FLA Audit Profile	
Factory	India
Factory name	[redacted]
BM Monitoring Org	WRAP
Audit in factor	October 18, 2005
PCW	Nike, Inc; Reebok International Ltd.; Puma
Number of workers	60
Products	Socks
Production processes	Knitting, Seaing, Linking, Pressing, Packing

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	BM Findings: Evidence of Noncompliance (Uncorroborated)	BM Findings: If Not Corroborated, Explain Why	Documentation Used for Corroborating	Notable Features	PC Remediation Plan	Target Completion Date	Remediation: Factory Response (Optional)	Company Follow Up (November 21, 2005)	Documentation	Status: Completed, Pending, Ongoing	Updates: Company Follow Up (July 2006)	Updates: Company Follow Up (July 10, 2006)	Documentation	Status: Completed, Pending, Ongoing	Updates: Company Follow Up (May 2010)	Updates: Documentation	Status: Completed, Pending, Ongoing	Updates: Company Follow Up (January 6, 2011)	Updates: Documentation	Status: Completed, Pending, Ongoing	Updates: Company Follow Up (November 22, 2011)	Updates: Documentation	Status: Completed, Pending, Ongoing	Third Party Verification: External Verification (Date)	Third Party Verification: Documentation
A. Forced Labor																													
None of the work is performed involuntarily and there is no evidence of forced, bonded, indentured or prison labor.																													
None will not for any use of forced labor, whether in the form of person labor, indentured labor, bonded labor or otherwise.																													
B. 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 by complying compulsory education in the country of manufacture where such age is higher than 15.																													
Age Documentation	According to Sec 1(a) Schedule (8) of The Factories Act, 1948, every factory shall provide and keep and have shall ready for inspection a register or file in which shall be entered the date of birth, such as a birth certificate, which verifies date of birth.	Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.	Age proof records were missing/not valid in 3 out of 35 files reviewed.				Personal files review		Factory management to attach photographs of workers on their personal files to verify age and obtain the signature of a dental surgeon in order to attest that photographs match dental records. Factory will ensure that all workers are hired with valid age proof as per WR standards. (See also "Company Follow Up" section for more information.)	1/12/2006		During a follow-up visit to factory, files of 81 workers, randomly selected, were reviewed. Files of 41 workers contained dental certificates without photos. Files of 40 workers and 1 file contained an affidavit as proof of age.		Completed	Company conducted dental tests again of workers, randomly selected, and provided factory with certification of dental status regarding age. All dental certificates are updated with photos which are certified by doctor. Date completed: 20/12/05	Personnel files reviewed confirmed that some files had school certificate as age proof and other files had doctor's certificate with photograph and doctor's sign.	Record review	Completed										
C. 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 or abuse.																													
D. Non-Discrimination																													
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 opinions, or caste or ethnic origin.																													
E. Health and Safety																													
Employees will provide a safe and healthy working environment to protect 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.																													
Fire Safety: Health and Safety: Legal Compliance	According to Section 38(2) & (3) of The Factories Act, 1948, Every factory shall provide and maintain (1) safe means of escape for all persons in event of fire and (2) necessary equipment and facilities for extinguishing fire. (3) effective measures shall be taken to ensure that in every factory all workers are familiar with means of escape in case of fire and have been adequately trained in routine to be followed in such cases.	Employee will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are in conflict, employee will follow the more stringent. The factory will provision all legally required personnel.	Operating instructions in local language/ unclear fire extinguishers. Fire extinguisher not available in the production areas and fire extinguishers were blocked in 2 out of 5 rooms in store and production area.				Visual observation, factory tour		Factory had already partially remediated this issue by posting fire extinguisher operating instructions in local language in production area. Follow-up visit: Factory to ensure all fire extinguishers are undocked and easily accessible to workers in case of emergency in accordance with local health and safety regulations.			Fire extinguisher operating instructions in local language posted in production areas and new stores during a follow-up visit to the factory.	Photographs taken by PC representative to document corrective action.	Completed																
Evacuation Procedure	According to Section 38(3) of The Factories Act, 1948, Every factory shall provide and maintain (1) safe means of escape for all persons in event of fire and (2) necessary equipment and facilities for extinguishing fire. (3) effective measures shall be taken to ensure that in every factory all workers are familiar with means of escape in case of fire and have been adequately trained in routine to be followed in such cases.	All applicable legally required or recommended elements of safe evacuation (pinching of evacuation plans, unblocked aisle/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Adequate number of workers not trained in fire safety and first aid/medical, number trained in first aid treatment, but was absent on day of audit				Document review, management interview, worker interviews		Factory has already remediated this issue. PC will verify completion during next follow-up visit.			During follow-up visit to factory, management confirmed that adequate number of workers had been trained in first aid by an authorized medical center.	PC auditor viewed factory records.	Completed	Letter from medical center acknowledging completion of workers has been received post training.															
Evacuation Procedure	According to Section 38(3) of The Factories Act, 1948, Every factory shall provide and maintain (1) safe means of escape for all persons in event of fire and (2) necessary equipment and facilities for extinguishing fire. (3) effective measures shall be taken to ensure that in every factory all workers are familiar with means of escape in case of fire and have been adequately trained in routine to be followed in such cases.	All applicable legally required or recommended elements of safe evacuation (pinching of evacuation plans, unblocked aisle/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Fire drill is conducted once in a period of 3 months.				Document review, management interview		Currently factory conducts 4 fire drills per year. In the future, factory shall conduct 6 fire drills per year in accordance with local law. Verification shall be submitted to all boards.	Ongoing		PC auditor met with factory management and reviewed legal and documentation requirements, and documented that currently 4 fire drills are conducted.		Completed	As per recommendation of PCs, an auditor company is conducting 1 fire drill every 2 months since audit. Last dates on which fire drills were conducted were 25-7-06, 25-09-06, 18-01-06.	Record review	Pending	During visit to factory it was observed that factory is still conducting only 4 fire drills per year, instead of 6 fire drills.													
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Evacuation Procedure	According to Section 38(3) & (3) of The Factories Act, 1948, Every factory shall provide and maintain (1) safe means of escape for all persons in event of fire and (2) necessary equipment and facilities for extinguishing fire. (3) effective measures shall be taken to ensure that in every factory all workers are familiar with means of escape in case of fire and have been adequately trained in routine to be followed in such cases.	All applicable legally required or recommended elements of safe evacuation (pinching of evacuation plans, unblocked aisle/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Evacuation plan is not placed in the factory.				Visual observations, factory tour		Factory has already remediated this issue, and PC verified completion during follow-up visit.	Completed		PC auditor observed during a follow-up visit that factory has posted evacuation plan in all required places.	Verification photos taken.	Completed																
Safety Equipment	According to Rule 88 (sp) of The Model Rules of The Factories Act, 1948, The rooms shall be lofty, airy and suitably illuminated with artificial illumination and adequate lighting is to be adopted for this purpose. In case of the required illumination in case of failure of the normal source of electric supply.	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.	Factory has installed emergency light at exit/ entry staircase. However, it was missing on 1 staircase leading to first floor.				Visual observations, factory tour		See also "Company Follow Up" section for more information. Factory management shall install continual backup power sources for all emergency lights. Management shall also install and maintain all the emergency lights in the parking station and in staircase leading to the first floor.	1/12/2006		During a visit to factory, PC monitor found that factory had installed emergency lights in staircases. However, an emergency light was still missing in 1 staircase leading to the first floor. Also, the emergency light was found not working.		Completed	Emergency light is installed in parking area. Light is also provided at staircase area. Backup power source installed.	Factory walkthrough	Ongoing	During visit to factory, it was observed that factory has installed emergency lights with battery backup in all stairs and at exit in parking section. However, factory has not yet installed emergency lights with battery backup at exit in working area (base side exit), toilet section and ventilation section.	Factory walkthrough	Completed	Factory walkthrough confirmed that factory has installed emergency light with battery backup at exits in toilet, cook, toilet section and ventilation section.	Factory walkthrough	Completed											
Safety Equipment	According to Section 38 (sp) of The Factories Act, 1948, every factory shall provide and maintain safe means of escape for all persons in the event of fire.	All safety and medical equipment (fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	Emergency exit in finishing and packing section was locked and blocked.				Visual observations, factory tour		Factory has already remediated this issue, and PC verified completion during follow-up visit.	Completed		During follow-up visit, PC monitor found aisle closed and unlocked.	Photos taken to document corrective action.	Completed	During the evaluation and safety training all workers were informed to keep all aisles unblocked and all emergency exits unlocked.																	
Safety Equipment	According to Section 38(1) of The Factories Act, 1948, There shall in every factory be provided and maintained such first aid boxes or cupboards equipped with prescribed contents. The number of such boxes or cupboards to be provided and maintained shall not be less than 1 for every 150 workers ordinarily employed (at any 1 time) in factory.	All safety and medical equipment (fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	Print and boxes were missing minimum supplies like gloves, scissors and eye wash, etc.				Visual observations, factory tour		Management shall post pictures of missed first aid attendants at box near production floor. In addition, factory management shall ensure constantly keeping first aid kits stocked properly. System should include personnel designated for checking and refilling kits regularly. A plan for remediating automatically after an incident has occurred.	1/15/2006		During a follow-up visit, PC monitor found all first aid boxes properly equipped, but box on production floor was found missing pictures of first aid attendants.		Completed	Photos of trained medical attendants have been posted at all first aid boxes. A list of regular attendants has been prepared and was provided to auditor and will be displayed by compliance factory manager weekly. Date Completed: 20/12/05	Factory walkthrough	Completed	During visit to factory it was observed that factory has posted names and photographs of first aid trained personnel near first aid box.													
Safety Equipment	According to Section 7A (2b) of The Factories Act, 1948, Every factory shall provide and maintained in factory for ensuring safety and absence of risk to health in connection with use, handling, storage and transport of articles and substances.	All safety and medical equipment (fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	Safety instructions were not posted near pressing machines.				Visual observations, factory tour		Factory has already remediated this issue, and PC verified completion during follow-up visit.	Completed		Safety instructions found posted during physical verification of factory by PC monitor.		Completed																
Chemical Management	According to Section 41 (b)(c) of The Factories Act, 1948, The occupier of every factory making hazardous processes shall disclose to the Inspector the nature of hazards and dangers, including health hazards and measures to overcome such hazards arising out of the use of plant and machinery or of substances in manufacture or transportation, storage and other processes, to workers employed in factory, or self-help or local authority within whose jurisdiction factory is situated and general public. (+ extra)	All chemicals and hazardous substances should be properly labelled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in safe use of chemicals and other hazardous substances.	Material Safety Data Sheets (MSDS) not posted for the chemicals used by factory near generator room.				Visual observations, factory tour		Factory to post MSDS sheets in language of workers for chemicals in factory near generator room.	1/15/2006		Factory has installed cures of diesel in generator room. No other chemical found during physical verification. Remediation plan to post MSDS still in place.	Photos of labelled diesel cans taken.	Completed	Diesel cans have been labelled and safety instructions in local language posted in room. Once has also been installed, which did not exist prior to audit. Factory has also posted MSDS for diesel. Factory developed instructions regarding handling, safety and disposal for diesel and posted in local language. Date complete: 20/12/05	Factory walkthrough	Pending	During walkthrough across work floors to verify Switch and safety, it was observed that there are no chemicals stored in generator room or in any other room for that matter. Factory has not provided evidence of MSDS for any chemicals stored on premises. In addition, as per meeting between PCs and factory management, it was noted that factory is using diesel and sulfuric. MSDS for both substances have been submitted to PC and placed in storage area.	Factory walkthrough	Completed											
Chemical Management	According to Section 7A (2b) of The Factories Act, 1948, Every occupier should have disclosed to the Inspector the nature of hazards and absence of risk to health in connection with use, handling, storage and transport of articles and substances.	All chemicals and hazardous substances should be properly labelled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in safe use of chemicals and other hazardous substances.	Access control was not adequate where chemicals and diesel were stored (near Generator Room).				Visual observations, factory tour		Factory to complete construction of a concrete access path to generator room.	1/15/2006		During follow-up visit, PC monitor found that factory had made a rough road to reach generator room on a temporarily basis and shall soon construct a concrete path.	Verification photos were taken.	Pending	Proper pathway has been provided so as to reach generator room safely. Once construction is complete at factory, pathway will be replaced with concrete.	Factory tour	Completed															
F. Freedom of Association and Collective Bargaining																													
Employees will recognize and respect the right of employees to freedom of association and collective bargaining.																													

					SMI Findings				Remediation					Abatement	Validation	Updates		Abatement	Updates		Abatement	Updates		Abatement	Updates		Abatement	Third-Party Verification	
FLA Code/Compliance Issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Noncompliance**	**Risk of Noncompliance**	**Nature of Noncompliance (Uncontrolled)**	**Root Cause (Why)**	**Documentation Used for Corroborating**	**Notable Features**	**PC Remediation Plan**	**Target Completion Date**	**Factory Response (Optional)**	**Company Follow-Up (December 31, 2009)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow-Up (July 2008)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow-Up (July 05, 2009)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow-Up (May 2010)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow-Up (January 4, 2011)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow-Up (November 23, 2011)**	**Documentation**	**Completed, Pending, Ongoing**	**External Verification (Date)**	**Documentation**
1. Wages and Benefits																													
Employees recognize that wages are essential to meeting employees' basic needs. Employees 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.																													
Accurate Recording of Wage Compensation	According to Section 3 of The Payment of Wages Act, 1936, every employer shall be responsible for payment to persons employed by him of all wages required to be paid.	All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately.	Factory applying wrong calculation formula to computer monthly wage system, resulting in underpayment to workers calculated using factory's old wage calculation for daily wage workers.				Document review, payroll analysis.		1) Factory to begin utilizing correct wage calculation formula immediately. 2) Factory to conduct retroactive audit of wages, based on employee calculation from November 2006 forward, and to make back payments in January 2008 to correct underpayment.	1/31/2009		PC auditor visited factory, verified by reviewing use of workers' payroll records dated November 2006. The factory's payroll system was found to actually related with factory management's logic to calculate wages using appropriate formula.		Completed	As per recommendation given by PC auditor regarding calculation of monthly wages, same has been implemented in factory's payroll calculation. Re-viewed Annexes of November paid separately. Date-completed: 20/12/08		Pending	Factory still following same method to calculate monthly wages. Factory to calculate monthly wages. Re-responding: few, which will be verified during following visit.	Record review.	Pending	During audit, various documents and records relating to monthly wages requested and reviewed. Wages calculated in accordance with relevant laws such as: Payment of Wages Act (legal requirements on payment date); Minimum Wages Act (legal requirements on minimum wage) and Factories Act 1948. Factory has implemented a system of checks and balances pertaining to wages also followed. OT computed as mandated and paid at premium rate. Employees did not report any discrepancies in the payment of wages. However, Factory is computing monthly wages in proper manner as required by Minimum Wages Act. Finally, Sample wages paid for rest day work performed August 12 and September 23, 2009 in February 2009. Factory, however, has submitted payment ledgers for basic wages paid.	Documentation review, employee interviews.	Completed	Wages calculated in accordance with relevant laws such as: Payment of Wages Act (legal requirements on payment date); Minimum Wages Act (legal requirements on minimum wage). Though OT payment (calculated and paid double wages, factory not found to be including HRA (House Rent Allowance) component in calculation of overtime payments, as required by Section 59 of Indian Factories Act 1948. Factory has agreed to include HRA (House Rent Allowance) also for computation of OT wages for immediate implementation.	Record review, management interviews.	Pending	Factory was found to be including HRA (House Rent Allowance) component for calculation of overtime payments as required by Section 59 of Indian Factories Act 1948. Pay slips for workers for August, September and October 2011 confirmed that HRA (House Rent Allowance) component was included for the calculation of overtime payments, which is double the wages.	Record review, worker and management interviews.	Completed		
Record Maintenance	According to Section 126 (1) of The Payment of Wages Act, 1936, every employer shall maintain such register and records giving such particulars of persons employed by him, such particulars of wages paid to them, such deductions made from their wages, receipts given by them and such other particulars and in such form as may be prescribed.	All legally required payroll documents, journals and reports (including but not limited to Factories Act 1948 and The United States Items this would include W-4s, I9s, green cards, R&Ds and supporting material.)	Inconsistency found in wage calculation and documentation provided by factory in production areas. Viewed work performed on weekly day off, but no record of payments of OT wages. Records provided by factory, and records of payments of OT wages, rest day work not included in payroll records.			Production records, payroll records, wage records review, wage records review		Management shall fully investigate and compute accurate wages for workers, and make back wages in January 2009 for underpayment. In addition, management to develop system to ensure that all hours worked are documented accurately and workers paid appropriate wage rate for all hours worked. Management to submit plan to PC auditor for review and approval, and to ensure that this occurs, and backlog will respond with any feedback as necessary.	1/31/2009		During follow-up visit to factory, PC auditor reviewed records and corroborated finding. Specifically, PC auditor found workers in packing division performed work August 12 and September 23, 2008, but these dates were not recorded in time and payroll records.	Packing division records viewed by PC auditor	Completed	PC auditors found packing department workers had not been paid for rest day work performed August 12 and September 23, 2008 but were not paid. Factory provided back wages to workers and updated their records. Management has strengthened internal control systems and trained all staff and workers on need for accurate recording of all working hours. All workers requested to use electronic timekeeping at time of entry and exit. Date-completed: 1/2/08		Pending	During visit to factory, it was observed that some workers worked on rest days in months of May and June 2008. Re-work is not reflected in working hours record and wage register.	Worker and management interviews.	Pending	Contract employees state conduct OT work either on weekdays or rest days. Interviewed approximately 40 employees, approximately 8%, conducted work on rest days (approximately 1 rest day a month). This was clearly reflected in time records. These employees provided with compensatory day off, which is also clearly reflected in time records. There was no instance of rest day work, but there was one instance of weekday work. Workers reported that when they worked OT, they punched their time cards. OT has some down drastically in last 3-6 months. Review of documents revealed that contract employees performed on rest days on August 12 and September 23, 2009 and has submitted payment record as evidence.	Documentation review, employee interviews.	Completed	Manual OT records maintained by factory for OT worked after 2 hours of OT and for rest day work, confirmed that out of approximately 236 workers employed by factory, 11 workers worked 8 hours OT December 26, 2010. 10 workers worked 4 hours OT December 31, 2010, which was a rest day. This OT work not recorded in time recording electronic system. Also, factory did not submit manual OT records for all months. Review of documents revealed that contract employees work 4 hours OT on rest day, which is also not reflected in time records. Factory should ensure that all working hours, including all OT hours, is recorded through time-recording electronic system, also, all wages, including all OT wages, need to be calculated and paid. Finally, records of all work hours and wages need to be made available for review at time of audit. Factory agreed to develop a system to ensure that all hours worked are documented accurately and workers paid appropriate wage rate for all hours worked. Management to submit plan to factory for review and approval, and to ensure that this occurs, and backlog will respond with any feedback as necessary.	Record review, worker interviews.	Pending	Factory found to be maintaining all work hours and payments in a single set of records. Work hours and wage records reviewed for September and October 2011 confirmed all work hours, including all OT, are maintained in electronic time recording system. Pay slips confirmed that all wages, including all OT wages, are calculated and paid to workers based on electronic time recording system. However, 4 to 5 workers reported that they worked OT on rest days in August and September 2011. Factory not found to pay OT payments as required by Sec 59, Indian Factories Act 1948 for these workers. Work hours and wages records of all workers reviewed for February 2012 confirmed that factory has stopped to calculate back wages of OT payments to lifting operators, and submit document evidence to address SMA for review by the end of February 2012.	Record review, worker interviews.	Pending		
2. Hours of Work																													
Except in exceptional business circumstances, employers 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 do 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	According to Section 64 (2) of Factories Act, 1948, In-lieuing rules under this section, Indian Government shall not exceed, except in empty premises or premises in which only such work is carried on as is mentioned in clauses (a) and (b) of the following limits of work inclusive of OT: (i) total number of hours of work in any day shall not exceed 10 hours; (ii) total hours of work between intervals for rest, shall not exceed 12 hours in any 1 day; (iii) total numbers of hours in a week, shall not exceed 60 hours; (iv) total number of hours of OT shall not exceed 50 for any 1 quarter.	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 hours of work, the regular workweek in such country plus 12 hours overtime, and (ii) be entitled to at least 1 day off in every 7 day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	Security guards are working in 7 shifts, of 12 hours each, which remains overtime of 4 hours a day.				Review of hrs. and sal. time records, interview		Factory management is in process of changing to new security agency, which will comply with Human Rights standards. Further investigation and concerting what specific changes will be made.	1/12/2009		Accepts to follow-up in future and to verify that change in security company has resulted in desired change.		Pending	Negotiation security agency matters are still under negotiations to appoint new security agency, but due to lack of available good quality security companies, factory is facing difficulty and the situation remains unresolved. However, guards are compensated with premium OT pay. Company is in process of changing security agency, however, existing one is not ready to carry out required changes, if they agree to changes, the same will be continued.	Record review, worker interviews.	Completed																
Overtime Limitations	According to Section 52(1) of Factories Act, 1948, No adult worker shall be required or allowed to work in factory on first day of week, unless (a) he has or will have a day of rest in lieu of such day of rest in accordance with (b) or (c) or (d) or he has or will have holiday for whole day on 3 days immediately before or after said day, and (b) notice of the fact that he is required to work on substituted day, under clause (d), whichever is earlier, (i) delivered office or office of inspector or sent by registered post to inspector, before the day and of day which is to be substituted, and (ii) displayed notice to that effect in factory.	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 hours of work, the regular workweek in such country plus 12 hours overtime, and (ii) be entitled to at least 1 day off in every 7 day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	Security guards not provided very weekly days off and some workers working on weekly days off, also.				Review of hrs. and sal. time records, interview		Factory management is in process of changing to new security agency, which will comply with Human Rights standards. Further investigation and concerting what specific changes will be made.	1/12/2009		Accepts to follow-up in future and to verify that change in security company has resulted in desired change.		Pending	Factory is still looking for new security agency that will agree to comply with local law, PC and PUMA standards. There is a lack of availability of good quality security companies. Continuing to PUMA Further follow-up required.	Record review.	Completed	Management could not provide records such as time and payroll records for security guards. Therefore, work hours and compensation for security guards could not be verified. Management could not provide any documentation concerns relating to work hours of security employees.	Record review, management interview.	Pending	Management could not provide time and payroll records for security guards. Hence, actual work hours and compensation for security guards could not be verified. Verification required for security guards' work hours and payments for security employees. However, manual attendance record maintained at security gates confirmed that 6 out of 7 security guards worked 12 hours overtime without one weekly rest days in month of December 2010. For example, 1 security guard found to have worked December 16, 21, 30, 31 without weekly rest days. Factory should ensure and make sure that all security guards are provided 1 rest day followed by 6 consecutive work days.	Review interviews, document review	Pending	Time and payroll records of security guards submitted for review at time of visit. Work hours recorded review for August, September and October 2011 confirmed that security guards found to work on 7 days a week without weekly rest days. Factory is providing compensatory days off, i.e., 1 security guard found to work all his rest days in October 2011 without any weekly rest days. Factory should provide compensatory days off as provided 1 rest day followed by 6 consecutive work days.	Record review, worker interviews.	Pending		
Overtime Limitations	According to Section 126 (1) of The Payment of Wages Act, 1936, every employer shall maintain such register and records giving such particulars of persons employed by him, such particulars of wages paid to them, such deductions made from their wages, receipts given by them and such other particulars and in such form as may be prescribed.		Documents maintained by factory in production areas showed work performed on weekly day off, but same not recorded in time records provided by factory.				Review of hrs. and sal. time records, production records review, interview		Management to develop a system to ensure that all hours worked documented accurately and that workers paid appropriate wage rate for all hours worked. Management to submit plan to Brandk for adjustments in current system in order to ensure that this occurs, and brands will respond with any feedback as necessary.	1/31/2009		During follow-up visit to factory, PC auditor reviewed records and corroborated finding. Specifically, PC auditor found workers in packing division performed work on August 12 and September 23, 2009, but these dates not recorded in time and payroll records.	Packing division records viewed by PC auditor	Completed	The PC auditors findings that packing department workers worked August 12 and September 23, 2009 but these dates not recorded in time and payroll record. Management has strengthened internal control systems and trained all staff and workers on need for accurate recording of all work hours. All workers requested to use electronic timekeeping at time of entry and exit. Date-completed: 1/2/08		Pending	During visit to factory, some workers found to be working on rest days in months of May and June 2008, which is not adequately refine to salary registers or in working hour records.	Management and worker interviews.	Pending	Review of documents revealed that contract employees never conduct OT work, either on weekdays or rest days. Interviewed approximately 40 employees, approximately 8%, conducted work on rest days (approximately 1 rest day a month). This was clearly reflected in time records. These employees provided with compensatory day off, which is also clearly reflected in time records. There was no instance of rest day work but there was one instance of weekday work. Workers reported that when they worked OT, they punched their time cards.	Documentation review, employee interviews.	Completed	Manual OT records maintained by factory for OT worked after 2 hours of OT and for rest day work, confirmed that out of approximately 236 workers employed by factory, 11 workers worked 8 hours OT December 26, 2010. 10 workers worked 4 hours OT December 31, 2010, which was a rest day. This OT work not recorded in time recording electronic system. Also, factory did not submit manual OT records for all months. Review of documents revealed that contract employees work 4 hours OT on rest day, which is also not reflected in time records. During interviews, employees reported that when they worked OT, they punched their time cards.	Record review, worker and management interviews.	Pending	Factory found to be maintaining all work hours and payments in a single set of records. Work hours and wage records reviewed for September and October 2011 confirmed all work hours, including all OT, are maintained in electronic time recording system, this was corroborated with other manual records, such as attendance sheets. Pay slips confirmed that all wages, including all OT wages, calculated and paid to workers based on information in electronic time recording system. However, 4 to 5 workers reported that they worked OT on rest days in August and September 2011. factory not found to pay OT payments as required by Sec 59, Indian Factories Act 1948 to these workers. Work hours and wages records of all workers reviewed for February 2012 confirmed that factory has stopped to calculate back wages of OT payments to lifting operator, and submit document evidence to address SMA for review by the end of February 2012.	Record review, worker interviews.	Pending		

			SEM Findings						Remediation					Monitoring	Updates			Monitoring	Updates			Monitoring	Updates			Monitoring	Updates			Monitoring	Third-Party Verification	
FLA Code/Compliance Issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Noncompliance**	**Risk of Noncompliance**	**Severity of Noncompliance (Minor/Major/Zero)**	**Root Cause (Policy/Procedure/Equipment/Other)**	**Documentation Used for Corroborating**	**Notable Features**	**PC Remediation Plan**	**Target Completion Date**	**Factory Response (Agreed/Disagreed)**	**Company Follow Up (December 31, 2009)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow Up (July 2008)**	**Company Follow Up (July 05, 2008)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow Up (May 2010)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow Up (January 4, 2011)**	**Documentation**	**Completed, Pending, Ongoing**	**Company Follow Up (November 23, 2011)**	**Documentation**	**Completed, Pending, Ongoing**	**External Verification (Date)**	**Documentation**
B. 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.																																
OT Compensation	According to Section 108 (3) of The Factories Act 1948, Every employer shall maintain a register of overtime showing in particular of persons employed by him, work performed by them, wages paid to them, overtime hours of work, and such other particulars as may be prescribed.	The factory shall comply with applicable law for premium rates for overtime compensation.	Origin records for OT work performed by these workers working in the month of Dec 2008 were not performed on weekly days off as made available to auditors.				Record review, management interview		1) Factory to determine how to plan production hours without exceeding proper work hours, and communicate to buyers the production plan. Factory to provide all brand auditors and their representatives, including FLA-authorized auditors, with production plan for review in future. 3) Factory to ensure all workers paid at appropriate wage rates for all hours worked.	1/15/2009		During a follow-up visit, factory management stated that there are machine operators work 12 hours a day and that this is a necessary practice because of potential ability of statement. Management has been instructed that factory cannot exceed legal limit of working hours.		Pending	PC has conducted further follow up. There persons no longer working in capacity of machine operators, but as technicians and supervisors. Factory has hired Architects effective 1-2-08 and work carried out by them is purely supervisory in nature. The salary structure of these persons is commensurate with their roles/responsibilities. There are 3 persons in this job category, with overall 89 persons employed in technical cadre. Out of these 89 persons, 15 are machine operators who work on 8-hour shift basis, no exempt employees, OT wages not applicable. PC's to review payroll and ensure that factory management, all relevant wage and hour information for supervisors.	During visit to factory it is observed that machine operators/technicians work 12 hours on daily basis. Factory management stated that these workers are paid for 8 hours work wate. Factory also stated restrict OT hours to 2 hours a day and 12 hours a week. Management stated that this practice is not and days is reflected in both salary registers and work hour records, based on which actual salary, including OT premiums, to be calculated.	Management and worker interviews.	Pending	During current audit, time and payroll records reviewed. Factory compensates OT hours worked on weekdays at 200% of regular wage rate. Factory limits OT hours per day continue to be excessive for most permanent employees up to 4 hours. Also, machine operators/technicians work 12 hours on daily basis and are paid fixed wages. However, as OT premiums paid for 4 hours extra work. 5 out of 280 workers work 12 hours shift, 4 out of 280 workers work 10 hours shift. Employees confirmed being paid 200% for all weekday OT work. adidas SEA and fellow compliance staffs in Bangalore reviewed payroll records for Dec 2009 and Jan 2010 against collected 4 hours shift in 8 hours shift per day. Shift August 1, 2010. Such change will be during next visit.	Record review, worker and management interviews.	Ongoing	Factory, changed work hours of 5 machine operator/technicians who were working 12 hours a shift to 8 hours a shift. Factory also stated that overtime hours maintained by factory for OT worked after 2 hours of OT and for rest day, confirmed that out of around 280 workers working in factory, 4 workers worked overtime in month of December 23, 2010, 22 workers found working 4 hours OT December 24, 2010, which was a rest day. Also, factory did not provide any documentation to show that OT hours and work hours, including all OT and wages paid is less of all OT work. adidas SEA and fellow compliance staffs Bangalore reviewed payroll records for Dec 2010 and Jan 2011 against collected 4 hours shift in 8 hours shift per day. Shift August 1, 2010. Such change will be during next visit.	Record review, worker and management interviews.	Pending	Factory found to be maintaining all work hours and payroll records in a single record. Work hour and wage records reviewed for August, September and October 2011 and found that work hours are maintained by factory for OT worked after 2 hours of OT and for rest day, confirmed that out of around 280 workers working in factory, 4 workers worked overtime in month of December 23, 2010, 22 workers found working 4 hours OT December 24, 2010, which was a rest day. Also, factory did not provide any documentation to show that OT hours and work hours, including all OT and wages paid is less of all OT work, could not be verified. Factory should record all work hours and wages in a single record, preferably in a time-record system. This, all in one, including OT wages, need to be calculated and paid. Factory, records of all work hours and wages need to be made available for review at time of audit.	Record review, worker interviews.	Pending		