management is willing to accept their suggestion and grievances. A non-conformance was raised to handle the ensure a more democratic election to be carry out to allow all worker elect their representatives."

"Worker committee meeting with management, last meetings were held on 27/01/2019 and 01/04/2019. Meeting minutes available showing the present of the management and worker representative. Interviewed two worker representatives (one from local workers and one from migrant workers). Generally, the worker representative aware of their basis responsibilities and they have access to the facilities to carry out their work, i.e. use of



Fire drill evacuation training.



Safety, health & environment induction training for new join.



Fire extinguisher demonstration at factory.

notice board, call for meeting with management etc.”

However, in the SMETA-report, it is mentioned that not all employees are aware of who these representatives are, why a reelection was recommended:

Description of non-compliance:

“The company shall establish mechanism i.e. worker election, nomination programs etc to ensure the election of worker representative/committee is democratic and aware by the workers. Training shall be conducted to worker representative/committee to ensure they aware of their duties.”

Smart Glove has subsequently held a reelection:

“The site has facilitated worker election on 22 & 23/04/2019. Evidence of attendance and photo conforming the workers has elected their representatives democratically. The action taken is effective and acceptable.”

Freedom of movement

In the SMETA-report, it is stated that the employees have freedom of movement, and at any time, they can resign their job in respect of regulations in their contract. Furthermore, the employees have complete right of their passport. All employees are offered a private locker where they safely can store their passport and where they are the only one with a key:

“Workers interview were conducted for the condition of work at the site covering the issues related to the recruitment processes, wages system and including reviewing the workers employment contract. Based on the evidence and feedback from workers, it was noted the recruitment is based on vacancy and qualification. Each new employee/worker (including migrant workers) received a copy of Employment Contract, signed as agreement by the worker. The contract is printed in English and explain to workers (for those do not understand English). Mirant worker contract is in English and their National Language (Nepal or Bangladesh). The employment contract reviewed to have included position, salary, overtime, lawful deduction, duration of the contract (migrant worker only), annual leave, sick leave and public holiday, termination of contract, probation etc. The condition spell in the contract is complying to the Employment Act and no sign of bonded/forced labour detected. Other employment condition is detailed in the employee handbook. No worker reported they need to lodge deposit for the work or for any work-related service / equipment.

No prison labour ever employed or exists by the site. Checked security guard at site is not to discipline or to control workers freedom but only to ensure security of the facility. Migrant (foreign) workers are given the same benefit as per other local worker, this was confirmed during the workers interview. The workers were interviewed and confirmed they are free to leave the site or the accommodations (for migrant workers) during non-working hours. All agency workers kept their passport and working identity card (issued by the Immigration department of Malaysia). The migrant workers able to show they have control over their passport by keeping the passport in the passport safe at the site (the migrant worker hold the key).”



Fire extinguisher demonstration at hostel area.

Safety

Safety is of high priority at Smart Glove, and all employees participate in yearly safety drills:

"Adequate resources have been provided to implement and maintain the health and safety condition for example firefighting equipment and PPE. Firefighting equipment's observed to have provided at site, workers able to explain the evacuation route when being ask by the auditor. Assembly point is clearly mark (outside of the main building, near to customer parking area).

The S&H responsible person and his safety committee had received regular and recorded health and safety training. The S&H training planned in yearly basis and conducted recently were: Evacuation training (16/11/2018), First aid CPR & AED Training (28/03/2019), Forklift Training (27/12/2018), Chemical Training (18-19/12/2017) etc, these trainings has been completed satisfactory.

H&S risk assessment (HIRADC) was established by the site safety committee covered all department, appropriate actions was considered and document in the HIRADC to those high-risk activities, the last assessment was conducted on February 2019 by the safety committee competent person. Significant health risks appear to be associated with the working with hot surface and working at high noise area. Based on the accident records log there is no major occupational accident recorded from the past 5 years. Minor accident that required medical treatment, lost time occurred and having property lost were recorded in the Incident report & investigation form (Form #T009/13-00SM).

All employees are provided with safety equipment, but in the SMETA-report, a lack of waterproof boots is noticed:

"PPE such as safety helmet, safety shoes, half/full respirators, gloves, goggles are given to employees at no cost. However, water proof boots has not provided for spillage control, see non-conformance below for detail. Potable water supply within the site is adequate and easily access by the workers. The site has established active Safety & Health Committee and the committee is accountable for the plant safety and health issues."

Also, the following areas are mentioned where Smart Glove may improve in relation to safety:

Non-compliance related to Safety

1. The emergency light and emergency exit at the production (compounding and dipping) not being assessed whether it is adequate for emergency evacuation.

Desktop verification comment on 15/05/2019:

The site has conducted assessment to the adequacy of the emergency lights in the plant, evidence (assessment report with photo) shown the site has make conclusion to further enhance the emergency light (in quantity) in the plant. The action taken is effective and acceptable.

2. The spillage kits provided at the chemical store was without water



Periodically DOSH inspection.

proof boots.

Desktop verification comment on 15/05/2019:

The sites photo evidence shown water proof boots had been provided and available at the chemical store. The action taken is effective and acceptable.

- 3. One out of three accommodation visited during the audit was found the kitchen not separated with the sleeping area and smoke detector was not installed like another hostel.*

Desktop verification comment on 15/05/2019:

Photo evidence shown the accommodation has been installed with metal partition and smoke detector. The action taken is effective and acceptable.

- 4. The natural gas pipeline used for supplying natural gas to boiler does not have regular inspection.*

Desktop verification comment on 15/05/2019:

The site purchase order PT021514 confirming action has been taken to engage competent assessor to perform inspection to the natural gas pipeline. The action taken is effective and acceptable.

Environment

Smart Glove is not ISO 14001-certified but are following an environmental policy.

“Verified from the authorities (DOE, Department of Environment) visit records, noted there were no fines/prosecutions for non-compliance to environmental regulations from the pass 3 years record. The site has a WWTP (Wastewater treatment plant) and a Natural Gas fired boilers, these facilities has valid registration with DOE, daily & monthly discharge water test were available to evidence the parameter of the discharge water meeting the regulated requirements. Schedule waste produced (i.e. latex sludge, rubber waste etc) were disposed to DOE license waste contractor. The storage, inventory and disposal of schedule waste verified to have accordance to the regulation.

No major environmental issue observed during the site verification, however the collection of waste cooking oil from the canteen operation shall be further improve, see non-conformance below for detail.”

Non-compliance related to environmental issues:

- 1. The canteen has not installed oil trap at the washing area to prevent waste cooking oil discharge with washing water. The waste oil shall be collected and disposal to waste oil collection centre.*

Desktop verification comment on 15/05/2019:

Photo evidence uploaded by the site conforming oil trap has been in-

stalled in the canteen. The action taken is effective and acceptable.

All points of critique have later been rectified.

Child labour

No examples of child labour was found at Smart Glove.

"Result from site verification and document review shown there is no objective evidence that the site recruited worker under the age of 14. During the audit, no children or young worker seen at site. The site has confirmed at the point of recruitment, the National Identity Card or passport (for migrant worker) was verified to confirm workers age. HR Department conducted the hiring process following the COC to screen those applicants under 18 years old. The migrant worker is above the age 18 as part of condition to travel into the country for working. The youngest employed at this site is 19 years old (the workers were recruited at the age of 18 and 6 months). There was no feedback from workers interviewed of any younger person or underage ever employed by the site."

Conclusion

In this report, we have shed light upon independent inspection reports of the two Malaysian glove producers, Smart Glove and Hartalega. The reports are conducted by SMETA and BSCI and touch upon elements of work hours, employment rights, child labour, environmental factors and safety.

Both factories received positive evaluations with only a few annotations. At Hartalega, the only annotation was coined on safety since a barrel was not provided with the required precautions.

At Smart Glove, annotations on safety were also received because of e.g. lack of waterproof boots for the employees, lack of smoke detectors and lack of regular inspection of a nature gas line. Furthermore, it is pointed out that employment rights in relation to voluntary overtime and maternity leave were not explicitly stated in the employment contract.

All annotations have later been rectified and evaluated as satisfactory by SMETA.

After the factory visit and evaluations from BSCI and SMETA, we can conclude that the producers comply with local law and in most cases have committed beyond. We notice a strong determination from the boards of the factories towards offering the employees better conditions than the Malaysian standard which is confirmed e.g. by reduction of overtime.

We will continue to affect the suppliers and have an open eye on employment conditions through report monitoring and physical factory visits.

Appendices

All appendices can be requisitioned electronically by inquiry to Nordenta at nordenta@nordenta.dk

Hartalega

- Hartalega Migrant Worker Practices
- BSCI, Hartalega
- Hartalega, Zero-Cost Employment Policy
- Manufacturing Self Assessment

Smart Glove

- Manufacturing Self Assessment
- SMETA, Sedex Members Ethical Trade Audit Report

Cranberry

- Manufacturing Self Assessment

Social responsibility in the Malaysian glove industry

– a research of employment rights and environmental factors
in the production of gloves for medical use

LIFCO