



## Labor Management Procedure (LMP)

For

Expansion of Textile Spinning plant of Pahartali  
Textile Hosiery Mills (PTHM) Under BIFFL and  
KfW Fund



Pahartali Textile and Hosiery Mill



Ispahani Complex, north Pahartali  
region in the port city Chattogram.



## Pahartali Textile Hosiery Mills (PTHM)

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## ABBREVIATIONS

|      |   |  |
|------|---|--|
| APs  | : | Affected persons                           |
| CoC  | : | Code of Conduct                            |
| ECR  | : | Environmental Conservation Rules           |
| EHS  | : | Environmental and Health Safety Guidelines |
| ESIA | : | Environmental and Social Impact Assessment |
| ESS  | : | Environmental and Social Standard          |
| GBV  | : | Gender-Based Violence                      |
| GIIP | : | Good International and Industry Practices  |
| GRC  | : | Grievance Redress Committee                |
| GRM  | : | Grievance Redress Mechanism                |
| ILO  | : | International Labour Organization          |
| LMP  | : | Labor Management Procedures                |
| OHS  | : | Occupational Health and Safety             |
| PIU  | : | Project Implementation Unit                |
| PPE  | : | Personal Protective Equipment              |
| PPR  | : | Public Procurement Rule                    |
| SBD  | : | Standard Bidding Documents                 |
| WB   | : | World Bank                                 |



## EXECUTIVE SUMMARY

This Labor Management Procedure (LMP) has been developed for the operational stage of the Expansion of Textile Spinning Plant of Pahartali Textile Hosiery Mills (PTHM), which is financed by BIFFL and KfW. The expansion has now moved into its full operation phase in 2025 with nearly 1983 direct workers and additional contracted and supply chain staff.

The purpose of this LMP is to safeguard the rights, safety, and welfare of all categories of workers engaged in the ongoing operations of the mill. It establishes structured policies, procedures, and monitoring arrangements to ensure compliance with the Bangladesh Labour Act and its subsequent amendments, the Bangladesh Labour Rules, and international standards on labor and working conditions. The report is fully aligned with Environmental and Social Standard 2 (ESS2: Labor and Working Conditions), IFC guidance, and ILO conventions.

The LMP provides comprehensive coverage of workforce management, including recruitment and employment practices, worker contracts, fair wages, working hours, leave entitlements, occupational health and safety, worker housing, and gender equality. Special attention is given to strengthening grievance redress mechanisms, preventing discrimination and harassment, and ensuring that contractors and supply chain partners uphold the same standards.

In addition, the LMP introduces a structured monitoring and reporting framework to track key labor indicators, including the number of grievances received and resolved, occupational health and safety training, workplace inspection results, and gender-disaggregated employment data. These measures not only enhance compliance with regulatory and donor requirements but also promote accountability, transparency, and continuous improvement in labor management practices. By formalizing labor standards for the operational stage, this LMP contributes to sustainable business operations, fosters a safe and equitable working environment, and supports the long-term reputation of PTHM as a socially responsible enterprise.

# 1. INTRODUCTION

## 1.1 Background

Expansion of Textile Spinning Plant of Pahartali Textile Hosiery Mills (PTHM), located at the Ispahani Complex in the north Pahartali region of Chattogram, has recently expanded its spinning operations with financing support from BIFFL and KfW. The expansion was undertaken to increase production capacity, modernize equipment, and enhance operational efficiency, while also integrating sustainable energy solutions such as a natural gas-based power generation unit and a solar energy component.

Construction activities concluded in early 2025, and the project has now entered its full operational stage. At this stage, the mill employs approximately 1,983 direct workers, supported by contracted service providers in security, cleaning, transport, and catering, as well as a range of supply chain partners engaged in raw material handling, packaging, and technical support. The operational workforce is therefore diverse and requires structured systems to ensure fair, safe, and equitable working conditions.

To maintain compliance with national legislation and international best practices, PTHM requires a formal Labor Management Procedure (LMP) that provides clear guidance on workforce management during operations. This includes setting transparent procedures for recruitment and employment, ensuring that all workers have written contracts and fair wage protection, and providing adequate occupational health and safety arrangements. It also includes the development of proper worker accommodation facilities that meet international standards, a grievance redress mechanism that is easily accessible and responsive to workers' concerns, and gender-inclusive policies that promote equal opportunities for both male and female employees.

By institutionalizing these measures, the LMP establishes a framework for systematic labor management during the operational stage. It ensures that worker rights are safeguarded, occupational risks are minimized, and accountability is embedded in the company's daily practices. The procedure also creates mechanisms for monitoring and reporting on labor conditions, allowing PTHM to demonstrate ongoing compliance with regulatory requirements while strengthening its long-term commitment to social responsibility and sustainable operations.

## 1.2 Objective

This LMP is being developed for Pahartali Textile & Hosiery Mills (PTHM). It identifies labor requirements and sets out the procedures for addressing labor conditions and risks associated with the project, which is aimed at helping the project to determine the resources necessary to address project Labor issues.

This Labor Management Procedure (LMP) serves as the foundational document for ensuring that all labor practices associated with the project comply with national and international standards. The primary objectives include:

- **Promoting safety and health at work** through comprehensive occupational health and safety protocols
- **Ensuring fair treatment and non-discrimination** of all project workers regardless of gender, ethnicity, religion, or social status
- **Protecting vulnerable workers**, including women, persons with disabilities, and migrant workers



- **Preventing child labor and forced labor** through robust verification and monitoring systems
- **Supporting freedom of association** and collective bargaining rights in accordance with national law
- Providing accessible **grievance mechanisms** for workers to raise workplace concerns.

### 1.3 Scope and applicability

This LMP describes the requirements and expectations in terms of compliance, reporting, roles, supervision, and training with respect to labor and working conditions, including camp accommodation. The LMP will cover all categories of workers. The LMP will set out the following procedures

- How workers will be managed in accordance with the national law requirement
- Guidelines for the different categories of project workers
- Terms and conditions of Employment
- Child Labor
- Forced Labor
- Non-discrimination and equal opportunity
- Protecting the Work-force
- Grievance Mechanism
- Occupational Health and Safety



## 2. OVERVIEW OF LABOR USE ON THE PROJECT

This comprehensive Labor Management Procedure (LMP) has been developed to ensure full compliance with World Bank Environmental and Social Standard 2 (ESS2) on Labor and Working Conditions, while incorporating the requirements of Bangladesh labor legislation and international best practices. The document provides detailed frameworks for managing all categories of workers, mitigating labor-related risks, and establishing robust monitoring and grievance mechanisms throughout the project lifecycle.

### 2.1 Worker Classification Under the Projects

The LMP applies to the following types of workers:

*Table 2-1: Types of Workers and Their Duties*

| SI No | Types of Workers       | Details   |
|-------|------------------------|---|
| a)    | Direct Workers         | Approximately 1,983 employees are directly employed by PTHM. They work in production units, quality control, administration, HR, and maintenance. Most are full-time permanent employees with written contracts and entitlements. |
| b)    | Contracted Workers     | Around 200–250 workers are employed through contractors for services such as security, cleaning, catering, and transport.   |
| c)    | Primary Supply Workers | Workers engaged through suppliers and subcontractors for raw material supply (e.g., cotton), packaging, and equipment maintenance.  |
| d)    | Community Workers      | Occasionally engaged in landscaping, tree plantation, and corporate social responsibility programs.   |



### 3. ASSESSMENT OF KEY POTENTIAL LABOUR RISKS

With the transition of Pahartali Textile Hosiery Mills (PTHM) into its full operational phase, the management of labor conditions becomes critical to ensuring sustainable production and workforce well-being. Unlike the construction phase, where risks were temporary and project-based, the operational stage introduces long-term and recurring challenges that require systematic oversight. The key labor-related risks are described in detail below.

#### 3.1 Occupational Risks

Workers in textile spinning operations are exposed to significant occupational hazards. High-speed spinning machinery presents risks of physical injury if proper safety procedures and machine guarding are not maintained. Continuous exposure to dust, fibers, and micro-particles in the production areas can cause respiratory issues if adequate dust suppression and ventilation systems are not in place. Additionally, elevated noise levels from machinery create the risk of long-term hearing impairment without consistent use of protective equipment. Heat stress is another concern, particularly during peak production periods, and requires effective climate control systems and rest breaks. If not managed, these risks can lead to frequent accidents, increased absenteeism, and long-term health complications for workers.

#### 3.2 Working Conditions

The nature of textile production involves extended working hours, shift rotations, and repetitive tasks. While the law prescribes an eight-hour workday, operational demands sometimes extend working hours, creating risks of fatigue and physical strain. Repetitive manual tasks such as spinning, winding, and packing may result in musculoskeletal disorders if ergonomic safeguards are not integrated. Excessive overtime without adequate rest also contributes to stress and reduces productivity. To address these risks, management must ensure compliance with legal working hour limits, proper overtime compensation, and regular breaks, as well as investment in ergonomic workstations and worker rotation policies.

#### 3.3 Worker Housing Risks

PTHM provides dormitory accommodation for a segment of its workforce, particularly for migrant workers from outside Chattogram. If not properly managed, worker housing can pose serious risks to health and welfare. Overcrowding, poor ventilation, and inadequate sanitation facilities increase the risk of communicable diseases and can affect worker morale. Insufficient potable water, irregular waste management, or poor lighting and security within dormitories may also create vulnerabilities, especially for female workers. International standards, including IFC and ILO guidelines, emphasize that worker housing should provide adequate living space, hygiene, privacy, and safety. Therefore, continuous monitoring of housing conditions, regular inspections, and improvement programs are essential to minimize these risks.

#### 3.4 Gender-Related Risks

Although the textile sector in Bangladesh employs a significant number of women, gender-related risks remain prominent in operations. Female workers may face limited opportunities for advancement into supervisory or technical roles due to structural biases. Risks of sexual exploitation, abuse, or harassment (SEA/SH) in the workplace or dormitories are also significant



if preventive measures are not enforced. The absence of gender-responsive facilities, such as separate sanitation units, rest areas, and childcare support, can further restrict women’s participation. To address these risks, the authority must implement gender-sensitive policies, provide equal training and promotion opportunities, and enforce a zero-tolerance policy on SEA/SH, supported by an accessible and confidential grievance mechanism.

### 3.5 Supply Chain Risks

Beyond its direct workforce, PTHM’s reliance on suppliers for raw materials such as cotton and packaging materials introduces risks of labor exploitation. Informal labor arrangements in supply chains can sometimes involve underage workers, unsafe working conditions, or excessive working hours. While PTHM may not directly employ these workers, reputational and compliance risks arise if suppliers fail to meet labor standards. Strengthening supplier due diligence, conducting regular audits, and including labor clauses in procurement contracts are therefore critical steps in mitigating these risks.

### 3.6 Grievance Management Risks

An effective grievance redress mechanism (GRM) is essential to maintaining trust between workers and management. If grievances cannot be raised confidentially and resolved fairly, workers may remain silent on issues ranging from wage disputes to harassment, leading to dissatisfaction, increased turnover, and even labor unrest. During operations, the scale and diversity of the workforce make grievance handling more complex, as mechanisms must be accessible to both direct and contracted workers. PTHM must therefore ensure that its GRM is well-publicized, user-friendly, gender-sensitive, and supported by a Grievance Redress Committee (GRC) that can address concerns in a timely and transparent manner.

### 3.7 Labor Risk Mitigation Plan

The following table outlines the strategies to be implemented for effective management of labor risks and impacts associated with the PTHM expansion project.



*Table 3-1: Risks and impact mitigation*

| Risk Category   | Worker Impacts\Risks  | Project Impacts\Risks                                     | Mitigation Measures  | Monitoring Frequency | Responsibility |
|---|---|---|--|----------------------|----------------|
| <b>Recruitment and Selection</b>                          | Perception of unfair recruitment and selection practices; risk of child or forced labor | Non-compliance, reputational damage, reduced productivity | <ul style="list-style-type: none"> <li>Recruitment to follow HR policy and transparent procedures</li> <li>Clear selection criteria and equal opportunity for women and persons with disabilities</li> <li>Ban on child labor (below 18) and forced labor</li> </ul> | Quarterly            | PTHM           |
| <b>Conditions of Employment</b>                           | Concerns that wages, salaries, and benefits are unfair                                  | Work stoppages, absenteeism, low motivation               | <ul style="list-style-type: none"> <li>Written contracts provided before hiring</li> <li>Equal pay for equal work</li> <li>Wage surveys to ensure fairness with local industry averages</li> </ul>   | Quarterly            | PTHM           |
| <b>Occupational Health &amp; Safety (OHS)</b>             | Risk of injury  | Accidents, delays, increased costs                        | <ul style="list-style-type: none"> <li>Provide PPE and safety training</li> <li>Enforce OHS guidelines</li> <li>Regular safety audits</li> <li>Emergency preparedness and response plan</li> </ul>   | Monthly              | PTHM           |
| <b>SEA/SH (Sexual Exploitation, Abuse and Harassment)</b> | Risk of harassment or misconduct affecting female workers                               | Legal implications, social tensions, reputational risk    | <ul style="list-style-type: none"> <li>Mandatory Code of Conduct for all workers</li> <li>Training on SEA/SH prevention</li> <li>Separate facilities for male and female workers</li> <li>Grievance redress mechanism</li> <li>Appoint female focal point</li> </ul> | Quarterly            | PTHM           |
| <b>Labor Relations &amp; Cultural Diversity</b>           | Misunderstanding among workers from different   | Conflicts, low morale, reduced productivity               | <ul style="list-style-type: none"> <li>Cultural awareness and anti-discrimination training</li> <li>Promote respectful workplace</li> </ul>  | Quarterly            | PTHM           |



| Risk Category               | Worker Impacts\Risks   | Project Impacts\Risks                             | Mitigation Measures   | Monitoring Frequency | Responsibility |
|-----------------------------|--|---|---|----------------------|----------------|
|                             | backgrounds; distrust or discrimination                          |   | practices <ul style="list-style-type: none"> <li>Supervisors trained on conflict resolution</li> </ul>  |                      |                |
| <b>Worker Accommodation</b> | Poor living conditions lead to dissatisfaction and health issues | Low morale, reduced productivity, higher turnover | <ul style="list-style-type: none"> <li>Ensure decent, safe, and hygienic worker accommodation</li> <li>Access to basic healthcare</li> <li>Emergency response and security management in camps</li> </ul> | Quarterly            | PTHM           |



## 4. INSTITUTIONAL ARRANGEMENTS AND RESPONSIBILITIES

The following institutional framework is responsible for implementing the LMP:

- HR and Administration Department: Recruitment, contracts, payroll, worker welfare, and grievance handling.
- Environmental, Health, and Safety (EHS) Officer: Implementation of workplace safety measures and monitoring compliance with ECC conditions.
- Gender Specialist: Oversight of gender inclusivity and implementation of the Gender Action Plan.
- Contractor Supervisors: Ensure that contracted staff comply with PTHM's labor standards.
- Grievance Redress Committee (GRC): Handles complaints and ensures that they are resolved transparently.



## 5. BRIEF OVERVIEW OF LABOR LEGISLATION

### 4.1 Terms and Conditions

Employment terms and working conditions will be governed by the Bangladesh Labor Act, 2006, and its subsequent Amendments of 2013, 2018 and 2023, which align well with the requirements of the World Bank's ESS2. These laws provide a robust foundation for ensuring decent, equitable, and legally compliant employment across all sectors, including technical consultancy and field operations.

Key provisions include:

- **Employment Contracts:** All personnel whether direct or contracted must receive documented terms of employment, specifying their duties, wages, working hours, leave entitlements, and duration of service.
- **Working Hours and Leave:** The law mandates a maximum of eight (08) working hours per day (extendable to 10 hours with overtime pay), The employees will have a meal break each workday. Additional provisions for:
  - Paid annual leave
  - Sick leave
  - Maternity leave for eligible female workers
  - Compassionate leave
- **Wage Protection:** Workers are entitled to timely payment of fair wages without any unauthorized deductions. Minimum wage standards as per government notifications will be applied where relevant.
- **Termination and Retrenchment:** The Act specifies lawful grounds for termination and outlines procedures for retrenchment, including prior notice and severance benefits.
- **Grievance Mechanism:** Workers have the legal right to file complaints regarding unfair treatment, wage disputes, or unsafe working conditions. The project will establish and operationalize a dedicated Labor Grievance Redress Mechanism (GRM) to supplement this legal provision, ensuring timely resolution.

### 4.2 Standards for Labor and Working Conditions in Bangladesh

The labor and occupational health and safety (OHS) standards applicable to anchored in a suite of national laws and policies, including the Bangladesh Labor Act, 2006 (amended in 2013, 2018, and 2023), the Public Procurement Rules, 2008, the Bangladesh Labour Rules, 2015 (amended in 2022), and the Occupational Health and Safety Policy of 2013. These regulations collectively establish a framework to ensure fair employment practices, uphold workplace safety, and safeguard worker welfare. The goal is to ensure that all workers, including those engaged on a temporary, consultancy-based, or mobile basis, are protected under a formal and accountable labor management system.

### 4.3 The Bangladesh Labour Act 2006 (amended in 2013. 2018 & 2023)

The Bangladesh Labor Act (Amendment) was enacted by parliament in 2013, to make the present legislation more time-appropriate for workers' wellbeing. The bill was approved with the



conditions of legalizing trade unions in factories, assuring workers' safety at work, establishing mandatory group insurance, and prohibiting children from working in dangerous environments.

To carry out the work, labor will be required to be hired. Therefore, these laws will be triggered to safeguard the interest of the labor, host community, and other stakeholders. In the operation stage, ensure that the stipulations of the law are duly followed when it comes to labor-related activities. Some of the relevant Sections:

**Section 150. Employer's Liability for Compensation:** (1) If personal injury is caused to a workman by accident arising out of and in the course of his employment, his employer shall be liable to pay compensation in accordance with the provisions of this Act; and (2) Provided that the employer shall not be so liable - (a) in respect of any injury which does not result in the total or partial disablement of the workman for a period exceeding three days; (b) in respect of any injury, not resulting in death or permanent total disablement, caused by an accident which is directly attributable to - (i) the workman having been at the time thereof under the influence of drink or drugs, or (ii) the willful disobedience of the workman to an order expressly given, or to a rule expressly framed, for the purpose of securing the safety of workmen, or (iii) the willful removal or disregard by the workman of any safety guard or other device which he knew to have been provided for the purpose of securing the safety of workmen.

**Section 151. (1) Amount of Compensation:** Subject to the provisions of this Act, the amount of compensation shall be as follows, namely :- (a) where death results from the injury, an amount equal to fifty percent of the monthly wages of the deceased workman multiplied by the relevant factor; or an amount of fifty thousand taka, whichever is more; (b) where permanent disablement results from the injury an amount equal to sixty per cent of the monthly wages of the injured workman multiplied by the relevant factor.

### **Bangladesh Labour Act (Amendment 2018)**

The Bangladesh Labour (Amendment) Act, 2018, brought meaningful improvements to the existing labour law framework to better protect workers' rights and ensure safer working conditions across all sectors. One of the key changes was the reduction of the threshold for forming trade unions from 30 percent to 20 percent of the workforce, which made it easier for workers to organize and raise collective concerns. The law also made it mandatory for employers to form Safety Committees in workplaces with 50 or more workers, ensuring joint participation from both employers and workers to monitor and address occupational health and safety issues on site. Written contracts became compulsory for all types of employment, including daily wage and temporary workers, so that employment terms and benefits are clearly defined and understood. Wage payments were required to be made within seven working days after the end of the pay period, improving the financial reliability and dignity of employment. Protections were introduced to prevent the unfair dismissal of workers, particularly those involved in union activities, and the authority of the Labour Court was reinforced to help resolve disputes more efficiently. These provisions are directly relevant to the projects, where a diverse and mobile workforce is engaged, and they help ensure that all workers are treated fairly, work in safe environments, and have access to proper redress mechanisms if needed.

### **Bangladesh Labour Act (Amendment 2023)**

The Bangladesh Parliament approved the Bangladesh Labor (Amendment) Bill, 2023 on November 2, 2023. The bill amends the Bangladesh Labor Act, 2006, to align it with the International Labor Organization (ILO) standards. The amendments include:

#### **i. Maternity leave**



Maternity leave is extended from 112 to 120 days. This allows workers to take the entire leave before or after childbirth

**ii. Trade union formation**

The requirements for forming a trade union are made easier:

- Companies with over 3,000 workers need 15% of the workers to sign up.
- Companies with fewer than 3,000 workers need 20% of workers to sign up.
- Groups of companies can form a trade union with 20% of workers signing up.

**iii. Challenging the Labor Appeal Tribunal**

Parties in a dispute can challenge the Labor Appeal Tribunal's decision in the Appellate Division instead of the Supreme Court's High Court Division.

**iv. Employment Guarantee**

The Code of Civil Procedure was amended to provide greater employment guarantees for protected employees. This includes union activists, pregnant employees, employees taking parental leave, and employees with pre-retirement protection.

## 4.4 Bangladesh Labour Rules of 2015 (Amendment in 2022)

The government formulates Bangladesh Labour Rules by dint of powers given in the Section 351 of the Bangladesh Labor Act, 2006 (Act No. 42 of 2006). The rule empowers trade unions in factories and makes more provisions to prevent sexual harassment in workplaces. According to the amended rules, a participation committee is not required in any establishment if there is a trade union. It also stipulates that if any participation committee is formed in the absence of a trade union, activities of the committee would be discontinued as soon as a trade union is formed. It was a longstanding demand from local labour rights groups and the International Labour Organization that the participation committee could not be the alternative to the trade union in a factory. The government promised to its international stakeholders, including the ILO and the European Union, to amend the labour rules in line with the ILO conventions by October 2022. In the amendments, the government has revoked the provision related to submitting certificates regarding services of workers with the application for the registration of trade unions. A provision relating to conducts towards women has been included in the rules that prohibits indecent and abusive behavior towards women employees in any establishment. The amendment has made the formation of a five-member sexual harassment prevention committee led by a woman mandatory in each workplace.

## 4.5 Occupational Health and Safety Policies of 2013.

The Occupational Health and Safety (OHS) Policy of 2013 establishes national standards to safeguard workers' health, prevent workplace accidents, and promote a culture of safety. The policy mandates the formation of workplace safety committees (where applicable), regular safety audits, and on-site inspections to identify and mitigate hazards. It also requires employers to provide essential safety equipment, including Personal Protective Equipment (PPE), and ensure that workers are trained in safety procedures. Additionally, the policy outlines protocols for reporting workplace injuries and mandates that affected workers receive medical treatment and appropriate compensation.



## 4.6 World Bank ESS 2- Labor and Working Conditions

In addition to full compliance with the Bangladesh Labour Act and its amendments, the Expansion of the Textile Spinning Plant of Pahartali Textile & Hosiery Mills (PTHM) is subject to the requirements of the World Bank's Environmental and Social Standard 2 (ESS2): Labor and Working Conditions under the Environmental and Social Framework (ESF). ESS2 sets out obligations for managing labor and working conditions throughout the project lifecycle, and it remains highly relevant during the operational phase of the mill.

At present, PTHM engages approximately 1,983 direct employees, alongside contracted staff for services such as security, cleaning, transport, and catering, as well as workers within its primary supply chain. ESS2 applies to all these categories of workers, with the objective of ensuring that they are employed under fair, transparent, and non-discriminatory conditions, while safeguarding their health, safety, and welfare.

**Fair Employment and Prohibition of Child/Forced Labor:** During operations, all workers are employed on the basis of clear, written contracts in Bangla, which set out job responsibilities, wages, benefits, and conditions of employment. Recruitment is transparent and voluntary, with workers hired without coercion, deception, or bonded arrangements. Child labor is strictly prohibited, and contractors are required to verify the age and identity of workers prior to engagement. Adolescents (14–18 years), where engaged, are assigned only to non-hazardous tasks. Any form of forced or trafficked labor is prohibited across PTHM operations and its supply chain.

**Non-Discrimination and Equal Opportunity:** ESS2 requires the promotion of inclusive, respectful, and harassment-free workplaces. In the operational phase, PTHM enforces a zero-tolerance policy for discrimination or harassment, ensuring that opportunities for employment, training, and advancement are accessible to all workers regardless of gender, religion, ethnicity, or disability. Special emphasis is placed on promoting the role of women in the textile sector, with equal pay for equal work, targeted training opportunities, and gender-sensitive workplace facilities, including separate sanitation units, adequate lighting, and childcare provisions.

**Wages, Benefits, and Working Hours:** ESS2 requires that workers receive wages consistent with legal minimum wage standards and collective agreements. PTHM pays wages digitally and on time, providing itemized pay slips for transparency. Working hours are limited to eight hours per day and forty-eight per week, in accordance with national law, with overtime work strictly voluntary and compensated at the statutory rate. Workers also enjoy entitlements to paid annual leave, sick leave, maternity leave, and compassionate leave. These measures ensure that the workforce remains productive, motivated, and protected from exploitative practices.

**Grievance Redress Mechanism (GRM):** A critical ESS2 requirement is that all project workers have access to an effective Grievance Redress Mechanism (GRM). During operations, PTHM has established an internal worker grievance system that allows employees to raise complaints confidentially and without fear of retaliation. Multiple channels are available, including grievance boxes, a confidential hotline, and an online portal. The Grievance Redress Committee (GRC), which includes management and worker representatives, reviews and resolves complaints within fifteen working days. Special provisions exist for handling SEA/SH-related grievances, with a female focal point ensuring confidentiality and referral to appropriate services. The existence and procedures of the GRM are communicated to all workers at induction and reinforced through regular awareness sessions.



Occupational Health and Safety (OHS): Occupational health and safety is a cornerstone of ESS2 compliance. In line with the World Bank Group's Environmental, Health, and Safety (EHS) Guidelines, PTHM operates a robust OHS management system covering:

- Risk assessments for spinning machinery, boilers, compressors, and dust/noise exposure.
- Mandatory use of personal protective equipment (PPE) for all workers in production areas.
- Routine safety training, induction sessions, and quarterly fire/emergency drills.
- An onsite medical unit equipped with first aid, a designated doctor, and ambulance access.
- Accident and incident reporting procedures to ensure timely corrective actions and prevention of recurrence.

Supply Chain Due Diligence: ESS2 also extends to primary supply workers. PTHM conducts due diligence on suppliers of cotton, packaging, and other inputs to ensure that no child labor, forced labor, or unsafe practices exist in upstream supply chains. Supplier contracts include binding clauses on compliance with labor and OHS standards. Regular audits and spot checks are carried out, and non-compliant suppliers are required to implement corrective actions or face contract termination.

Monitoring and Enforcement: In line with ESS2, PTHM incorporates labor compliance into its quarterly monitoring reports submitted to BIFFL. These reports cover workforce composition, grievances received and resolved, OHS training conducted, and inspection findings. Contractors and consultants are required to demonstrate compliance with ESS2 provisions in their labor management practices, with non-compliance leading to penalties or disqualification.



## 6. RESPONSIBLE STAFF

The responsibility for implementing and monitoring the Labor Management Procedure (LMP) during the operational phase of the Expansion of Pahartali Textile & Hosiery Mills (PTHM) lies with the company's Human Resources (HR) Department, the Environmental, Health, and Safety (EHS) Unit, and the senior management team. Together, these units ensure continuous compliance with national legislation, the Environmental Clearance Certificate (ECC), and the World Bank's Environmental and Social Standard 2 (ESS2).

### **Overall Labor Management**

The HR Department is responsible for administering employment contracts, managing worker benefits, maintaining personnel records, and ensuring compliance with labor rights and entitlements. HR is also tasked with integrating LMP provisions into all workforce policies, including recruitment, payroll, training, and gender equality. Senior management provides oversight and ensures that the LMP is fully embedded into daily operations and long-term workforce planning.

### **Occupational Health and Safety (OHS)**

The EHS Unit leads all occupational health and safety activities within the mill. This includes conducting regular workplace risk assessments, maintaining safety logs, and overseeing the use of personal protective equipment (PPE). A designated Safety Officer ensures daily monitoring of OHS compliance, supervises emergency preparedness drills, and reports incidents. Minor incidents are documented and reviewed monthly, while serious or fatal incidents must be reported immediately to senior management and external authorities, followed by corrective actions.

### **Labor Conditions and Recordkeeping**

The HR Department maintains complete and up-to-date labor records covering contracts, working hours, wages, leave, and benefits. These records are digitized and regularly audited to ensure compliance with both company policies and ESS2 requirements. Quarterly internal audits compare the records with actual workplace practices, and any discrepancies are addressed through corrective action plans.

### **Grievance Redress Mechanism (GRM)**

A dedicated Worker Grievance Redress Mechanism (GRM) functions during operations, allowing employees to confidentially submit complaints through grievance boxes, a hotline, or online systems. The Grievance Redress Committee (GRC) composed of HR, EHS, worker representatives, and a gender focal point reviews grievances and ensures resolution within fifteen working days. The system is regularly reviewed by the Social Development Specialist (SDS) and reported quarterly to management and donors.

### **Gender-Based Violence (GBV), Ethics, and Worker Welfare**

The HR and EHS units are jointly responsible for ensuring worker awareness and compliance with the company's Code of Conduct, which prohibits gender-based violence, harassment, discrimination, and unethical behavior. Regular training and awareness campaigns are conducted to build a respectful workplace culture. Special monitoring is carried out in worker housing and dormitories to ensure safe living conditions, with separate facilities for men and women.

### **Training and Capacity Building**

PTHM provides regular training and refresher sessions for all categories of workers, covering:



- Occupational health and safety protocols,
- Proper use of PPE and machine safety procedures,
- Emergency preparedness and fire drills,
- The operation and use of the worker grievance mechanism,
- Gender sensitivity and prevention of GBV/SEA/SH.

Supervisors, floor managers, and line leaders receive additional training on labor rights, worker relations, and OHS monitoring, ensuring that they are capable of enforcing LMP requirements on a day-to-day basis.

### **Monitoring and Reporting**

The HR Department compiles quarterly labor compliance reports, covering workforce data, grievances, OHS performance, and gender inclusion. These reports are reviewed by senior management and submitted to BIFFL as part of the broader monitoring framework.



## 7. POLICIES AND PROCEDURES

During the operational phase of the PTHM Expansion Project, policies and procedures governing labor and working conditions are implemented directly through the company's Human Resources (HR) Department and the Environmental, Health and Safety (EHS) Unit, under the supervision of senior management. These policies align with the Bangladesh Labour Act 2006 (and subsequent amendments in 2013, 2018, 2023), the Bangladesh Labour Rules 2015 (amended 2022), the National Occupational Health and Safety Policy 2013, and the World Bank's Environmental and Social Standard 2 (ESS2). They also reflect Good International Industry Practices (GIIP), including the ILO Occupational Safety and Health (OSH) Guidelines (2001) and the World Bank Group's Environmental, Health and Safety (EHS) Guidelines.

The policies are designed to ensure that all workers direct, contracted, or supply chain are treated fairly, work in safe conditions, and have access to effective grievance mechanisms. They also reinforce the company's commitment to zero tolerance of forced labor, child labor, gender-based violence, and workplace harassment.

### 6.1 Prohibition of Forced and Child Labor

PTHM strictly prohibits the use of forced or child labor in any part of its operations. This prohibition is included as a binding clause in all employment contracts and supplier agreements.

**Forced Labor:** Practices such as bonded labor, restrictions on freedom of movement, withholding of identity documents, recruitment fees, or coercive disciplinary measures are not tolerated. Workers are free to leave employment in accordance with national law, and no fines, threats, or penalties are used to compel work.

**Child Labor:** The employment of anyone under 18 years of age is prohibited. Age verification is conducted through government-issued identification cards and medical checks where required. Any adolescent workers engaged in internships or training programs are restricted to non-hazardous roles, with strict supervision.

### 6.2 Recruitment, Employment Conditions, and Equal Opportunity

Employment at PTHM is guided by the principles of transparency, fairness, and non-discrimination.

- Recruitment procedures are public and non-discriminatory with respect to gender, ethnicity, religion, disability, or political affiliation.
- Preference is given to local applicants to strengthen community ties and reduce labor migration pressures.
- No recruitment or hiring fees are charged to workers; any costs are borne by the company.
- All contracts are provided in Bangla, with oral explanations for workers who may have literacy challenges.
- Women workers are given targeted orientation to ensure they understand their rights, grievance channels, and workplace protections.
- Equal pay for equal work is strictly enforced, and workers have equal opportunities for training, promotion, and professional development.



## 6.3 Occupational Health and Safety (OHS)

During operations, the OHS system is a core element of labor management.

- Risk Assessment: Regular risk assessments are conducted for machinery, boilers, compressors, dust, and noise exposure in the factory environment.
- Preventive Measures: PPE is provided at no cost to employees, and usage is mandatory in production areas. Engineering controls (dust collectors, silencers, exhaust systems) are used to minimize risks.
- Safety Procedures: Emergency response protocols are in place, including fire evacuation, first-aid procedures, and designated assembly points. Quarterly fire drills are mandatory.
- Medical Services: An on-site medical unit staffed with a doctor and paramedics provides first aid and referrals. A dedicated ambulance is available for emergencies.
- Incident Reporting: All workplace accidents and incidents are logged, investigated, and corrective actions documented. Serious incidents are immediately reported to management and regulators.
- Worker Training: All employees undergo OHS induction and refresher training. Supervisors are trained in hazard identification and reporting. Daily “toolbox talks” are conducted on production floors to reinforce safe practices.

## 6.4 Worker Accommodation and Welfare

For workers housed in company dormitories, PTHM ensures accommodation that meets IFC and ILO Worker Housing Standards:

- Adequate space, ventilation, lighting, and sanitation facilities.
- Separate housing facilities for male and female workers, with enhanced security for women’s dormitories.
- Safe drinking water, regular waste collection, and pest control services.
- Recreation areas and canteens to promote worker well-being.
- Regular inspections to maintain compliance and address worker concerns.

## 6.5 Gender-Based Violence (GBV), Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH)

PTHM has a zero-tolerance policy for gender-based violence, sexual exploitation, and workplace harassment.

- A Code of Conduct (CoC) has been developed and signed by all employees and contractors. It sets behavioral expectations, prohibits GBV/SEA/SH, and outlines sanctions for violations, including dismissal or legal action.
- Mandatory awareness sessions and refresher training on GBV/SEA/SH prevention are conducted every six months.
- Posters and communication materials in Bangla are displayed throughout the factory and dormitories to reinforce awareness.



- Cooperation with law enforcement agencies is maintained for investigating complaints, and victims are provided access to support services.



## 8. AGE OF EMPLOYMENT

Under the Bangladesh Labor Act 2006, specifically Chapter III, and as reinforced by the National Child Labor Elimination Policy 2010, there are stringent provisions regarding the employment of children and adolescents. The law defines a child as anyone under 14 years of age and an adolescent as someone between the ages of 14 and 18. While adolescent workers may be legally employed, there are strict conditions governing the type of work they can undertake. Hazardous activities, work that may interfere with education, or tasks that pose risks to physical or mental well-being are strictly prohibited for adolescents.

In the context of the Expansion of Textile Spinning plant of Pahartali Textile Hosiery Mills (PTHM) project, the authority must comply fully with these legal requirements. In accordance with the Labor Act 2018 and the World Bank's Environmental and Social Standard (ESS) 2, no one under the age of 14 shall be employed in any capacity related to the project. Adolescents aged 14 to 18 may only be employed if:

- The work is non-hazardous;
- It does not interfere with their education;
- A proper risk assessment has been conducted in advance; and
- There is routine monitoring of their health, working hours, and conditions by the employer.

If any child under the minimum legal age is found working on the project, their employment must be terminated immediately in a responsible and ethical manner, taking into account the child's best interests, including follow-up support if needed.



## 9. TERMS AND CONDITIONS

The terms and conditions for employment will be governed by the Bangladesh Labor Act 2006, its 2013, 2018 & 2023 amendments, and the relevant national policies such as the Child Labor Elimination Policy 2010. These regulations will be strictly followed by PTHM.

According to Chapter II of the Labor Act, every employee must be issued with an Appointment Letter, an Identity Card, and a Service Book. A complete register of workers must be maintained by the contractor, containing details of all engaged personnel. This register must be available for inspection at any time by designated representatives.

The Act also outlines the leave entitlements and termination procedures that apply to all categories of workers. For example:

- Working hours must not exceed 8 hours per day and 48 hours per week;
- Overtime work must be compensated at double the regular wage rate;
- Workers must receive a minimum of one hour rest if working more than 6 hours in a day;
- Female workers may not be scheduled for work between 10 p.m. and 6 a.m. without their consent.

In terms of wages and payments, Chapter X of the Labor Act specifies that all wages must be paid within seven working days after the end of each wage period. Deductions on wages can only be made under legally defined circumstances (e.g., absence, advance payments, penalties authorized by law).

Authority will also maintain minimum wage standards as defined in Chapter XI of the Act and as determined by the most recent Wage Board notifications. These wage rates will be reflected in employment contracts and applied consistently across the workforce. The contracts will also outline allowances for travel, meals, and protective clothing where applicable.

Chapter XIII of the Labor Act protects the right of workers to form and join trade unions. Workers employed during the operation stage will be allowed to exercise these rights without interference, in line with the national law.



Paharati Textile and Hosiery Mill

## 10. GRIEVANCE MECHANISM

During the operational phase of PTHM, a formal Worker Grievance Redress Mechanism (GRM) is in place to provide all categories of workers including direct employees, contracted staff, and supply chain workers with safe, confidential, and transparent channels to raise concerns. The GRM ensures that grievances are addressed promptly, corrective actions are taken, and the complainant is informed of the outcome.

The GRM is guided by the following principles:

- Transparency: all steps in the process are documented and accessible.
- Confidentiality: sensitive complaints, especially related to harassment or GBV/SEA, are handled with strict confidentiality.
- Non-Retaliation: workers are protected from any form of reprisal for lodging complaints.
- Accessibility: multiple entry points are available (boxes, hotline, HR desk, digital).
- Right to Appeal: workers may escalate complaints if unsatisfied with lower-level resolution.
- Documentation: all grievances are logged and tracked until closure.

### 9.1 Establish a GRM

The PTHM Worker GRM is designed to capture and resolve concerns related to:

- Working conditions (contracts, wages, leave, benefits).
- Occupational health and safety.
- Worker housing and welfare.
- Discrimination, harassment, or GBV/SEA.
- Disputes with supervisors or co-workers.
- Misconduct or violation of the Code of Conduct.

Multiple grievance channels are available:

- Grievance boxes placed in accessible areas, checked weekly by HR.
- Confidential hotline managed by the HR Department.
- Email/online portal for workers with digital access.
- Direct reporting to supervisors, HR, or worker representatives.

Workers are informed of the GRM during induction and through posters displayed in work areas and dormitories.

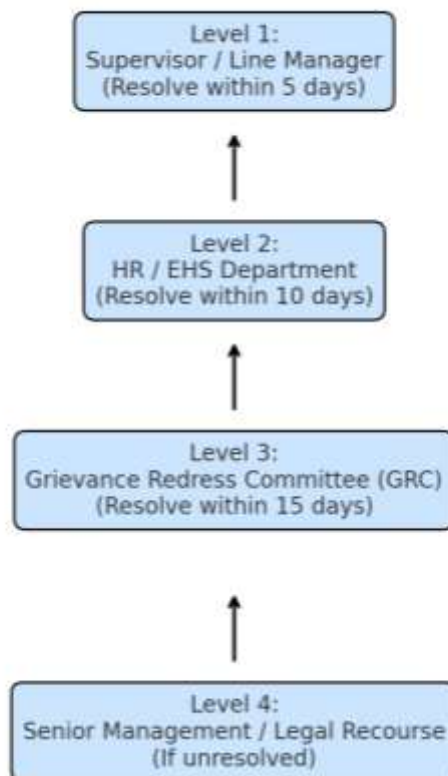
### 9.2 Grievance Redress Committees

Grievances at PTHM are managed through a structured multi-level system designed to ensure timely, fair, and confidential resolution. In the first instance, workers are encouraged to raise concerns directly with their immediate supervisor or line manager, who is expected to address the matter within five working days. If resolution is not achieved, the complaint is referred to the Human Resources (HR) and Environmental Health and Safety (EHS) Department, where HR investigates issues relating to contracts, wages, housing, and welfare, while EHS examines occupational health and safety concerns, with a resolution timeframe of ten working days. Unresolved matters are then escalated to the Grievance Redress Committee (GRC), which meets bi-weekly to review cases and provide binding resolutions; the GRC is composed of the HR Manager as Chair, the EHS Officer, a Gender Focal Point, male and female worker representatives, and a union representative where applicable, thereby ensuring fair



representation and gender balance. Sensitive cases relating to gender-based violence (GBV), sexual exploitation and abuse (SEA), or sexual harassment (SH) are handled confidentially by the designated Gender Focal Point, who ensures survivor-centered support and referral to appropriate services, with strict protection against retaliation. If the grievance remains unresolved, it may be escalated to senior management, and workers retain the right to pursue judicial remedies under national law at any stage. All grievances are systematically logged in a centralized Grievance Register, assigned a unique reference number, and tracked until closure, with outcomes and corrective actions formally communicated to the complainant. To maintain accountability, HR prepares a quarterly grievance monitoring report summarizing the number and type of grievances received, the timeliness of resolutions, and any pending cases, which is shared with management and BIFFL.

**PTHM Grievance Redress Mechanism Flowchart**



*Figure 10-1: Flowchart for Grievance Redress Mechanism*



## 11. COMMUNITY WORKERS

Under the World Bank's Environmental and Social Standard 2 (ESS2), community workers are defined as individuals who provide labor on a voluntary or community-driven basis, usually linked to broader social or environmental benefits, and not through formal employment or contracting arrangements. In the operational stage of the PTHM Expansion Project, the use of community workers is limited and applies only to non-technical, support-oriented activities such as participation in tree plantation programs, environmental awareness campaigns, or local community development initiatives organized by the company as part of its Corporate Social Responsibility (CSR) commitments.

Where community workers are engaged, PTHM ensures that participation is entirely voluntary, based on informed consent, and free from coercion or expectation of unpaid compulsory labor. A simplified written agreement in Bangla outlines the nature of tasks, expected duration, safety measures, and any applicable compensation or non-monetary benefits (e.g., provision of meals, transportation, or community services). Community workers are excluded from production-related or high-risk tasks such as machinery operation, chemical handling, or confined space activities.

To safeguard welfare, all community workers receive a safety induction and task-specific orientation, and are provided with basic protective equipment proportionate to the activities they perform (e.g., gloves, masks, boots for plantation activities). They are covered under the same occupational health and safety (OHS) protocols that apply to the broader workforce, with adjustments based on risk level. A dedicated grievance redress mechanism (GRM) is also made available to community workers, enabling them to raise concerns or complaints without fear of retaliation. Complaints can be submitted through the existing grievance boxes, hotline, or directly to the Community Liaison Officer (CLO), and will be addressed in accordance with established procedures.

Oversight of community worker engagement rests with the HR Department and the EHS Unit, in coordination with the CSR team. These units maintain records of community worker participation, safety briefings, and grievance follow-up. Quarterly reports to management and BIFFL include updates on community worker engagement to demonstrate compliance with ESS2.

Through these measures, PTHM ensures that the engagement of community workers during operations is responsible, transparent, and consistent with the principles of ESS2 protecting their rights, health, and dignity while promoting meaningful community participation in the company's sustainability initiatives.