

FLA Audit Profile		FLA IEV
Country	India	India
Name of Factory	530032643F	530032643FV
Independent External Monitoring Organization	T Group Solutions Pvt. Ltd.	ASK
Date(s) in Facility	March 13-14, 2007	December 29 - 30, 2010
FLA Affiliated Compan(ies)	adidas-Group AG	adidas-group
Number of Workers	240	240
Product(s)	Knits, T-shirts	Knits, T-shirts
Production Processes	Cut to Pack, Embroidery, Printing, Washing	Cut to Pack, Embroidery, Printing, Washing

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description of Noncompliance, Risk of Noncompliance or Uncorroborated Evidence of Noncompliance	Updates			
				Company Follow Up (January 2009)	Documentation	Company Follow Up (June 16, 2009 and September 2009)	Documentation
GEN 1: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	Noncompliance	Pending	The Company conducted a training program in August 2006 to educate management on code elements. These have not been communicated to the workers.	1, 2) Factory lacks capability of conducting training programs. It was decided during FLA IEM follow up that factory's capacity for training needs to be built. However, at the same time, close assistance is required to help factory start conducting trainings in a step by step process. 3) SEA team will send training material on Workplace Standards in local language and factory is to provide explanation to workers in batches of 30 workers to cover all workers. 4) Open Letter is posted by the factory in A3 size in several locations.	Open Letters on notice boards in several locations	Factory has appointed HR manager to set up HR department and has set up a roadmap to develop Training Program by August 2009. TNA is planned to be completed by October 2009 and plan and budget are planned to be completed by December 30, 2009. Scheduled execution will be in place from January 2010 onwards.	Strategic planning document, draft policy of Training Program
GEN 2: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Noncompliance	Pending	1) Company Code of Conduct is provided in English and the local language. However, workers and most of the management were not aware of the code elements. 2) Most areas where legal postings are posted are not accessible to workers. Moreover, some legal postings have not been posted, e.g., Certified Standing Orders in local language, current minimum wage notification and list of holidays.	1, 2) Factory will translate Standing Orders in local language and will develop pointers from Standing Orders on Social Security Benefits, Leaves, Grievance System, Misconduct and Disciplinary System and deliver training one by one on each topic and maintain records- in batches of 30 workers each. 2, 3) List of Minimum Wages and Holidays is placed in conspicuous locations.	Standing Orders; list of minimum wages and holidays	Standing Orders are translated in Hindi. However, training module has not yet been developed and delivered. Training will be started from January 2010 onwards.	Standing Orders
F.3 Employment Terms/Voluntary Agreement	Noncompliance	Completed	Worker interviewed stated that they have not been provided a copy of the letter of appointment.	All the workers are now hired on rolls, either on companies' rolls or contractors' rolls. Factory maintains and keeps the copies of contracts for all workers, including contract workers.	Muster rolls and physical count		
F.4 Employment Terms/Prohibitions		Completed					
F.7 Free Disposal of Wages/Cash and In-Kind Compensation	Noncompliance	Pending	Worker interviewed stated that they were not aware of their earnings for the previous month, as they do not take their entire salary from the contractor and take advances from the amount accumulated to their credit as and when needed.	1) Factory has taken sessions with workers to explain the information on pay slips. Factory has posted pay slip explanations in factory in several locations. Workers found to be aware of pay slips. Factory has posted explanations in local language. 2) Factory has stopped giving advances to workers as a policy. Workers now receive their salaries in 1 full payment. Contractors do not withhold salaries of workers. Salaries of workers are paid in full. The employment status with contractor is not informal, as it used to be and factory monitors the payment disbursement.	Pay slip explanations on notice boards		

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description of Noncompliance, Risk of Noncompliance or Uncorroborated Evidence of Noncompliance	Updates		Updates	
				Company Follow Up (January 2009)	Documentation	Company Follow Up (June 16, 2009 and September 2009)	Documentation
F.9 Employment Records	Noncompliance	Completed	1) No records were available for outsourced security guards. 2) Instances of appointment letters issued to workers without the signature of the concerned factory management were noticed.	1) Factory has employed another agency for security guards to ensure 8 hours duty for each guard. Time records for security guards are maintained. 2) Factory now keeps photocopies of the payment records of security guards. 3) Factory does not have personnel records of security guards, as the agency keeps the records. Factory will seek photocopies of personnel documents of each security guard employed in factory. 4) Appointment letters are provided to all workers, as all workers are now on factory rolls.	Time records and payment records of security guards. Appointment letters in personnel files.	Factory is now keeping the personnel records of the security guards.	Personnel Files
F.15 Personal Worker Identification and Other Documents		Ongoing					
Other	Noncompliance	Completed	Name of one of the worker interviewed does not appear in the payroll record. When questioned, the concerned staff stated that at times they show a "break in service" after 7 to 8 months so as to ensure that the worker does not achieve the status of a permanent worker.	1, 2, 3) Break in Service method in factory has been stopped completely. Managers given directions accordingly. Workers given appointment letters that explain notice period for purpose of termination of service.	Appointment letters, Memo to the Managers		
CL.4 Other Means of Age Verification	Risk of noncompliance	Completed	Some proof of age documents issued by an orthodontist stating worker as above 18 based on visual examination. Most workers stated during interviews that they had not met doctor who had issued proof of age certificates.	Satisfactory age proof documents are found in factory for all workers whose personnel files were seen/verified.	Age proof in personnel files		
H&A.1 General Compliance Harassment and Abuse	Noncompliance	Pending	Committee for prevention of sexual harassment as per Supreme Court guidelines is not formed in this facility. This clause has also not been included in the Standing Orders as directed by the Supreme Court.	SEA to give details of an NGO to factory to help them develop and run committee against sexual harassment. In the meantime, factory has developed policy against sexual harassment.		HR Manager has developed a roadmap for the formation of committee against sexual harassment, and will be ready by March 2010. This will involve NGO in policy review and revision and charter of the committee.	Strategic planning document on sustainable compliance
H&A.6 Discipline/Worker Awareness and Participation of Workers		Pending					
H&A.10 Discipline/Physical Abuse		Pending					

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description of Noncompliance, Risk of Noncompliance or Uncorroborated Evidence of Noncompliance	Updates		Updates	
				Company Follow Up (January 2009)	Documentation	Company Follow Up (June 16, 2009 and September 2009)	Documentation
H&A.11 Discipline/Verbal Abuse		Pending					
Other	Noncompliance	Completed	1) Practice of showing break in service record of workers (even though they might still be working) to ensure they do not acquire permanent status is malpractice. 2) Factory has not had its standing orders (which outline progressive disciplinary procedures) certified by appropriate labor authority. This is legally required.	Factory has completely abolished break in service and found to be respecting seniority of workers to provide promotions, increments, benefits, etc.	Performance review forms	Factory has certified standing orders (November 19, 2005) as copies were seen and verified.	
Non-discrimination - Other	Noncompliance	Completed	Management stated they pursue policy of non-discrimination; however, based on worker interviews and subsequent interviews with concerned staff, it appears there are instances where a "break in service" is shown in records of some workers after every 7 to 8 months, to ensure they do not achieve permanent status.	Factory has completely abolished break in service and found to be respecting seniority of workers to provide promotions, increments, benefits, etc.			
H&S.9 Evacuation Requirements and Procedure	Noncompliance	Pending	1) Evacuation plans in cutting and printing sections in basement do not match floor layout. 2) All evacuation plans posted in facility in English and not prominently displayed so as to be easily visible. 3) Last drill/training conducted about year ago; hence, most workers not aware of procedures. 4) Aisles require repainting in areas where markings worn out. 5) Embroidery section does not have emergency exit. 6) "Keep clear" yellow boxes not marked in front of exits. 7) "Do not use lift in case of fire and earthquake" not posted outside lift cage on all floors in local language. 8) Evacuation signs in some areas pointing in wrong direction. Instances of evacuation signs pointing towards farther exit instead of nearer exit. 9) Evacuation signs posted on walls in English, not local language. 10) Evacuation signs in some places worn out and require repainting. No evacuation signs on evacuation route to emergency exit in basement. 11) Some sewing operators in sewing section on 1st floor had blocked access to passage with bins. 12) Surplus garments/fabric store on terrace disorganized. Storage areas and aisles not appropriately demarcated.	1) Exits clearly marked on evacuation plans. 3) Fire drills conducted, but responsibilities and roles of workers and emergency teams not been highlighted and informed. 4) Aisles clearly marked. 7) 'Do not use Lift...' sign painted. 9) Evacuation routes/arrows on floor still not painted with white in green background box.		1) Exits clearly marked on evacuation plans. 3) Fire drills conducted, but responsibilities and roles of workers and emergency teams not been highlighted and informed. 4) Aisles not clearly marked. 9) Evacuation routes/arrows on floor still not painted with white in green background box.	
H&S.10 Safety Equipment and First Aid Training	Noncompliance	Completed	1) Many fire extinguishers in factory were found to have expired/discharged. 2) Fire extinguisher in fabric storage area in basement blocked with bucket. 3) There is no fire extinguisher installed in embroidery section on ground floor. 4) Many emergency lights in factory found to not be working. 5) Emergency lights not installed on some exits and staircase landings. 6) Most emergency lights installed in factory are tube-light type, which will not be effective in thick smoke.	1, 2) Both items still pending. Factory says they were not able to hire H&S Coordinator; hence, not been able to develop HSE management systems. In meantime, factory must develop a checklist for internal checks on HSE based on adidas Group HSE guidelines. 6) Factory has not tested emergency lights during dark.		1) Factory has drafted HSE policies and under process of developing comprehensive HSE program. 2) Factory has engaged 1 full time qualified safety officer as per State Factory rules. Job description to HSE Coordinator mentioning tasks, responsibilities and functions developed. Basic HSE trainings now provided, but yet to be properly scheduled, planned and reviewed. 6) It was noted that factory is doing monthly checks for functioning of emergency lights, but records not consistently maintained and no indication that emergency lights are tested in the dark.	Policies review, organization structure
H&S.11 Personal Protective Equipment (PPE)	Noncompliance	Completed	1) Respiratory masks provided in stain removing operations are not appropriate type; they are fabric masks, not filtered masks. 2) Operators in computerized embroidery section not provided earplugs. Decibel levels recorded were between 85 to 90 db. 3) Stain-removing operations in finishing sections on ground and 1st floors not appropriately ventilated. 4) Operators on overlock machines not provided appropriate masks. They are vulnerable to breathing in floating fabric dust particles.	1, 2, 3, 4) Factory has not made much progress on this. All areas need to be strengthened.		1) Workers in spot cleaning area found to be wearing carbonated masks. 2) Workers in embroidery section found not to be wearing earplugs, even though they were provided (Pending). 3) Local extraction is available in spotting section and workers found to be wearing appropriate carbonated masks. 4) Overlock operators found to be wearing appropriate dust masks.	Job descriptions of managers and supervisors; training attendance records
H&S.13 Chemical Management and Training	Noncompliance	Completed	1) Container containing solvent (white petrol) without an appropriate lid found kept under table in stain-removing section in finishing area on 1st floor. 2) Barrel containing high speed diesel found kept in middle of passage leading to power generator sheds exposed to sun and rain. There is no appropriate storage shed provided.				

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description of Noncompliance, Risk of Noncompliance or Uncorroborated Evidence of Noncompliance	Updates		Updates	
				Company Follow Up (January 2009)	Documentation	Company Follow Up (June 16, 2009 and September 2009)	Documentation
H&S.14 Material Safety Data Sheets/Worker Access and Awareness	Noncompliance	Pending	No MSDS posted at stain-removing stations on ground and 1st floor.	Factory has obtained MSDS for most chemicals. However, MSDS for some chemicals still missing.	MSDS	Factory has yet not obtained MSDS for paints and diluters.	
H&S.17 Ventilation/Electrical/Facility Installation and Maintenance	Noncompliance	Completed	1) Taped joints seen on electric wiring of spot guns in stain removing areas and presses in pressing areas. 2) Loose wires seen hanging from ceiling at numerous places in factory. 3) Numerous instances of loose wires of sewing machines on floor and near operators' feet noticed in sewing section on 1st floor. 4) Wires of pressing station fans seen connected to mains, naked and live. 5) Drinking water cooler on ground floor was connected to mains without plug. 6) Open junction boxes noticed on walls with electrical wires exposed. 7) Lighting at needle-point on most sewing machines is inadequate, ranging from 50 lux to 150 lux.	1) Items under HSE management systems are all pending due to non-hiring of H&S staff.		1) It was noted that factory has started conducting trainings on HSE programs; however, review of trainings is not done. Safety Officer has been appointed by factory and policy on HSE has been drafted. 2, 3) Factory does not maintain logs for electrical maintenance and machine maintenance.	Training attendance records
H&S.18 Machinery Maintenance and Worker Training	Noncompliance	Pending	1) Boiler installed in pressing section on ground floor has a metal plate which says "Danger." Management stated that this is because boiler may burst. No protective guard/fence installed around boiler. 2) Needle guards not installed on any sewing machine. 3) Under motor pulley-guards missing from sewing machines. 4) Few sewing machines seen without belt-guards. 5) Eye shields on overlock and buttoning machines had been lifted by operators on most machines rendering them ineffective. 6) Pedal mats missing from some sewing machines.	1) Pending. 2) Needle guards not used by all workers. Factory must ensure that all workers use needle guards. Responsibility of PPE use must be given to production management and subsequently to supervisors. 5) Factory has not provided eyewear.		1) Factory changed factory layout since was first audited by FLA. Factory still has compressor, which was found partly exposed in backside of factory. Factory was asked to make separation wall between compressor and scrap rooms, which factory has constructed and separated. (Completed) 2) Needle guards found to be installed on machines. 3, 4) All sewing machines have pulley guards as verified during visual inspection. 5) Eye shields found available on machines. Factory has been providing training to workers and supervisors on PPE use as verified through records and management interviews; however, eye shields not effective. Factory advised to provide workers with eyewear PPE, but has not provided. 6) Pedal Mats provided on sewing machines (Completed).	
H&S.20 Bodily Strain	Noncompliance	Pending	1) Sewing operators sitting on back-less metal stools. 2) Some workers on standing jobs seen to be sporting hard-soled footwear/sandals.	1, 2) Factory has not made progress on these areas.		1) Factory started procuring samples for ergonomic chairs for tailors. Factory reported that replacement will be completed in 6 months time. 2) Rubber mats not provided to workers working in standing position.	
H&S.21 Medical Facilities	Noncompliance	Pending	1) First aid box in cutting section in basement was empty. 2) First aid boxes do not have latex gloves, eye wash cup and lotion.				

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description of Noncompliance, Risk of Noncompliance or Uncorroborated Evidence of Noncompliance	Updates		Updates	
				Company Follow Up (January 2009)	Documentation	Company Follow Up (June 16, 2009 and September 2009)	Documentation
H&S.22 Sanitation in Factory Facilities	Noncompliance	Pending	1) Housekeeping standards poor in some work areas. For instance, are spit stains (betel) in bathrooms, staircase landings, wall corners, etc. 2) Waste fabric bits seen lying under workstations in sewing hall on 1st floor. 3) Strong foul odor noticed in gents toilet blocks. 4) A urinal was clogged and flushes not working in gents toilet block on ground floor. Another urinal found clogged in the toilet block on 1st floor. 5) No hand drying facility at hand wash areas in toilet blocks. 6) Gents toilets very poorly maintained. Most toilet seats (white) have turned brown in color. 7) Dustbins with lids not installed in individual ladies toilet closets. 8) No exhaust fan installed in gents toilet block on 1st floor. 9) Electrical waste found piled up in 1 corner of power generator shed. 10) Heap of junk/garbage found lying in the open outside power generator shed. 11) Waste fabric storage on ground floor completely disorganized with fabric waste piled up and scattered all over room, there is no place for any movement.	1, 2, 3) All items are pending.		1) Housekeeping schedule not developed. 2) Factory floors found clean of spitting stains and scrap fabric. Factory has improved housekeeping, although waste management system still found inefficient. Moreover, factory has not developed a housekeeping schedule as advised. 3, 4, 6) Factory created new toilets with new urinals to reduce pressure on toilets. Toilets found clean and odorless. 5) However, no hand drying facility in toilets. 6) Power generator set area found clear of junk/garbage and found segregated by separation wall. 7) Dustbins installed in ladies toilets. 8) Exhaust fans installed in gents toilets. 9) Power generator area found to be clear of scrap/waste. 10) Factory floors found to be clear and fabric waste found to be managed through routine cleaning and waste collection bins.	
Other	Noncompliance	Completed	1) Fabric storage in basement is disorganized. Fabric rolls seen lying on passages. Surplus fabric store in basement also found to be disorganized. Storage was haphazard. 2) Tag guns not labeled with users' names to ensure personalized usage to prevent possibility of infection from contagious diseases caused by injury/needle prick. 3) Exhaust pipes of boiler and power generating sets not insulated and could cause burn injuries. 4) Lunch shed, as required by law, not provided.	1, 4, 7) Factory has installed racks in factory or fabric storage and floors are organized. 2) Tag guns not yet separated for each worker who use them. 8) Factory has not provided canteen as yet.		2) Tag guns are separated for each worker who uses them. 8) Factory has cleared scrap storage on terrace and will be making lunch facility at terrace by end of September 2009.	
FOA.25 Facilities for Worker Representatives	Noncompliance	Pending	1) Workers not aware of existence of any worker-management committee. 2) Worker-management grievance committee exists only on paper, no evidence of existence of this committee anywhere in factory. For example, no notice or minutes of meetings posted anywhere, nor have workers been made aware of the existence and responsibilities of such a committee.	1) Factory has worker-management committee, this needs to be strengthened so that all workers are aware about works committee, its roles and responsibilities. Factory must provide training to all workers on works committee.	Workers committee meeting minutes	1) Factory is reestablishing committees, roles and responsibilities of members and functions. This will be completed by September 30, 2009. Workers' awareness will be part of election of committee members and further training will be provided by end of November 2009.	
HOW.1 General Compliance Hours of Work	Noncompliance	Pending	Time records completely doctored, is no reliable time recording mechanism in place. While factory works overtime, and on rest days on holidays (as was apparent from records seen on production floor and from interviews with managing director), time records available are maintained only for regular work hours. We strongly suspect excessive overtime; however, cannot quantify in absence of reliable and complete records. Workers have been coached to say they never work overtime or on rest days or holidays.	1) Factory time records more reliable, even though not all hours are recorded in electronic swipe card system. Some OT hours, which go beyond legal requirements, recorded separately. Factory must start maintaining time records on 1 set of time records. 2) Factory is maintaining registers for recording OT hours separately and was found transparent to show records and discuss OT issues openly. Factory committed to record all working hours in single records from October 2008 onwards and eliminate the use of registers. 3) Factory does not have non-retaliation policy as of now.	Time records; off the books time records in registers	1) Factory has installed electronic swipe machine for use of all workers, including workers hired through labor contractor. All hours found to be punched in electronic swipe system, which was also verified in August 2009 visit. Overtime does not exceed legal requirements any more based on records and worker interviews. OT hours are paid at double rates.	Time and payment records
HOW.2 Rest Day	Noncompliance	Completed	1) Security guard outsourced through [Agency name] stated he works 7 days a week without being provided a weekly day of rest. 2) It was quite clearly visible that workers have been consistently coached to deny working overtime or working on Sundays and holidays. During a personal interviews with managing director, it was learned that factory works overtime, and on Sundays and holidays; however, hours not formally recorded. Payment made through vouchers under different account heads.	1) Security guards provided with weekly off and 8 hours shift. 2) Working hours found to be within adidas Group requirements, but go beyond legal requirements. Factory has made progress in reducing working OT hours and is in process of aligning working hours requirement with legal requirements based on the lean manufacturing system it is installing. Factory must show progress by December 2008 and is given 1 more opportunity to correct issues fully before enforcement action is taken. 3) Transparency in maintaining records and disclosure of information has improved in factory.		2) Overtime work is within legal limits of 2 hours per day, 12 hours per week and 50 hours per quarter. Rest day work is not practiced any more.	
HOW.6 Time Recording System	Noncompliance	Completed	1) Time records not maintained for outsourced security guards and workers provided by [Contractor name] contractor. 2) Actual time of start and end of work is not recorded. Only shift times are recorded.	Actual time records maintained by factory, although some OT hours beyond legal limits still maintained separately. Factory must start maintaining single records of OT hours.		Factory maintains single records for time and all working hours recorded in time records.	Time and payment records

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description of Noncompliance, Risk of Noncompliance or Uncorroborated Evidence of Noncompliance	Updates		Updates	
				Company Follow Up (January 2009)	Documentation	Company Follow Up (June 16, 2009 and September 2009)	Documentation
HOW.10 Overtime/Calculation over Period Longer than One Week	Noncompliance	Pending	Time and payroll records do not reflect overtime hours and payment made thereof. However, based on interviews with managing director, overtime is paid at 1 time with no premium.	Payment still made at single rate. This is a zero-tolerance issue and factory must pay double effective immediately. Progress will be seen in February 2009.		Payment of OT is now done at double the rate as per legal requirements. System has changed since October 2008.	Time and payment records
HOW.11 Extraordinary Business Circumstance/Forced Overtime	Risk of noncompliance	Pending	There is no system in place to ensure overtime is voluntary.	1) Voluntary OT consent form not required by adidas Group anymore. Workers informed through handbook that they can raise complaint in case of forced OT request. 2) Factory has policy on voluntary OT hours, which is well displayed in factory. 3) Factory reported that by May 2009 mills should be ready to start production and this will help OT hours to be brought within legal limits.	Voluntary OT policy	OT hours are now found to be reduced and within legal limits.	Time and payment records
HOW.12 Extraordinary Business Circumstance/Overtime Explanation	Noncompliance	Pending	1) Cannot confirm as time records inaccurate and unreliable. However, based on records seen in work areas and interviews with managing director, appears factory works excessive hours (beyond 60/week), on rest days and holidays. 2) Records collected from production floors had entries of work done January 7; February 11 and 18; and March 11, 2007 (rest days). Number of days worked consecutively could not be verified as time records for January and February not available. These workers were from cutting, finishing and sampling sections. As January and February are peak months for factory, appears factory worked these rest days to meet deadlines. Names of workers who worked could not be found, as management kept denying factory had worked rest days. Time records of March 2007 do not have any entry of work done on any rest day.	1, 2) Factory has reduced OT hours to a very large extent. Factory has been more transparent by maintaining actual records and showing all hours of work. 3) Although factory has reduced OT hours, there continues to be OT hours in excess of legal requirements even though OT hours maintained within adidas Group requirements. Factory's plan to open mill is under process and will be ready for production by May 2009, which should effectively reduce lead times to procure fabric and carry production within given delivery schedules without regular need for OT.		OT hours now found to be reduced and within legal limits.	Time and payment records
HOW.13 Public Holidays		Completed					
HOW.14 Annual Leave	Noncompliance	Completed	Leave records have not been updated for past 4 years. When questioned, management stated they do not provide earned leave benefits to workers. This is a legal violation.	1) Leave records maintained for all workers, and leaves provided to all workers.	Leave register as per legal requirement	To be verified on next visit based on update status on January 11, 2008: 1a) For contract workers, leave registries not being maintained. Factory must ensure that leave registries for contract labor are maintained. 2, 3) Due to lack of attendance records, identification of leave balance for last 4 years cannot be completed. Factory has been taking records of leave balance since 2006 and has been making payments for leave with a commitment to ensure payments and leave as indicated by pay/leave records. Leave records must be updated regularly.	

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description of Noncompliance, Risk of Noncompliance or Uncorroborated Evidence of Noncompliance	Updates		Updates	
				Company Follow Up (January 2009)	Documentation	Company Follow Up (June 16, 2009 and September 2009)	Documentation
WBOT.1 General Compliance Wages, Benefits and Overtime Compensation	Noncompliance	Pending	Numerous discrepancies observed. In an exclusive (1-on-1) interviews with managing director, we learned that overtime hours manually recorded and paid at 1 time at a single rate (instead of 2 times as mandated by law). These payments made through vouchers under a different account head. None of these records available for review. He also stated many workers do not want to subscribe to mandated benefits of EPF (Employees Provident Fund) and ESI (Employees State Insurance Scheme). This should explain unusually high salaries shown as being paid to tailors (Rs.10500 to 11,000). Any worker drawing salary in excess of Rs.7500 and 10,000 does not qualify for EPF and ESI benefits, respectively. Records have been doctored to avoid payment of EPF and ESI benefits. (Skilled migrant workers in this region usually do not wish to subscribe to these benefits as find it difficult to recover their EPF money or avail of medical facilities through ESI).	1, 2, 3) Factory now has a policy on Voluntary OT policy – the requirement of OT consent form has been withdrawn. Workers are informed that OT in factory is not forced and workers can choose to refuse to work OT. In case of any forced OT, workers can raise a complaint as per the grievance mechanism. 4) Factory has provided explanations to workers on benefits of ESI and EPF. 5) All workers are now covered on rolls of company or contractors and covered under ESI and EPF.	Payroll documentation		
WBOT.2 Minimum Wage	Noncompliance	Completed	1) Based on interviews, it appears sample tailors paid unskilled wages. Could not verify as payroll records are not factual and payments received by many workers for month of February do not match amount mentioned in wage records. 2) Cannot verify accurate wage compensation as are discrepancies between wage records and corresponding responses from workers.	1) Minimum wages not an issue anymore. Factory has a categorization of skill matrix to match minimum wages requirements. 2) OT still paid at single rate for OT shown separately; hence, records are still falsified. Factory is given 1 more opportunity to correct issue by December 2008.		Payment of OT is now done at double the rates as per legal requirements. System has changed since October 2008. Falsified records is not an issue.	Time and payment records
WBOT.5 Holidays, Leave, Legal Benefits and Bonuses	Noncompliance	Completed	1) Mandatory deductions towards contribution of EPF and ESI as required by law are made. However, discrepancies noticed in these deductions. A worker had worked for 19 days during a particular month and the contribution towards EPF deducted based on full wages, instead of deducting amount based on earned wages. 2) Record of Leave with Wages has not been updated for last 4 years; hence, leave status of employees cannot be verified. When questioned, management stated they do not provide earned leave benefits. This is a legal violation. 3) Deduction from salaries of sample tailors towards contribution for mandated benefits of EPF being made on an amount less than legal minimum wage.	1) Factory has stopped the advance system. 2) Leave benefits are available to all workers.			
WBOT.7 Payment for All Hours Worked	Noncompliance	Pending	Cannot verify as time records not factual. Based on interviews with managing director, overtime hours not officially recorded.	All records for OT hours maintained; however, some OT hours still recorded separately and hence, factory required to maintain single records.		Single records maintained for all working hours.	Time and payment records
WBOT.10 Premium/Overtime Compensation	Noncompliance	Pending	Could not verify as appropriate payment records not available; however, based on interviews with managing director, factory pays overtime at 1 time at single rate. That is, overtime premium of 2 times the wage rate, as required by law, is not paid.	1, 2) OT was paid at single rate at time of audit. Factory has made no progress.		Payment of OT is now done at double the rates as per legal requirements. System has changed since October 2008.	
WBOT.11 Overtime Compensation Awareness	Noncompliance	Completed	No such information is provided to workers.	1, 2) OT paid at single rate at time of audit. Factory has made no progress.		Factory does not have training program in factory to ensure that workers understand OT payment calculations.	
WBOT.12 Overtime Compensation for Piece Rates and Other Incentive Schemes		Completed					

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description of Noncompliance, Risk of Noncompliance or Uncorroborated Evidence of Noncompliance	Updates		Updates	
				Company Follow Up (January 2009)	Documentation	Company Follow Up (June 16, 2009 and September 2009)	Documentation
WBOT.17 Accurate Calculation and Recording of Wage Compensation	Noncompliance	Completed	1) Wages paid to workers, in most instances, do not match figures cited during interviews. Moreover, there is no record of overtime hours or work undertaken on rest days and holidays, whereas managing director, when interviewed, stated overtime paid off records at 1 time at single rate. Records seen on production floors also revealed work done on weekly days of rest. No corresponding wage records to verify accurate payment of these hours/days worked made available for review. 2) Wages being paid are higher than those mentioned in appointment letter. Employees' files have not been updated.	1, 2) OT paid at single rate at time of audit. Factory has made no progress. 3, 4) Factory has set up system to update personnel files and all information related to workers updated by staff through a checklist method.		Payment of OT now done at double the rates as per legal requirements. System has changed since October 2008. Falsified records is not an issue.	Time and payment records
WBOT.18 Accurate Length of Service Calculation	Noncompliance	Completed	Name of 1 worker interviewed does not appear in payroll record. When interviewed, the concerned staff stated that at times they show a "break in service" after 7 to 8 months, so as to ensure worker does not achieve status of a permanent worker.	1, 2) Both issues of unregistered workers and break in service are resolved by factory.			
WBOT.19 False Payroll Records	Noncompliance	Completed	Owing to inaccuracy of time records, payroll records are not factual.	Verifiable time records maintained; however, are not made in single records. Factory must start maintaining single records by December 2008.	Time records, off the books time records in registers	Factory found to only have single work records; no other set of records for timekeeping found. During August 2009 visit, time records verified in detail and some errors were clarified in time records of contract labor identified during June 2009 visit (Error in question being: The number of contract workers for May 2009 did not match payment records and time records. Time records showed less workers than paid ones. This error was technical and found to be rectified at August 2009 visit).	
WBOT.21 Record Maintenance	Noncompliance	Completed	1) Numerous discrepancies between amount received by workers and amount stated in payroll records. 2) No time and pay records for security guards produced for review.	1) Verifiable time records maintained; however, are not made in single records. Factory must start maintaining single records by December 2008. 2) Records of security guards now maintained. 3) Payment records of security guards maintained by security agency. Factory obtains photocopies of payment records and keeps records.	Security guards' time and payment records	Single records maintained for all working hours.	Time and payment records
WBOT.22 Worker Wage Awareness	Risk of noncompliance	Completed	Few workers aware of calculations involving mandated deductions for Provident Fund.	1, 2) Factory has not made progress.		Factory does not have training program in factory to ensure workers understand legally mandated benefits such as minimum wage, hours of work, OT compensation, vacation/holiday leave, social security benefits.	
WBOT.23 Posting Notices	Noncompliance	Completed	List of holidays, applicable minimum wage rates (notification) and certified Standing Orders not posted.	1) Factory has posted minimum wages and Standing Orders in accessible locations.			
WBOT.26 Pay Statement	Noncompliance	Completed	Details of overtime compensation not reflected on pay statements issued to workers.	1) Factory has not resolved issue completely since only partial OT hours shown on payroll records.	Payroll documentation	Workers found to be aware of calculation on PF and ESI contributions/deductions; however, factory still needs to develop training program on workers' awareness.	
Other	Noncompliance	Completed	Though management claims they never work OT or on rest days, documents collected from production floor had entries of work done on rest days over past 3 months. On 2nd day of audit, observed that dates on these records were tampered with to reflect that no work was done on rest days. Management shown pictures of these pages taken on 1st and 2nd day, as evidence of tampering. Management denied having any idea as to who had tampered with dates. Factory representative does not sign wage records of contract workers to confirm appropriate payment, as required by law.	1) Actual records maintained and shown to auditor. 2) Wage records of contractors signed by factory.			
MISC.1 Illegal Subcontracting	Noncompliance	Completed	Though was not disclosed by management, outward bound records had entries of fabric/panels being sent out for printing/embroidery and handwork. Instances were also noticed where garments being sent out for washing. Entries of fabric being sent for dyeing to units not included in company's approved dyeing units also noticed.	PC has launched SOP and factory has started conducting audits at subcontracting facilities and maintaining records.	T2 factory auditing tools and CAP	To be verified in subsequent visit, as this issue was not audited during this visit.	
Other	Noncompliance	Pending	Documents required but not available: valid factory license and consent from State Pollution Control Board for discharging water and air, Certified Standing Orders, Appropriate Registration by factory for contractors for outsourcing workers, license for contractors providing labor.	1) License has been obtained for all the contractors.	Licenses		