

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]", etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Instructions for Printing

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	India
Factory name	07003236C
IEM	T-Group Solutions Pvt. Ltd.
Date of audit	July 14th & 15th, 2004
Days in the facility	2 days
PC(s)	Nike Inc.
Number of workers	900
Product(s)	T-shirts & Sweaters
Production processes	Cut to Pack. Knitting & Dyeing processes are also in house

		Findings				Remediation				
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation plan	Target Completion	Factory Response (Optional)	Company follow up (March 2005)	Documentation
1. Code Awareness										
Code posting/information	Industrial Employment (Standing Orders) Act, 1946	FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	Certified Standing Orders not posted in English or the local language.	Certified Standing orders in English are available on File. However, not posted either in English or local language.		Certified Standing Orders should be posted in the local language.	Immediate	Now available at main gate (Security office)	The standing orders have been compiled in a folder and stored at the main gate. They have not been displayed because the standing order consists of about 30-40 pages. Factory has been advised to put a notice in the canteen informing the workers that the copy of the standing orders is maintained in the security room at the main gate.	
Worker/management awareness of Code		FLA Principle of Monitoring, Obligation of Companies: 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.	Most of the workers, supervisors & Managers are not aware of the code elements. There has been no training of the staff or the workers on the work place standards. Handbook is provided but is not a comprehensive list of the Code of Conduct.	Through Interviews		Factory should prepare a training schedule and implement the practice of regular and required trainings for workers, supervisors and managers.	31st Jan 05	Training is given. COC has been incorporated in Handbook.	Factory has prepared a training schedule with regards to supervisory and workers trainings and are in the process of hiring a trainer as well as developing a training room. Although factory has commenced basic trainings on labor laws and factory policies during induction they need to be regularized. Further the factory feels the need to hire experts to handle more sensitive areas of trainings like FOA , harassment etc.	
Confidential non-compliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	No confidential non-compliance reporting mechanism exists in this factory. None of the FLA member brands has put in place a system.	Through visual inspection and interviews with the management and workers.		Nike's objective is to strengthen contract manufacturers' internal grievance systems, so that direct involvement by Nike in their employee grievances should be considered a last resort. In alignment with Nike's objective to strengthen contract manufacturers' internal grievance processes, two pilot educational programs facilitated by local Non-Governmental Organizations are underway currently in Indonesia and China. In addition, Nike Compliance staff spend time listening to factory employees during one-on-one confidential interviews during in-depth Management Audits. More than 9,000 factory employees were confidentially interviewed by Nike Compliance staff from August 1, 2002 through end of May 2004.	28th Feb 05		Factory has installed suggestion boxes in the rest rooms and other areas like the canteen. Basic trainings on this topic have been introduced. Management to conduct more elaborate trainings thru an expert trainer Effectiveness of these systems yet to be verified with worker interviews in the next visit.	

Findings						Remediation				
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation plan	Target Completion	Factory Response (Optional)	Company follow up (March 2005)	Documentation
Other			Workers are coached how to answer compliance questions when auditors come. Few of the workers interviewed stated not having worked on the rest day and their records showed they had. When cross questioned they admitted having worked and they admitted that they were instructed by the management to conceal the facts.	Through cross checking of documents with workers' responses during interviews		Factory must stop any such practice.	31st Dec 04	Management neither coach nor give any such instructions.	Management stated during our post audit meetings that although there was no specific coaching given to workers there was apprehension on the management's part, so workers were informed to be discreet in this regard. However now that the management is transparent with the auditors and the Nike team, such apprehensions are unwarranted and coaching/training will be discontinued. Management to include transparency clause in the factory hiring policy as well as in the induction trainings. Interviews will be conducted in next visit to verify the effectiveness of these trainings.	
2. Forced Labor										
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise										
Employment Records	Factories Act 1948 & Industrial Employment (Standing Orders) Act 1956	Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision	1.Workers interviewed stated that they had not received a copy of their appointment letters. 2.Few workers were found working in the finishing section who were employed through a contractor. There are no documents maintained for these workers. 3. Personnel files of some workers were not complete. Proof of age, nomination form for PF and ESI missing. 4. Files of workers in trial (ranging from 1-3 month period) were not available	Documentation review and interviews		Factory should verify that all legal documentation for every worker in the factory is complete and updated.	31st Dec 04	1.Appointment letters have been given to workers. 2.Documents are being maintained. 3.Personal files are maintained properly.	* All workers including contract workers are given appointment letters and a duly signed copy is also maintained in personnel file. * Factory is in the process of streamlining their systems for contract workers. Personnel files have been maintained for all contract workers and all are given swipe cards to record their attendance. Sustainance of the systems with regards to contract workers to be verified during next visit. * Factory no longer employs workers on trial.	
3. Child Labor										
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.										
Age Documentation	Factories Act, 1948	Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.	The factory keeps the workers on trial without age document until found suitable for full time recruitment. This process takes 2-6 weeks.	Interview with workers & Management		Factory should verify that all legal documentation for every worker in the factory is complete and updated.	31st Dec 04	Age documents are being maintained for all workers.	Proof of age are maintained for all workers including contract workers. When the proof of age submitted by the workers do not seem authentic, the factory gets a medical examination to determine age. Doctor comes to factory twice every week for this purpose.	
Age Verification		In those cases where proof of age documentation is not readily available, employers will take precautions to ensure that all workers are at least the minimum working age, including medical or religious records, or other means considered reliable in the local context.	Workers interviewed stated that they had not met the Doctor who had issued an Age certificate for these workers	Workers' Interviews		Factory should verify that appropriate age documentation is available for each worker at the time of hiring. When no documentation is available or when the worker's age seems in doubt, doctor's examination should be conducted to verify the age before hiring.	31st Dec 04	Doctor is examining each worker	Proof of age is maintained for all workers including contract workers. When the proof of age submitted by the worker's do not seem authentic the factory gets a medical examination to determine age. Doctor comes to factory twice every week for this purpose.	
			One of the canteen workers appeared to be underage as seen on day 1 of the audit. However this could not be verified since on day 2 that same worker was not present for interviewing and there was no personnel file of that worker existing in the factory.			No underage worker should be employed in the factory.	Immediate	This person was the son of the Contractor and came to visit his father.	Factory has added a clause prohibiting child labor in their hiring policy and the same will be added in security policy prohibiting any child from entering the factory premises to avoid even rare cases of children entering the factory.	
4. Harassment or Abuse										
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.										

Findings						Remediation				
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation plan	Target Completion	Factory Response (Optional)	Company follow up (March 2005)	Documentation
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices	No formal training provided to the supervisors or the HR in handling disciplinary cases.	Interviews with Management		Factory should prepare a training schedule and module which includes training on behavioral and motivational practices as well as handling disciplinary cases.	31st Dec 04	Disciplinary training is being given to every staff.	Factory has formulated a training schedule and training module for supervisors staff and workers. However the factory is still in the process of hiring an expert trainer to provide these trainings. HR is also trying to allocate a room in the factory as a training room.	
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	No record available for review.	Management stated that they only resort to verbal counseling.		Documentation for all disciplinary measures must be maintained	31st Dec 04	Disciplinary record is maintained.	No records maintained as yet Factory advised to create a form for recording all disciplinary action. Format of the form and its use to be verified during next visit.	
Gender Sensitive Security		Security practices will be gender-appropriate and non-intrusive.	During two days of the audit, female security guard was not present on duty.	Management advised that she was absent		Factory should schedule a female security guard to always be available on duty when the shift has women workers. Two lady security guards should be appointed.	Immediate		Since the factory has a very small percentage of women employees (less than 10%) they do not think it is viable to employ a full time female security guard for this purpose. However a women supervisor has been designated for this purpose and she checks the women workers only at the time of exit.	
5. Nondiscrimination										
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.										
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of	The workers in their interviews and the HR managers made it clear that if a worker has union affiliation they would not be hired. At the same time the workers themselves showed reluctance and resistance towards the corrupt union	Interview with workers & Management		Management should verify that factory policies do not encourage any discrimination at the time of hiring.	Immediate		Clause for non discrimination has been added in the hiring policy as well as added in the induction training program. PC to continue evaluation for effectiveness of the program.	

		Findings				Remediation				
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation plan	Target Completion	Factory Response (Optional)	Company follow up (March 2005)	Documentation
6. Health and Safety										
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities										
Evacuation Procedure	Factories Act 1948 & Punjab Factory rules 1952	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	1.Evacuation plans in some areas do not match the ground layout. 2. There is no evacuation plan in some production areas including dye-house.3.Aisles & evacuation signs have faded in most areas & are not marked in others.4.Many aisles in production areas, both knits & sweaters, packing area were found blocked or obstructed with bins, fabric bundles, garments, furniture, cartons and sweater panels. There was congestion in production areas.5.Many workers had blocked their access to aisles with bins & tables. 6.Sweater hand-mending section on second floor and general store on first floor near the canteen has only one exit.7.Stairs on one side from first to second floor were blocked with storage of sweater panels.8.An internal staircase in laundry/pressing area does not have hand-rails.	Visual inspection		Management should verify that the housekeeping/safety dept is working on getting all these issues rectified and a system is put in place for regular monitoring.	31st Dec 04	1.Evacuation plans have been prepared to match the ground layout, since at the time of audit we were in process of changing. 2.Evacuation plans are available. 3.Aisles and evacuation signs have been repainted. 4.Aisles are clear. 5.Work areas are now clear. 6.Although size of room is small and only one or two workers work their, but two doors have been provided. 7.Stairs are clear.	Management has reported progress on these issues. H&S issues are being resolved in a systematic manner and not on an adhoc basis. Photographic evidence will be obtained during next visit.	
Safety Equipment	Factories Act 1948 & Punjab Factory rules 1952	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees	1.Fire extinguishers were found blocked in many areas throughout the factory.2.Some first-aid kits were not adequately stocked while one in the sweater section on first floor was almost empty. 3.In an attempt to use the fire hose reel, barely a trickle of water flowed out after 5 minutes of opening the water line.4.Per Law, factory needs to have a functional ambulance room with a fully trained medical person. Though an Ambulance room has been provided, there is no medically trained person available. Doctor visits the facility for 2 hours twice a week. In fact, fabric was seen stored in this place	Visual inspection		Management should verify that the housekeeping/safety dept is working on getting all these issues rectified and a system is put in place for regular monitoring.	31st Dec 04	1.Now extinguishers are clear. 2. We refill the same every day, but more caution is being taken. 3.Their was some problem now working properly. 4.One nurse has been appointed w.e.f.1/11/04.	Management has reported progress on these issues. H&S issues are being resolved in a systematic manner and not on an adhoc basis. Photographic evidence will be obtained during next visit. A nurse has been appointed, appointment letter was verified.	
PPE	Factories Act 1948 & Punjab Factory rules 1952	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	1.Many workers exposed to lint in cutting & over lock operations were not using PPEs. 2.Workers on stain removing operations were using simple fabric masks instead of filtered masks.3.The operator working on the band-knife machine was using protective mesh glove only on one hand instead of both hands.4.Workers working on dyeing and related operations in the dye-house were not using personal protective equipment.5.Workers working on the 'husk' fired boilers near the dye-house were exposed to breathing in flying ash.	Visual inspection		Management should ensure that all measures are taken to reduce chemical or any exposure which could be hazardous to workers health. Further all workers are provided with appropriate PPE and training for the use/disposal of the same is also provided on a regular basis	31st Dec 04	1.PPE is being used by workers. 2.Filtered mask have been provided. 3.Workers have been given more training for band-knife machine. 4.Training have been given to them and they are using PPE. 5.They have been provided	Management has reported progress on these issues. H&S issues are being resolved in a systematic manner and not on an adhoc basis. Photographic evidence will be obtained during next visit.	
Chemical Management	Factories Act 1948 & Punjab Factory rules 1952	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances	1.MSDS posted in the stain removing area is in English and not in the local language.2.Many chemical containers were seen lying outside in the open exposed to rain and sun-light. 3.Some dyes were seen mixed with rain water and had flowed out on the ground. 4.There were no fire extinguishers and 'No-smoking' signs installed in this area.5.Waste diesel was lying in an open barrel in an open area exposed to sun-light and rain near the canteen.	Visual inspection		Management should verify that the housekeeping/safety dept is working on getting all these issues rectified and a system is put in place for regular monitoring.	31st dec 04	1.MSDS in Hindi is provided. 2.We have made a shade for the chemical containers. 3.We have made a shade for the dye area. 4.Fire extinguisher and "No Smoking" sign Installed. 5.Waste diesel was taken	All the noted issues have been rectified. Shade is under construction. Photographic evidence will be obtained on next visit.	

FLA Code/ Compliance issue	Findings					Remediation				
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation plan	Target Completion	Factory Response (Optional)	Company follow up (March 2005)	Documentation
Ventilation/Electrical/facility maintenance	Factories Act 1948 & Punjab Factory rules 1952	All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility	1. Chemical store at the dye house is not adequately ventilated. 2. Damaged and loose wiring observed in most production areas. 3. Pedestal fans were connected to mains without plugs. 4. Lint was noticed on overhead electrical, exhaust fans, lights, pedestal fans, steam-pipes and hand-flat knitting machines. 5. Loose wires were seen hanging from the ceiling in many areas. 6. Emergency lights are not installed on staircase landings and some exits. 7. Laundry/pressing area on second floor was extremely warm and humid. 8. Steam pipe line in the pressing area was not insulated thereby adding to the heat. 9. Electric panel with live electrical circuits was found open and a pedestal fan was connected to it directly without a plug. 10. Water seepage on the walls was seen in some areas. 11. In the basement seepage was seen around two running exhaust fans. In the event of current leakage this could result in an accident (electrocution). 12. Waste fabric was seen piled up in front of electric switch gear in the cutting section.	Visual inspection		Management should verify that the housekeeping/safety dept is working on getting all these issues rectified and a system is put in place for regular monitoring.	31st Dec 04	1.Exhaust fan have been provided. 2.The same has been removed . 3.The same has been removed. 4.Proper housekeeping is being done.	Management has reported progress on these issues. H&S issues are being resolved in a systematic manner and not on an adhoc basis. Photographic evidence will be obtained during next visit.	
Ventilation/Electrical/facility maintenance	Factories Act 1948 & Punjab Factory rules 1953	All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility	13.Storage of fabric, yarn, grey-fabric, general store is haphazard.14. Polythene waste and fabric waste piled in one big heap on the second floor is a major fire hazard.	Visual inspection		Management should verify that the housekeeping dept is working on getting all these issues rectified and a system is put in place for regular monitoring.	31st Dec 04	13.Storage of fabric yarn etc. has been arranged properly. 14.we have arranged properly the same.	Fabric storage has been reorganized to ensure that yarn and fabric are stored in an appropriate manner. Photographic evidence will be obtained on next visit.	
Machinery Maintenance	Factories Act 1948 & Punjab Factory rules 1952	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	1.Most sewing machines do not have needle guards, few did not have belt guards and buttoning machines did not have eye guards. 2.Steam-pipe line at the back of the dyeing machinery is not insulated. 3.Loose electric wires were seen on the wet floor of the dye-house. 4.Steam-pipe line at the back of the dyeing machinery is not insulated. 5.Thread winding machine in the circular knitting area on ground floor does not have a belt-guard. 6.Loose machine wires were seen running across the operators' feet in the sewing section.	Visual inspection		Factory should verify that all machines should be properly guarded and all pipes and wires appropriately guarded.	31st Dec 04	1.Needle guards attached on every m/c and eye guards provided on button m/c. 2.Steam pipe line back of the dyeing m/c is being insulated. 3.Loose elect. wires are taken care 4.belt guard have e been provided on thread winding m/c. 5.Now no loose wires available in the swing section.	Management has reported progress on these issues. H&S issues are being resolved in a systematic manner and not on an adhoc basis. Photographic evidence will be obtained during next visit.	
Sanitation in Facilities	Factories Act 1948 & Punjab Factory rules 1952	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	1.Some flushes in the gents and ladies toilet blocks were not functional. 2.There was no soap/towel in the toilet blocks on second floor. 3.Drinking water stations are located next to the toilet blocks, by law should be at least 6 meters away. 4.Tobacco spit stains were seen in some production areas. 5.Over-all house-keeping standard in this facility is poor. 6.Cable trenches in the main panel room near the generator room had garbage inside them.	Visual inspection		Management should verify that the housekeeping/safety dept is working on getting all these issues rectified and a system is put in place for regular monitoring.	31 st Dec 04	1.Flushes are working properly. 2.Soap/towel have been provided on second floor. 3.Drinking water stations are area and toilets are kept clean. 4.Tobacco spit stains are cleaned. 5.House keeping is taken care. 6.Cable trenches are now clean.	All the issues have been rectified except the one relating to distance between toilets and drinking water. Due to space constraints the factory is unable to move the drinking water facilities away from the toilets. Further the drinking water cannot be moved to the production water as it make affect the cleanliness of the floor. Factory in discussion to resolve this issue.	
Sanitation in Dining Area	Factories Act 1948 & Punjab Factory rules 1952	All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.	Canteen has a capacity to seat about 130 workers only. Factory has more than 800 workers and provides two staggered breaks for lunch. Many workers were seen sitting on the floor out in the open and having their lunch. Poor hygiene conditions were observed in the canteen.	Visual inspection		Management should provide canteen facilities as required by law.	31st Dec 04	Canteen seating capacity and over all condition is improved.	1) Management is working on improving the overall condition of the factory. 2) Further due to space constraints the seating capacity cannot be increased but the current seating capacity is within the requirements of the law. PC has sat in the discussion on lunch schedule planning to ensure that lunch breaks are staggered to avoid over crowding in the canteen.	
Worker Participation		Workers should be involved in planning for safety, including through worker safety committees	The worker health and safety committee and the canteen committee exists on paper and the workers are not aware of its functioning. The meeting minutes are not displayed on the notice board and the workers are not aware of the representatives of that committee.	worker interview and document review		Management should verify that all committees that exist in the factory are functional and all workers are aware of their existence.	31st Dec 04	Worker health and safety committee and the canteen committee is functioning and workers are aware of it	Committees still not effectively functional. PC will continue to engage the factory on this issue.	
7. Freedom of Association and Collective Bargaining										

		Findings				Remediation				
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation plan	Target Completion	Factory Response (Optional)	Company follow up (March 2005)	Documentation
Employers will recognize and respect the right of employees to freedom of association and collective bargaining										
Discrimination	Trade unions Act, 1926	The employer will not discriminate against workers who seek to exercise their right to organize and bargain collectively	Worker with union affiliation is not hired.	Management and worker interviews		Management should verify that factory policies do not encourage any discrimination at the time of hiring	Immediate	No, we never discriminate on such ground.	Factory has included the clause of non discrimination in their hiring policy. Further all managers/supervisors will receive training for this.	
8. Wages and Benefits										
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits										
Minimum Wage	The Minimum Wages Act, 1948	Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher	Few workers were found working in the Factory in the finishing section who were employed through a contractor. There are no documents maintained for these workers. These workers were being paid INR 2200/-, which is less than the minimum wage of INR 2244.04/-. These workers were doing a job of semi skilled workers. The canteen worker is also not paid the legal minimum wage of the semi skilled worker.	Document review and worker interview		Factory should pay all workers employed in the factory at least the minimum wages as stipulated by law	Immediate	1. Now we are maintaining proper record of each worker. They were new workers and came for trial. We have insured proper wages.	Management has stopped the practice of hiring workers on trial basis. All workers are now employed either directly on rolls or through a contractor. Management is streamlining systems for contractors but are ensuring that all workers are paid above the stipulated minimum wages. Wage records verified.	
Wage Benefits Awareness		Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law	1.Few workers who had just joined were not aware of the wages that they would receive. 2. Most workers interviewed were not aware of the contents of the documents that they were asked to sign at the time of hiring. 3. The management has not provided any written document to convey the wages, incentive system, benefits and bonuses to	Document review and worker interview		Factory should have induction trainings for all workers making them aware of their legal rights and duties along with the documentation they are required to sign. Employee handbook should be provided at the time of induction	Immediate	1.They were new and could not reply properly. 2.We are explaining everything to them. 3.We are providing handbook to every worker which covers all points.	Management has started the practice of training workers on their wages and working hours during the induction. These clauses have also been included in the employee handbook and company policies. However regular trainings are still to be streamlined	
Wage and Benefits Information Access		In general, workers will have access to understandable information about their wages and benefits, and will not express dissatisfaction with their ability to get information	The notices were posted but they were posted so high up on the wall that they were difficult to read.	visual inspection		All notices should be prominently posted and readable.	Immediate	The height of the notices has been reduced now and can be read comfortably	Verified that heights of the notices displayed has been reduced to ensure that they are clearly readable	
Pay statement	Factories Act 1948	Employers will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions	No pay slips are issued for payments being made on 22nd day of every month			Management should verify that workers receive wage slips for all payments made to them	31st Dec 04	Wages are being paid on 7th of every month and pay slips are being issued.	Management is in process of implementing the system of paying OT with the regular monthly wages on the 7th. However this is still under discussion and being worked out by the factory.	
Time-recording system	Factories Act 1948	Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards	1. Time recording system is inaccurate. While time records show no overtime worked on few days, manual records maintained by security guards and line supervisors show that they have worked overtime up till 8 pm and on few occasions up till 6 am next morning. 2. There are no pay records available to verify if workers are being compensated for overtime hours worked and for work done on rest days. 3. Official pay records reflect OT compensation for only official Overtime hours recorded.	Documents review, visual inspection and worker interview.		Factory must have accurate and correct electronic time keeping systems in the factory that record all working hours including OT hrs. All payments for regular and OT hrs should be based on this time keeping system.	28th Feb 05	1. Time recording system is working properly and recording actual time of entry and exit. 2. Overtime is being paid along with the wages on 7th of every month as per entry and exit time of the worker. 3. The system is being arrange in such away that all extra hours will be reflected in the records.	Management is currently streamlining the time keeping and attendance system. All workers including contract workers are now issued punch cards and are instructed to punch at time of entry and exit. System still not completely accurate but efforts are being directed in this regard.	
Record Maintenance		All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.	Instances of signature of workers on pay records not tallying with actual signatures taken during interviews noticed, so the records were not accurate	Document review and worker interview		Factory should verify that all documents which are signed by workers are authentic	Immediate		Factory has now designated a supervisor verifying that all workers are signing the register at the time of wage collection and wage slip for the same is given to the worker.	
Legal benefits		Employers will provide all legally mandated benefits to all eligible workers	The legal benefits were being provided only to the workers on factory roll. However there were many workers who were not on rolls and no records were available for them. Few contracted workers mentioned that the factory does not ensure the ESI and PF benefits by monitoring the contractor.	Documents review and worker interviews		Factory must provide all workers including contract workers employed in the factory with all mandatory legal benefits.	Immediate	Every worker is being kept on roll and all legal benefit are being provided.	Factory in the process of streamlining processes for contract workers. Currently working on verifying that all contract workers are being tracked and record their entry and exit in factory attendance system. Also verifying that all contract workers are provided with statutory legal benefits	

Findings						Remediation				
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation plan	Target Completion	Factory Response (Optional)	Company follow up (March 2005)	Documentation
Timely Payment	Payment of Wages Act, 1936	All compensation shall be paid in a timely manner	Payments are made twice a month. Regular wage payments are made between the 7th and 10 th day of the month while compensation for overtime and work done on rest days , is paid on 22nd day of the month.	documentation review		As per local Act factory must pay all wages on or before the 10 th of each month.	31st Dec 04		Management is in process of implementing the system of paying OT with the regular monthly wages on the 7th/before the 10th. However this is under discussion and being worker out by the factory.	
False Payroll Records		Employers will not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.	The factory was maintaining two sets of records (one which was computerized and in accurate) The other one was manual which had the actual working hours recorded by the workers and their supervisors. The actual record showed excessive OT and accurate compensation.	documentation review		Factory must have accurate and correct electronic time keeping systems in the factory that record all working hours including OT hrs. All payments for regular and OT hrs should be based on this time keeping	28th Feb 05	We were in the process to make our system computerized now upgrades have been done and every thing is on single platform	Management is currently streamlining the time keeping and attendance system. All workers including contract workers are now issued punching cards and are instructed to punch at time of entry and exit. System still not completely accurate	
9. Hours of Work										
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period										
Overtime Limitations	Factories Act 1948	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other	1.Review of the manual time records reflect that factory has been working excessive overtime (over 60 hours per week) for the past 3 months. 2.Dying section works on 12 hour shifts (8 regular + 4 OT). 3.Also lady security guards are on duty on most Rest days (Sundays)	Document review		Factory must control OT and verify that OT is within the permissible limits as per local law	28th Feb 05	1. Overtime is being done as per law only which is less than the norms. 2. We are arranging dyeing section in 8 hour shift 3. Lady guard is doing her duty as per the norms.	Factory management understands that they have OT problems and they need to control OT. However there are certain industry practices which need to be considered to resolve this issue. Further there are production issues regarding shift working of 12 hours in the dye house as each production cycle requires the same worker to be present during the entire processing. These issues are being looked into by the management to identify ways to remediate.	
Other	Factories Act 1948		1.Numerous instances of Female workers working beyond 7 pm noticed. By law they cannot work between 7 pm and 6 am . 2.Security Guards do not get a weekly off. Instances of guards working continuously for 21 days. 3.Factory has worked on most rest days. This does not reflect on time records but is evident from entries made in supervisors records and records maintained by security guards.	Document review		Factory should ensure that all local laws relating to working hours and payment for workers are adhered to.	28th Feb 05	1. We have made systematic changes and now lady workers are working up to 6 pm only. 2. We are verifying that security guards are being given rest day as per law. 3. Now every working hour and day is being recorded on system	Management has still not been able to focus on these issues relating to outside agencies like security guards as they are still focusing on controlling OT for their own factory workers. Women workers still work occasionally beyond 6 pm.	
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary	There is no system in place to ensure that OT is voluntary.			Factory must obtain written consent from workers in this regard	Immediate		No consents have yet been obtained as 12 hour shift is considered mandatory in the dye house. Management needs to work on finding alternatives to resolve the production issues related with 8 hour	
10. Overtime Compensation										
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.										

Findings						Remediation				
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation plan	Target Completion	Factory Response (Optional)	Company follow up (March 2005)	Documentation
Accurate recording of OT hours worked?	Factories Act 1948	Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work	Actual OT hours are not being recorded officially in an accurate manner.	Document review		Factory must have accurate and correct electronic time keeping systems in the factory that record all working hours including OT hrs. All payments for regular and OT hrs should be based on this time keeping system.	28th Feb 05		Management is currently streamlining the time keeping and attendance system for regular and OT hours to verify that all working hours are recorded on the electronic system and no manual records are maintained. All workers including contract workers are now issued punch cards and are instructed to punch at time of entry and exit. System still not completely accurate but efforts are being directed in this regard.	
OT Compensation	Factories Act 1948	The factory shall comply with applicable law for premium rates for overtime compensation	OT is compensated at single wage rate as stated by workers during interviews & confirmed by the management, which should be compensated at a double rate.	Document review		Factory should pay all workers OT compensation at the rate required by law.	28th Feb 05		Factory is still in process of accurately recording and paying OT at correct rates. Although rates are being corrected for garmenting unit, OT is still being paid at single rate for dye house and knitting workers due to the industry practice of paying single rate OT for such industry. Management still not able to find viable solution to this issue. PC will continue to engage the factory on this issue.	
OT Compensation Awareness		Workers shall be informed about overtime compensation rates, by oral and printed means	There was no means to inform workers about the OT compensation rates	Document review and worker interview		Factory should have induction trainings for all workers making them aware of their legal rights and duties along with the documentation they are required to sign. Employee handbook should be provided at the time of induction	Immediate	In handbook OT policy is their wage includes the OT compensation rate.	Factory has added the OT compensation rates in the employee handbook and the same is also informed to the workers at the time of induction training. PC to verify effectiveness of these trainings during the next visit.	
Miscellaneous										
Unauthorized subcontracting			Embroidery & printing processes are being outsourced to contractors whose facilities have not been subject to COC compliance standards. These facilities have not been approved by the brand.	Manual records & management interview		As per Nike protocol, factory must ensure that Nike is informed of all their outsourcing partners and factory conducts regular monitoring visits at these partner factories and ensure that they are following required CR practices.	31st Jan 05	We will take care of it.	Although all subcontractor details have been provided earlier to Nike BU verbally, factory has now included all this information in the Contractor Compliance Profile questionnaire and have assured that if any changes are made in future the same would be communicated to Nike in writing. Factory has further been advised to monitor the CR practices of their subcontractors and ensure that all these vendors meet the minimum legal requirements.	
Other	Contract labor (regulation & Abolition) Act, 1970 Factories Act, 1948		Factory does not have a welfare officer as required by law.	management interview		Welfare officer should be appointed	31st Dec 04	Welfare officer has been appointed.	Appointment letter verified	
Other	Contract labor (regulation & Abolition) Act, 1970 Factories Act, 1948		One of the Contractors has a license to provide only 60 workers . However ,there are 66 workers currently employed.	Document review		Factory must ensure that all legal requirements relating to contract workers employed in the factory are adhered to	31st Dec 04	We are taking care of this	Application for revised license with the correct number of employees has been sent to the relevant authorities. Renewed license yet to be received.	