





RMI Findings									Recommendations			Initiate the Date of Follow-up			
FLA Code/ Compliance Issue	Country/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (un corroborated)	If not corroborated, explain why	Sources/ Documentation used for corroborating	Notable Features Implemented by Factory Management or Company	PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company follow up (Follow-up visit March 23-24, 2006 (1-Group)	Documentation	Company Follow up	Documentation
Payroll Reporting	The Factories Act, 1948	Accurate and reliable payroll reporting, including pay stubs and records shall be provided.	1. Wage slips are in English and not in the local language 2. Details of overtime hours, rate per hour and compensation paid is not maintained along with payroll which is computerized. These details maintained manually in separate registers and only one compensation is written on payroll. 3. Factory could not produce any pay records for workers not on rolls.	Few of the workers who are off-rolls stated during interviews that although they are unable to sign registers reflecting particular amounts as their earnings, actually they are paid Rs. 50-70.00 per month. They stated they were 400 that the difference in amount was due to deductions for Provident Fund, BPL, when salaries were sent and interest of any deductions amounts were refunded. E.g. As per time records 1 worker should have been paid Rs. 1584. However, worker stated that 12th August 2005, Rs. 600 paid after deducting an advance of Rs. 100. On complying that Rs. 124 paid last, cashier and section in charge of working registers issued salary slip saying "You have not worked extra and you have been paid for all hours worked". Fearing loss of job, worker walked away with folded papers. All these workers felt that difference of amounts being paid to them is being distributed amongst staff in accounts department.	Interview with workers	Due to non-availability of records, issue identified under risk could not be corroborated	Review of records & interview with management & workers	Wage slips must be written in the workers local language and include all hours worked, amount for basic regular hours, total overtime hours, net pay, gross pay, and proper deductions. 2) Payroll records must include overtime hours, net pay, gross pay, and proper deductions. 3) Wage hour, age, disability and other applicable records must be maintained for all workers. Wage slips must be provided to these workers.	1) Wage slips shall be translated into Hindi by 30 Oct 05. Wage slips shall be amended to include overtime hours and the compensation paid by 30 Oct 2005. 2) Software for payroll will be installed by 30 Oct 2005. 3) The pay stub will include details of overtime hours worked and compensation paid. 4) All off-rolls workers have been provided payroll from 01 Oct 2005. Records are available and maintained.	March 23 and 24, 2006 1. Complete. 2. Details of overtime hours worked and compensation have been included from Dec 05. However, overtime hours being shown on payroll records are incorrect. 3. Same status.	March 23 and 24, 2006 1. As per management, currently they are providing only 1 shift that is law abiding. However, some workers interviewed stated intimidation in terms of off-rolls. No records of records still are available from 01 Oct 05. 2. Documents collected from security guards' cabin had entries of work being done on one day. 3. Manual time records picked up from security guards' cabin had numbers entries not reflected in electronic time records which appeared to be 'doctored'.				
Pay statement	Factories Act 1948	Employees will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions.	1. Wage slips do not provide details of overtime hours worked and compensation paid. 2. No wage slips are provided to workers who are not on the company's rolls.				Review of records & interview with management & workers	See above. Wage slips must be provided to all workers.			March 23 and 24, 2006 Complete.				
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. Though Management claim they work only 1 shift, documents collected from production floor at entries of work being done on Night shifts from April 05. There are no time records maintained for workers working on night shifts. 2. Management claims they do not work on night shifts. However, documents collected from production floor and manual time records maintained by Security Guards had entries of Factory workers on most night days in February, March, April, May, June, July and August 05. 3. Time records reflect overtime up to 2 hours per day, however manual records maintained by security guards, had entries of factory workers beyond 2 hours of overtime on numerous occasions up to 2am in April, May, June, July, 05.	1. Manual time records maintained by Security Guards are not signed by workers who are not on rolls. 2. Manual record maintained by the Security Guard workers off the rolls reflects only time for two workers as Sam everyday.			Interview with management & review of records	1) All days and hours of workers must be accurately documented and recorded for all workers upon request. 2) Workers must be provided 1 day off in 7. 3) Working hours must be limited to the local wage limits or PC guidelines, whatever is more strict. Factory in arrears pays to progressively reduce working hours by 1250000.	1) Manual timing entries of all off-rolls workers stopped since 01 Oct 05 and production floor workers, Dept. Cans since 01 Oct 05 and adequately trained in their usage. All those on-rolls who were late at time of starting and leaving since 01 Oct 05. Records available and maintained. 2) It would be assumed that workers, including off-rolls, would be provided with at least 1 weekly day off. This is a very closely monitored by HR Department. 3) From 1 Aug 2005, entries of night shift stopped and only 1 shift running from 09:00 to 18:00 with 1 hour lunch break and 30 minutes of 15 minutes rest. Records available. However, in case night shift required to meet export production delivery schedules, then time records shall be maintained through wage card system, including payroll for all workers working in night shift. It shall be ensured that all workers should not work with work beyond working hours as stipulated by local law. Salary card system in place and would be monitored more closely by HR Department.	March 23 and 24, 2006 1. As per management, currently they are providing only 1 shift that is law abiding. However, some workers interviewed stated intimidation in terms of off-rolls. No records of records still are available from 01 Oct 05. 2. Documents collected from security guards' cabin had entries of work being done on one day. 3. Manual time records picked up from security guards' cabin had numbers entries not reflected in electronic time records which appeared to be 'doctored'.					
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.	Workers who are off-rolls stated during interviews that on 10 <sup>th</sup> August 05, they were called to leave factory at 10am since auditors had arrived. They stated that each line factory has an audit, they are asked to leave. These workers instructed to work until 2pm outside factory and on confirmation that auditors had left, they would be called back. No hour workers walked until 2pm and then went back home on being told auditors still in factory. 1 worker returned at 6pm and worked till 8pm. Manual time records had entries of all these workers entering factory at 8am. No set time recorded. Workers stated that under such circumstances they do not get their pay for that day.	Interview with workers on second day of the audit. These workers were sent out on 1st day of the audit.	Workers requested that the auditor be brought to the notice of the management for fear of losing their job.		Interview with management & workers	Provide compliance to monitoring of compliance to auditors. Discourage the practice of hiding workers from auditors.		March 23 and 24, 2006 Same practice is being followed. As soon as auditors arrived, these workers were made to run out of factory. However, off these workers stopped at exit gates by auditors and asked to return to work. The management blatantly showed reluctance towards workers to work. Most of these workers mentioned asked this was standard practice. Whenever any buyer visits factory, they are asked to leave. They mentioned that on March 05, they were asked not to report for work as factory was expecting buyers. These workers were marked absent on that day.	March 23 and 24, 2006 Same status.				
Record Maintenance	The Factories Act, 1948	All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.	Factory could not produce any wage records for workers not on rolls.		Interview with workers		Interview with Management (issue of non-compliance)	Pay records should be maintained for all workers. All deductions and advance payments will be accurately documented to include employee loans, debt and amount of wage deducted or advanced. Accounts maintained on roll basis and on-rolls against the time difference taken. Workers will initial advance register when advance is received. These documents will be made available to auditors on request. The deductions and advance wages will be documented on all wage slips.		March 23 and 24, 2006 Same status.					
Legal benefits	The Employee State Insurance Act, 1948 Employee Provident Fund & MP Act, 1952, The Workers Act, 1948, The Factories Act, 1948	Employees will provide all legally mandated benefits to all eligible workers.	No mandated benefits are provided to workers who are not on rolls.				Interview with Management & workers	Provide legal benefits to all workers as required by law.	All legal benefits would be provided of notice board for worker's reference. Who are in process of availing company policy. From 01 Oct 2005 onwards, all off-rolls workers have been taken into diaries and these workers shall be provided all legal benefits as per law. These legal benefits shall be mentioned in their appointment letters also.	March 23 and 24, 2006 Pending					
Legal benefits		Employees will provide all legally mandated benefits to all eligible workers.	All workers (off-rolls) interviewed were scared of losing their jobs any day. They said they found it very difficult to manage with just Rs. 1200 to Rs.1700 a month. They do not get paid at all with no other option but to buy and work maximum number of hours possible to earn more. They don't get any benefits that other workers who are on company rolls are provided.	Workers interview.	They also stated that if they approached the management on this issue they could lose their jobs.		Interview with Management & workers	According to the request of the workers who feared that they might lose their jobs if the management got to know". Therefore, PC's have not raised the specific finding with factory management. However, issues raised by the finding addressed in PC remediation requests that factory comply with its legal requirements in areas of wages, benefits, and working hours.	March 23 and 24, 2006 The problem is still unresolved.						
Legal benefits		Employees will provide all legally mandated benefits to all eligible workers.		Workers who are off-rolls stated that if they report 1 minute late for work, they are turned back. In case they are back, they have to come to factory and inform, and call their boss home. Five workers complained that at times they could not report for work as their child fell sick, their day workers were warned that in future, they would lose their jobs in case they failed to inform.	Interview with workers	Workers requested not to disclose the matter to management for fear of losing their job.	Interview with management & workers	According to monitor, this finding was "not discussed with the Management at the request of the workers who feared that they might lose their jobs if the management got to know". Therefore, PC's have not raised the specific finding with factory management. However, issues raised by the finding are addressed in PC remediation requests that factory provide off-rolls workers the same benefits as workers who are on the company rolls.	March 23 and 24, 2006 The workers had no complaints now on this issue.						
Legal Compliance for Holidays	The Factories Act, 1948	Workers will be paid for holidays and leave as required by law.	These benefits are not extended to workers who are not on rolls.		Interview with workers	Due to non-availability of records		As above.		March 23 and 24, 2006 Same practice continues.					
Timely Payment	Payment of Wages Act, 1936	All compensation shall be paid in a timely manner.	Workers off-rolls paid their wages on 10th day of every month. By law, all payments are to be made within 7th day of month.				Interview with management & workers, review of records	Wages must be paid according to local law.			They shall ensure that every worker gets their payment by the 7th, starting from next payment month.	March 23 and 24, 2006 Same practice continues.			
Timely Payment		All compensation shall be paid in a timely manner.		During interview, 1 worker stated his child was very unwell and on 8 <sup>th</sup> August 05, he requested the salary for July he had to provide to his family to meet medical expenses of the child. He was, however, turned away saying that he should arrange for money from other sources and would be paid his salary on 10 <sup>th</sup> of the month. On 10 <sup>th</sup> , he was not paid his salary and was told that the same was not on records and he was not paid for that day. Worker threatened and requested cashier check his absence register against salary record, since worker was given an advance, also, he was asked to wait and end of day, 1 worker who did not get his salary. He was asked to borrow Rs. 50 from co-worker to buy medicine for his child.	Interview with worker	Serious issue, worker discussed with management.	Interview with management & workers	According to monitor, this finding was "not discussed with the Management at the request of the workers who feared that they might lose their jobs if the management got to know". Therefore, PC's have not raised the specific finding with factory management. However, issues raised by the finding are addressed in PC remediation requests that factory provide off-rolls workers the same benefits as workers who are on the company rolls.	March 23 and 24, 2006 The worker received his compensation for work 2 days after the P.LA visit in August 2005.						
False Payroll Records	The Employee State Insurance Act, 1948 Employee Provident Fund & MP Act, 1952, The Workers Act, 1948	Employees will not use hidden or multiple payroll records in order to avoid detection. To detect, demonstrates hourly wages, or for any other fraudulent activity.	All hand-drawn workers work on a piece rate system. Some, however, are present on record at an unapproved monthly salary of Rs. 7500 to avoid subscription to legal benefits of E.P.F. & E.S.I. (EPF not applicable if basic pay is less than Rs.6000 and ESI not applicable if gross pay is in excess of Rs.7500)		Interview with workers		Interview with Management & workers, review of records	The factory will maintain accurate payroll records and pay the legally mandated benefits for all eligible workers.			It has been decided during meeting with the management that all those on-rolls workers shall be brought regular and order monthly salary provision and paid salary accordingly from 01 Nov 2005 onwards. This shall be done by 30 Oct 2005.	March 23 and 24, 2006 Hand-drawn operations have been taken in-charge now, effective Oct 05. Mandated benefits of EPF and ESI are now being provided.			
Record Maintenance	The Factories Act, 1948	All legally required payroll documents, journals and reports will be available complete, accurate and up-to-date. In the United States terms this would include W-4s, I-9s, green cards, 941s and supporting material.	Factory could not produce any wage records for workers not on rolls.				Interview with management & workers	The factory will maintain accurate payroll records and pay the legally mandated benefits for all eligible workers.							
Excess/Excessive 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 laws of the country of manufacture or, where the laws of such country will limit the hours of work, the regular work week in such country plus 12 hours overtime; and (c) 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 laws 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 (c) 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 absorbed by other reasonable efforts.	1. Actual working hours cannot be confirmed as time records for night shifts and rest days worked were not available for review. 2. Review of records not recorded maintained by Security guard revealed that Security guards work for 12 hour shift.	Interview with management & workers	Non-availability of accurate office use records		Interview with management & workers	Maintain accurate time records for all workers. Workers must record their time in and time out. Provide accurate time records to auditors upon request. 2) Working hours must be limited to the local wage limits or PC guidelines, whatever is more strict. Factory in arrears pays to progressively reduce working hours by 1250000.		New actual findings being recorded since 01 Oct 05 onwards, as all off-rolls workers provided with wage cards, 3 shifts have been started from 01 Oct 2005 as follows: First shift from 08:00am to 16:00hrs, second shift from 16:00pm to 24:00pm and third shift from 24:00 to 08:00am. Now all security guards working on their relevant shifts for 8 hrs. Records are available and maintained.	March 23 and 24, 2006 Time records still inaccurate. While management claims they do not work on rest days, and occasionally work no more than 2 hours of overtime on any given day, records collected from security guards' cabin had entries of work being done on one day. 3. Manual time records picked up from security guards' cabin had numbers entries not reflected in electronic time records which appeared to be 'doctored'.				
Legal compliance with protected workers	The Factories Act, 1948	Factory will comply with all applicable laws governing work hours, including those regulating or limiting overtime and volume of work performed by women or workers under the age of 18.	Review of manual time record (leave/ absence record) maintained by security guard revealed that female workers, who were off-rolls, were working up to 20:00pm regularly. On some occasions, these workers were also worked up until 11:00pm in July 05. By law, they cannot work between 19:00pm and 06:00am.				Interview with workers & review of records	The factory will comply with all applicable laws governing work hours, including those regulating or limiting the nature and volume of work performed by women or workers under the age of 18.			It shall be ensured that all off-rolls workers are working only up to working hours as stipulated by the local law. All workers have been educated on the same.	March 23 and 24, 2006 The problem persists.			
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary.		Factory does not have a system to ensure that overtime is voluntary.			Interview with management & workers	Develop a system to ensure that overtime is voluntary. The system should be available for auditors and factory management to ensure compliance. Workers and supervisors must be trained on the factory voluntary overtime policy and procedure.			Management shall develop and adopt policies to ensure that overtime is voluntary. For this purpose, checklist board monitoring the "OT" is voluntary" shall be displayed at each location and same shall be included during training to all employees by 30 Oct 05.	March 23 and 24, 2006 Apart from displaying notices to this effect on production floors, there is no formal system in place.			

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IRM Findings					Remediation				Updates (The Date of Follow-up)			
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (un corroborated)	If not corroborated, explain why	Sources/ Documentation used for corroborating	Notable Features Implemented by Factory Management or Company	PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company follow up (Follow-up visit March 23-24, 2008 (T-Group contracted by Nordstrom)	Documentation	Company Follow up	Documentation
Other				Five workers on company rolls, were coached to say that factory never works overtime beyond 2 hours a day and on rest days.	Interview with workers					Discontinue the practice of coaching workers. Management and workers are expected to comply with the audit process by providing accurate and complete information to auditors, when requested.			March 23 and 24, 2008) Workers, both on and off rolls are still being coached		
Overtime Limitation		Except in extraordinary business circumstances, employees will (not be required to work more than the lesser of) all 48 hours per week and 12 hours overtime or (2) the limits on regular and overtime hours allowed by the law of the country of manufacture or where the law of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime, and (3) 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 reasonable efforts.	Review of manual time record maintained by security guard revealed that while a security guard has been on duty from 12:30-01:00 AM without day off rest, few female workers, who are off rolls, have worked from 30 June 05 to 24 July 05 without day off. In another instance, few workers have worked whole month of July 05 without day off rest between 25 July 05, when they were asked to leave factory, as shift scheduled on that day. Few interviewees interviewed stated that 24 July 05, sweepers worked from 07:00am to 11:00am and again from 12:00pm through the night until 11:00pm the next day, into a factory belonging auditors on duty. However, manual time record for these sweepers reflects entry at 07:00am on 24th and exit at 01:00am 25 July 05.	Review of manual (official) time records	Interview with workers interviewed, workers, hearing loss of job required that this report not be brought to the attention of the management.	Working hours must be limited to the local legal limits or PC guidelines, wherever it more strict. Factory is directed to plan to progressively reduce working hours by 1200/2005. Maintain accurate time records for all workers.	It would be ensured that all workers, including off-roll workers, shall be provided with at least 1 weekly day off. This is very closely monitored by HR department. It shall be ensured that all workers, including sweepers, are working only up to working hours as stipulated by local law. If overtime required, it would be as per law. This is very closely monitored by HR department designated person.	March 23 and 24, 2008) Female workers who are 'off rolls' have been working 14 to 20 days continuously during past 2 months without day of rest. In Jan 06, workers worked entire month and given day off only on 26 Jan 06 (Republic day) being a national holiday. 1 sweeper has, however, worked for entire month of January without being given single day of rest. No change in status.							
<b>Unauthorized Subcontracting</b>															
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 apply, at such a rate as least equal to that regular hourly compensation rate.															
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 employee allows or requires the worker to work.	Overtime records are inaccurate and incorrect.	Management stated they were compensating overtime at single wage rate and not at twice wage rate as mandated by law. Records, they said, were made to show compliance with law.	Due to non-availability of accurate time records										
OT Compensation	Factories Act 1948, The minimum wages Act, 1948	The factory shall comply with applicable law for premium rates for overtime compensation.	Workers who are off-rolls, stated they are not paid overtime premium for overtime hours worked beyond 8 hours a day or for work done on Rest days, Festival holidays and National holidays. These workers stated that they are paid at a flat rate of Rs. 6 per hour.	Management stated they were compensating overtime at single wage rate and not at twice wage rate as mandated by law to regular workers. Records, they said, were made to show compliance with law. For workers not on rolls, they stated that both regular and overtime hours were compensated at Rs.8.00 per hour.	Due to non-availability of accurate time records										
Unauthorized subcontracting				Review of outbound records revealed that some material was being sent out for Dyeing and Pressing. This was not disclosed to the auditors during interview with management.	review of records					Factory to inform PCs of any subcontractors used, regardless of process performed by subcontractor. Subcontractor must agree to PC Code of Conduct in writing.			March 23 and 24, 2008) Management stated that the same practice was continuing.		