FLA Audit Profile		IEV Profile
Country	India	India
Factory name	36033206D	36033206DV
IEM Monitoring Org	BVCPSI	Level Works
Date(s) in facility	October 10, 2005	September 21, 2011
PC(s)	Nike, Inc.; Reebok International, Ltd.; Puma	Nike, Inc., Puma
Number of workers	69	205
Product(s)	Socks	Socks
Production processes	Knitting, Sewing, Linking, Pressing, Packing	Knitting, Sewing, Linking, Pressing, Packing

Product(s) Socks Production processes Knitting, Sewing, Linking, Pressing, Pack	ing	Knitting, Sewing, Linking, Pressing, I				Dama disti	·	Otatus	Undeter	Undatas		Otatus Undates	Otatus	Undetee	Otation	Third Parts V	- wiff - a class	O a mar a var Marifia	Con Fallow Ha	lle dete	Out.
FLA Code/Compliance Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	EM Findings Evidence of	Notable PC Remediation Plan	Target Factory Completion Response Date (Optional)	Company Follow Up (December 13, 2005)	Documentation Status Completed Pending, Ongoing	Company Follow Up	Company Follow Up (July 10, 2008)	Documentation P	Ompleted, Pending, Ongoing (May 2010)	Documentation Status Completed, Pending, Ongoing	Company Follow Up (January 4, 2011)	Documentation Status Documentation Pending, Ongoing	Third-Party V External Verification (September 21, 2011)	Documentation	Company Verification Company Follow Up (Puma)		Updates Company Follow Up (Nike) (November 22, 2011)	Documentation Comple Pending Ongo
Code Awareness Forced Labor here will not be any use of forced labor, whether in the form of prison labor, indentuing the second seco	red labor, bonded labor or otherwise.																				
. Child Labor lo person will be employed at an age younger than 15 (or 14 where the law of the co																					
	Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.			personnel files review	Factory management to attach photographs of workers to all dental records in personnel files, obtain the signature of a dental surgeon in order attest that photographs match dental records. case of affidavit, it shall be replaced with valid a proof as per HR standards. (See also "Compain Follow Up" section for more information.)	s, and der to In	Files of 81 workers inspected in order to verify findings. 10 files contained dental certificates wit photos of workers and 1 file contained an affidavi proof of age.	thout review	and obtained dental certificates along with the	Personnel files reviewed confirmed that some files have school certificate as age proof and other files have doctor's certificate with photograph and doctor's signature.		Completed				Completed: Record review confirmed that Factory maintains copies of age proof documentation in the form of dental certificator school certificates in the personnel file of each worker.	es				
Harassment or Abuse very employee will be treated with respect and dignity. No employee will be subjectuse.	ct to any physical, sexual, psychological or verbal harassment	t of																			
Nondiscrimination o person will be subject to any discrimination in employment, including hiring, salan the basis of gender, race, religion, age, disability, sexual orientation, nationality,		it,																			
. Health and Safety mployers will provide a safe and healthy working environment to prevent accidents	and injury to health arising out of, linked with, or occurring in t	he l																			
course of work or as a result of the operation of employer facilities. Health & Safety Management System Maharashtra Factories Rules, 1963; Schedule 73J Safety Committee	The health and safety policy shall contain the framework for comprehensive health and safety management system with															New Finding: Factory does not have a Hea and Safety Committee and a documented		Completed: Factory had formed Hocommittee in the month of October	_		
	which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. Employer will comply with applicable health and safety law and regulations. In any case where laws and code of conductive contradictory, the higher standards will apply. The factor	Operating instructions in local language on/near fire extinguishers were missing		visual observation, factory tour	Factory had already partially remediated this is by posting fire extinguisher operating instruction PC verified completion during follow-up visit.	ions;	Fire extinguisher operating instructions in local languages posted in production areas and near stores during a follow-up visit to the factory.	photographs taken Complete by PC auditor	ed							Health and Safety Policy (as per Maharasht Factories Rules 1963, 73J). Completed: Operating Instructions for fire extinguishers were posted in the local languon the production floor near. Also all fire	visual observation	now holds works committee meetin every month. However, it is recomm that the worker representatives be it by at least two and from the group of hired through contractors.	ended ocreased		
of fire and b) necessary equipment and facilities fo extinguishing fire; 2) effective measures shall be taken to ensure that in every factory all workers ar familiar with means of escape in case of fire and have been adequately trained in routine to be followed in such cases.		extinguishers were blocked in 2 locations in store and production area.			Factory to ensure all fire extinguishers are unblocked and easily accessible to workers in case of emergency, in accordance with local hand safety regulations.	I I										extinguishers were unblocked.					
1948, Each first aid box or cupboard shall be kept charge by a separate responsible person (who hole certificate in first aid treatment recognized by state government) who shall always be readily available during working hours of factory.	All applicable legally required or recommended elements of safe evacuation (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.	in first aid treatment. 1 worker trained in first aid treatment, but was absent on day of audit.		document review; management and worker interviews	Factory has already remediated this issue; PC verify completion during next follow-up visit.		Management presented documentation confirmir list of workers that had been trained in first aid b authorized medical center.	y an authorized medical center kept on file in factory	attendance of workers has been received post training.							Completed: Training records confirmed that list of workers have received first aid training from a reputed institute.	interview				
Factories Act, 1948, Fire fighting drills shall be hel	e All applicable legally required or recommended elements of safe evacuation (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.	3 months.		document review, management interview	Currently, factory conducts 4 fire drills per yea the future, factory shall conduct 6 fire drills per in accordance with local law. Verification shall submitted to all brands.	er year	PC auditor met with factory management and reviewed legal and documentation requirements, documented that currently 4 fire drills are conducted.	and cted.	conducting 1 fire drill every 2 months since audit. Last dates on which fire drills were conducted we 20.7.06, 23.05.06, 18.03.06.	During visit to factory, it was observed that factory is still conducting only 4 fire drills per year, instead of fire drills.		Pending Facility conducted evacuation drills every 2 month observed in drill records maintained. Records have number of workers participating, description of evacuation drill and time taken to evacuate. Photo maintained and were provided for review. Employed interviews confirmed that they participated in evacuatills on a regular basis.	date, interviews, document review ses in			Completed: The factory conducts evacuation drills every two months. Records were maintained for the same. Worker discussion confirmed participation in the drills.					
Act, 1948, Every factory shall provide and maintair 1) a) safe means of escape for all persons in event of fire and b) necessary equipment and facilities fo	All applicable legally required or recommended elements of safe evacuation (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.	techniques.		document review, management interview	Factory has already remediated this issue, and verified completion during follow-up visit.	·	PC monitor visited factory and found that management has trained a number of workers in fighting techniques.	list of workers who received fire fighting training, photos of training found in factory records	ed							Completed: Document review confirmed the list of employees have attended a fire fighting training, and worker discussion revealed that they were aware about the usage of fire extinguishers and the fire fighting trained personnel.	9				
Act, 1948, Every factory shall provide and maintair 1) a) safe means of escape for all persons in event of fire and b) necessary equipment and facilities fo	All applicable legally required or recommended elements of safe evacuation (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.	factory.		visual observation, factory tour	Factory has already remediated this issue, and verified completion during follow-up visit.	·	PC auditor observed during a follow-up visit that factory has posted evacuation plan in all required places.	· · · · · · · · · · · · · · · · · · ·	ed							Completed: Factory has posted evacuation plan in the local language on the production and on the notice board at the entrance.					
The Factories Act, 1948, The exits shall be clearly	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.			visual observation, factory tour	See also "Company Follow Up" section for moinformation. Factory management shall install continual backup power sources for all emerge lights. An emergency light will be installed at emergency door in packing division and in staircase leading to the first floor.	I Jency	PC monitor found factory had installed emergency lights in staircases; however, an emergency light still missing in 1 staircase leading to first floor. A exit on packing floor was missing a light. Factory management confirmed that they are in the proc of installing an inverter for emergency power bac in the factory.	t was An y ess	ed Emergency light is installed in packing area. Light also provided at staircase area. Backup power source installed.	ht is Factory has installed emergency lights with battery backups in all stairs and at exit in packing section. However, factory still needs to install emergency lights with battery backup at exits in knitting room (back side exit), linking section and embroidery section.	_	Ongoing Factory walkthrough confirmed that factory had in emergency light with battery backup at exits in kr room, linking section and embroidery section.				Completed: Factory walk through confirme that the emergency lights were installed in a the sections of the factory.					
	All safety and medical equipment (fire fighting equipment, faid kits, etc.) shall be in place, maintained as prescribed a accessible to the employees.			visual observation, factory tour	Factory has already remediated this issue, and verified completion during follow-up visit.		During follow-up visit, PC monitor found area clear and unlocked.	ared photos taken to document corrective action	During fire evaluation and safety training, all work were informed to keep all aisles unblocked and a emergency exits unlocked.							Completed: The emergency exit in the pactand finishing section were open and unblock	~				
	ed			visual observation, factory tour	Management shall post pictures of trained first attendants at box near production floor. Factor should develop a system for constantly keepin first aid kits stocked properly. System should include person(s) designated responsible for checking kits regularly and a plan for restocking automatically after an incident has occurred.	ory ng d	During a follow-up visit, PC monitor found all first boxes properly equipped, but box on production found missing pictures of first aid attendants.	l l		During visit to factory it was observed that factory has posted names and photographs of first aid trained personnel near first aid box.	•	Completed				Ongoing: Two First Aid boxes in the Machi Room No. 2 were empty and did not have at first aid supplies or medicines (as per Maharashtra Factories Rules, 1963 section 73W).	у	Completed: All first aid kits were for adequately stocked.	und visual observation		
	· *			visual observation, factory tour	Factory has already remediated this issue, and verified completion during follow-up visit.		Safety instructions found posted during physical verification of factory by PC monitor.	Complete	ed							Completed: Safety instructions were posternear the pressing machines.	d visual observation				
1948, The occupier of every factory involving hazardous processes shall disclose in manner	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 few chemicals used by factory near generator room.		visual observation, factory tour	Factory to post MSDS sheets in language of workers for chemicals in factory near generato room.	or	Factory has labeled cans of diesel in generator r No other chemical found during physical verificat Remediation plan to post MSDS still in place.		instructions in local language posted in room. Do has also been installed, which did not exist prior.			Pending There are no chemicals stored in generator room any other room for that matter. Factory, as observed current audit, does not have any chemicals stored premises. In addition, per meeting between PCs a factory management, it was noted that factory is diesel and softener. MSDS for both substances have been submitted to PC and posted in storage area.	ed in on			Completed: It was observed that the Factor does not use any chemicals any more.	y visual observation, management discussion				
emical Management According to Section 7A (2b) of The Factories Act 1948, Every occupier should have arrangement in factory for ensuring safety and absence of risk to	All chemicals and hazardous substances should be proper labeled 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.	chemicals and diesel were stored [near		visual observation, factory tour	Factory to complete construction of a concrete access path to generator room.		During follow-up visit, PC monitor found that factorial had made a rough road to reach generator room temporarily basis and shall soon construct a concrete path.		ng Proper pathway has been provided so as to reach generator room safely. Once construction is complete at factory, pathway will be replaced with concrete.	movement in order to access generator room.	factory tour	Completed				Completed: Factory has shifted the general on the terrace and no explosive chemicals have been stored around the generator as the factores doesn't use explosive chemicals anymore.	ave				
Industrial Disputes Act 1947 Section 3. WORKS COMMITTEE (1) In the case of any industrial establishment in which one hundred or more workmen are employed or have been employed on any day in the preceding twelve months the appropriate Government may by gener or special order require the employer to constitute the prescribed manner a Works Committee	e al															New Finding: The workers in the washing department were not provided with appropria PPE like apron and boots for working at the machines. Also, workers in the machine roowere not provided with ear plugs (as per Maharashtra Factories Rules, 1963; Schedu (5).	ms interview	Completed: Workers were provided proper PPE, they have been trained use and they were wearing it during as recommended.	on their		
ployers will recognize and respect the right of employees to freedom of association rikers committee Industrial Disputes Act 1947 Section 3. WORKS COMMITTEE (1) In the case of any industrial establishment in which one hundred or more workmen are employed or have been employed on any day in the preceding twelve months the appropriate Government may by gener or special order require the employer to constitute the prescribed manner a Works Committee consisting of representatives of employers and workmen engaged in the establishment so however	e al in															New Finding: Factory does not have an active Workers Committee since January 2011, as committee meeting records were available, workers were not aware about the committee representatives (reqd. as per Industrial Disp Act 1947 Section 3).	no interviews; record review	Completed: Factory management formed Works Committee in the mode October 2011 and now holds works committee meetings, once every mass verified with workers during into However, it is recommended that the representatives be increased by at leand from the group of workers hired contractors.	onth of worker's interviews onth. This rviews. e worker east two		

				IEM Findings				Remediation	Status Updates	Updates	Status	Updates	Status Updates	Status	Third-Party Verification	Сог	mpany Verification Follow Uլ	p Updates	S
LA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance (Uncorroborated) Evidence of Noncompliance (Corroborated, Explain Why	Used for Feat	table PC Remediation Plan	Target I Completion Date (C	esponse (December 13, 2005) Documentation	Completed, Pending, Ongoing Company Follow Up (July 2006)	Company Follow Up (July 10, 2008)	Documentation Completed, Pending, Ongoing	Company Follow Up (May 2010) Documentation	Ompleted, Company Follow Up (January 4, 2011)	Documentation Complete Pending Ongoin	'' (Sentember 21 2011)	IOCIIMANTATION I	ny Follow Up (Puma)	Company Follow Up (Nike) (November 22, 2011)	Documentation Pe
0	es are essential to meeting employees' basic needs. Employers e prevailing industry wage, whichever is higher, and will provide		n e e e e e e e e e e e e e e e e e e e																
Recording of Wage ation	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.	e calculated and recorded accurately.	Factory applying wrong calculation formula to compute monthly wage for workers. Wages of monthly wage workers calculated using formula of wage calculation for daily wage workers.	docu	ument review, payroll lysis	1) Factory to begin utilizing correct wage calculation formula immediately. 2) Factory to calculate underpayment to workers based on improper calculation from November 2005 forward, and to make back payments in January 2006 to correct underpayment.	1/31/2006	PC monitor visited factory, verified by reviewing one of workers' payroll records dated November 2005. The formula used for monthly wages is wrong; reviewed with factory management how to calculate wages using appropriate formula.		Factory still following same method to calculate monthly wages. Factory to calculate monthly wages as required by law, which will be verified during following visits.		During audit, various documents and records relating to monthly wages requested and reviewed. Wages calculated in accordance with relevant laws, Payment of Wages Act (legal requirements on payment date), Minimum Wages Act (legal requirements on minimum wage) and Factories Act (OT calculation legal requirement). Relevant state rules pertaining to wages also followed. OT computed as mandated and paid at premium rate. Employees did not report any inconsistency from records provided and reviewed. Factory is computing monthly wages in proper manner as required by Minimum Wages Act. Finally, back wages paid for rest day work performed August 12 and September 23, 2005 in February 2006. Factory management also submitted payment registry for back	Wages calculated in accordance with relevant law such as Payment of Wages Act (legal requirement on payment date) and Minimum Wages Act (legal requirements on minimum wage). Though OT payment computed and paid double wages, factor not found to be including HRA (House Rent Allowance) component for calculation of OT 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.	management interview	Completed: Factory uses the correct formula for calculating wages for workers. Record review confirmed that factory includes HRA component for calculating overtime wages.	view, management		Factory was found to be including HRA (House Rent Allowance) component for calculation of overtime payments as required by Section 59 Indian Factories Act 1948. Wage records revie for August, September and October 2011 confit that HRA (House Rent Allowance) component included for the calculation of overtime paymer which is double the wages.	and management of interviews ewed firmed was
Maintenance	According to Section 13A (1) of The Payment of Wages Act, 1936, Every employer shall maintain such register and records giving such particulars of persons employed by him, work performed by them, wages paid to them, deductions made from their wages, receipts given by them and such other particulars and in such form as may be prescribed.	be available complete, accurate and up-to date. (In the ed States terms this would include W-4s, I-9s, green s, 941s and supporting material.)	Inconsistency found in wage records. Documents maintained by factory in production areas showed work performed on weekly day off, but same not recorded in time records provided by factory, and records of payments of OT wages for those days not included in payroll records.	revie	duction records ew, time records ew, wage records ew	Management shall fully investigate and compute underpayment of wages and pay workers back wages in January 2006 for underpayment. In addition, management to develop system to ensur all hours worked documented accurately and workers paid appropriate wage rate for all hours worked. Management to submit plan to brands for adjustments in current system in order to ensure that this occurs, and brands will respond with any feedback as necessary.	1/31/2006	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, 2005, but these dates were not recorded in time and payroll records.	Completed PC auditors found packing department workers had performed work on August 12 and September 23, 2005 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 accurate recording of all working hours. All worker retrained to use electronic timekeeping at time of entry and exit. Date completed: 1/2/06	workers found to be working on rest days in months of May and June 2008; the work is not reflected in working hours record and wage register.	vorker and Pending nanagement nterviews	Contract employees never conduct OT work either on weekdays or on rest days. Some permanent employees, approximately 5%, 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, which was not reflected in time records. Employees reported that when worked OT, they punched their time cards. OT has come down drastically in last 3-6 months. Finally, factory has made back payments for work performed on rest days on August 12 and September 23, 2005 and has submitted payment record as evidence.	Manual OT records maintained by factory for OT worked after 2 hours of OT and for rest day work, confirmed that out of approximately 235 workers employed by factory, 11 workers worked 8 hours of December 25, 2010; 10 workers worked 4 hours of December 24, 2010, which was rest day. This OT work not recorded in time recording electronic system. Also, factory did not submit manual OT records for all months; hence, actual work hours, including all OT and wages paid in lieu of all OT work, could not be verified. Factory should record work hours, including all OT hours, in 1 record 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.	interviews OT T	Completed: Factory records all the hours of work including overtime in the electronic time keeping system. Records of all working hours and wages were made available for review at the time of audit.	view, worker interviews		Factory found to be maintaining all work hours payments in a single record. Work hours and records reviewed for August, September and October 2011 confirmed all work hours, includi OT, maintained in electronic time recording sy and corroborated with other manual records, so as production record, etc., no discrepancy four All wages, including all OT wages, calculated a paid to workers based on electronic time record system. However, 4 to 6 linking operators found work an average of 3.5 OT hours in August and September 2011; factory not found to pay OT payments as required by Sec 59, Indian Factor Act 1948 to these workers, not including OT payments of linking operators in payroll. Work hours and wage records of all workers made available for review at time of audit. Factory ag to calculate back wages of OT payments to link operators and submit document evidence to accord to the submit document eviden	interviews ling all vstem such und. and rd hd to d hd to d hd pries greed hking
nd Timely Payment	of The Minimum Wages Act, 1948 - Where in respect of any scheduled employment a notification under section 5 is in force the employer shall pay to every employee engaged in a scheduled employment under him wages at a rate not less than the minimum rate of wages fixed by such notification for that class of employees in that employment without any deductions except as may be authorized within such time and subject to such conditions as may be prescribed. The Payment of Wages Act, 1936 - Section 5 Time of Payment of Wages	n legally defined time limits. When no time limits are ed by law, compensation shall be paid at least once a h. mum Wage: loyers shall pay workers at least the legal minimum													New Finding: The Payroll records for the security guards from the Trig Security Agency were not available hence issues related to minimum wage and timely payment could not be corroborated (reqd. as per The Payment of Wages Act, 1936 and The Minimum Wages Act, 1948).	nent and worker s Ongoing: Factory finalizing new terms security agency.	is in the process of s and conditions with the	SEA for review by end of February 2012.	
•	es circumstances, employees will (I) not be required to work mo	. ,																	
ne hours of work, the	According to Section 64 (4) of Factories Act, 1948, In making rules under this section, State Government shall not exceed, except in respect of exemption under clause (a) of subsection (2) the following limits of work inclusive of OT: (I) total number of hours of work in any day shall not exceed 10, (ii) the spread over, inclusive of intervals for rest, shall not exceed 12 hours in any 1 day, (iii) total numbers of hours in a week, including OT, shall not exceed 60, (iv) total number of hours of OT shall not anticipal.	ept in extraordinary business circumstances, employees of not be required to work more than the lesser of (a) 48 so per week and 12 hours overtime or (b) the limits on ar and overtime hours allowed by law of the country of affacture or, where the laws of such country will not limit so f work, the regular workweek in such country plus 12 so overtime; and (ii) be entitled to at least 1 day off in 7 day period. An extraordinary business circumstance emporary period of extra work that could not have been	Security guards are working in 2 shifts of 12 hours each, which means overtime of 4 hours a day.		ew of in and out time ords; interview	Factory management is in process of changing to new security agency, which will comply with Human Rights standards. Further investigation required concerning what specific changes will be made.	1/1/2006	Brands to follow up in future visit to verify that change in security company has resulted in desired change.	Pending Regular security agency matters are still under negotiation to appoint new security agency, but d to lack of available good quality security agencies operating in [Town name], matter still remains unresolved. However; guards are compensated wi premium OT pay. Company is in process of instal new security agency, as existing one is not ready carry out required changes. If they agree to change the same will be continued.	guards are working 8 hour shifts on a daily basis. h ling to					Pending: Time records and worker discussions revealed that the security guards exceed daily OT limits. The management reported that the issue occurs because they do not have enough staff to relieve them when their duty ends. Hence there were occasions when security guards were found to be working for 2 shifts at a stretch i.e. 16 hours a day. Management discussion revealed that the five security guards, would mutually decide and remain absent once	" "	is in the process of s and conditions with the		
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 (hereinafter referred to as the said day), unless: (a) he has or will have holiday for whole day on 1 of 3 days immediately before or after said day, and (b) manager of factory has, before said day or substituted day under clause (a), whichever is earlier, (I) delivered notice at office of Inspector of his intention to require worker to work on said day and of day which is to be substituted, and (ii) displayed notice to that effect in factory.	not be required to work more than the lesser of (a) 48 s per week and 12 hours overtime or (b) the limits on ar and overtime hours allowed by law of the country of ufacture or, where the laws of such country will not limit of work, the regular workweek in such country plus 12 s overtime; and (ii) be entitled to at least 1 day off in 7 day period. An extraordinary business circumstance emporary period of extra work that could not have been	days off and some workers working on weekly days off, also.		ew of in and out time ords; interview	Factory management is in process of changing to new security agency, which will comply with Human Rights standards. Further investigation required concerning what specific changes will be made.	1/1/2006	Brands to follow up in future visit to verify that change in security company has resulted in desired change.	Pending Factory is still looking for new security agency the will agree to comply with local law, PC and FLA standards. There is a lack of availability of good quality security agencies operating in this region. Further follow up required.	guards provided with 1 rest day followed by 6 consecutive work days. However, sustainability	·	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. Verification was required in order to verify previous concerns relating to work hours of security employees.	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 in order to veri previous concerns relating to work hours of securi employees. However, manual attendance record maintained at security gates confirmed that 6 out 7 security guards found to have worked on their respective weekly rest days in month of December 2010. For example, 1 security guard found to have worked December 16, 23, 30, 2010 respectively, which were his rest days. Factory should make so that all security guards are provided 1 rest day followed by 6 consecutive work days.	document review y y of	Pending: Time records and worker discussions revealed that all the security guards were not given weekly offs as they did not have enough staff to relieve them when their duty ends. Management discussion revealed that, the five security guards, would mutually decide and remain absent once a week (reqd. as per Factories Act, 1948).	, ,	is in the process of s and conditions with the	Time and payroll records of security guards submitted for review at time of visit. Work hour record review for August, September and Octo 2011 confirmed that security guards found to won rest days in August, September and Octob 2011 without providing compensatory days off. 1 security guard found to work all his rest days October 2011 without any weekly rest day. Fa should make sure that all security guards are provided 1 rest day followed by 6 consecutive vidays.	rs interviews ober work oer . I.e., s in actory
Limitations	According to Section 13A (1) of The Payment of Wages Act, 1936, Every employer shall maintain such register and records giving such particulars of persons employed by him, work performed by them, wages paid to them, 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 days off, but same not recorded in time records provided by factory.	reco	ew of in and out time ords; interview	Management to develop a system to ensure that a hours worked documented accurately and that workers paid appropriate wage rate for all hours worked. Management to submit plan to brands for adjustments in current system in order to ensure that this occurs, and brands will respond with any feedback as necessary.	II 1/31/2006	During follow-up visit to factory, PC auditor reviewed records and corroborated finding. Specifically, PC auditor found that workers in packing division performed work on August 12 and September 23, 2005, but these dates not recorded in time and payroll records. Packing division records viewed by PC auditor	workers worked August 12 and September 23, 20	for	vorker interviews	Review of documents revealed that contract employees never conduct OT work, either on weekdays or rest days. Some permanent employees, approximately 5%, 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 that was not reflected in time records. During interviews, employees reported that when they worked OT, they punched their time cards.	Manual OT records maintained by factory for OT worked after 2 hours of OT and for rest day work, confirmed that out of approximately 235 workers, found working 8 hours OT December 25, 2010; 10 workers found working 4 hours OT December 24, 2010, which was a rest day. This OT work not recorded in time recording electronic system. Additionally, factory did not submit manual OT records for all months; hence, actual work hours, including all OT and wages paid in lieu of all OT work, could not be verified. Factory should record work hours, including all OT hours in 1 record through time recording electronic system; also, al 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.	and management interviews	Completed: Factory records all the hours of work including overtime in the electronic time keeping system. Records of all working hours and wages were made available for review at the time of audit	view		Factory found to be maintaining all work hours payments in a single set of records. Work hour and wage records reviewed for August, Septem and October 2011 confirmed all work hours, including all OT, are maintained in electronic ti record system; this was corroborated with other manual records, such as production record, et discrepancy found. All wages, including all OT wages, calculated and paid to workers based information in electronic time recording system However, 4 to 6 linking operators found to work average of 3.5 hours of OT in August and September 2011; factory not found to pay OT payments as required by Sec 59, Indian Facto Act 1948 to these workers. Work hours and we records of all workers made available for review time of audit. Factory has agreed to calculate wages of OT payments to linking operators and	interviews ime er tc., no r on n. k an pries vages v at back

			IEM Findings				Remediation		Updates	Updates		Updates	Status	Updates	Status	Third-Party Verification		Company Verification Follow Up	Updates	
A Code/Compliance Issue	Country Law/Legal Reference FLA Benchmark	Noncompliance	Risk of Noncompliance (Uncorroborated) Risk of Noncompliance (Uncorroborated) Explain to the control of the corroborate Explain to the corroborate Expla	ated, Used for	Notable PC Remediation Plan	Target Factor Completion Responsible (Option	onse (December 42, 2005)	Documentation Completed, Pending, Ongoing	Company Follow Up (July 2006)	Company Follow Up (July 10, 2008)	Documentation Complete Pending Ongoing	Company Follow Up (May 2010)	Documentation Completed, Pending, Ongoing	Company Follow Up (January 4, 2011)	Documentation Completed Pending, Ongoing	External Verification (September 21, 2011)	Documentation	Company Follow Up (Puma) Documenta	ion Company Follow Up (Nike) (November 22, 2011)	Documentation P
rtime Compensation																				
	or regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally ure or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly																			
•	According to Section 13A (1) of The Payment of Vages Act, 1936, Every employer shall maintain The factory shall comply with applicable law for premium rates for overtime compensation.	Wage records for OT work performed by those workers working for 12 hours a		record review, management interview	Factory to determine how to plan production hours without exceeding proper work hours, and	1/31/2006	During a follow-up visit, factory management stated that there are machine operators work 12 hours a da		C has conducted further follow up. These o longer working in capacity of machine o	- persons - aming man as asserted man management	indiagonion and	During current audit, time and payroll records reviewed. Factory compensates OT hours worked on weekdays at	, , , , , , , , , , , , , , , , , , , ,	Factory changed work hours of 5 machine operators/ technicians who were working 12 hours	record review; worker Pending	Pending: Out of the total 205 workers in the factory, randomly selected 4 workers out of the		Competed: Factory management claimed payroll and time that handlinking operators are not required to keeping records	Factory found to be maintaining all work ho payments in a single record. Work hour ar	, , , , , , , , , , , , , , , , , , ,
	uch register and records giving such particulars of	day and work performed on weekly days		management interview	will present plan to brands for feedback. 2) Factory		and highly paid. Further investigation required to		9 9 1 9	luction and are paid fixed wages. However, no OT premit		200% of basic wage rate as mandated. However, OT		shift to 8 hours a shift from August 2010. Howeve		total of 6 workers in the hand linking departmen		work overtime hours from November 2011.	records reviewed for August. September an	ŭ
	ersons employed by him, work performed by them,	off not made available to auditors.			to provide all brand auditors and their		determine validity of statement. Management has	1	-,	ed out by paid for 4 hours extra work. Factory also should		,	interviews	manual OT record maintained by factory for OT	, Interviews	were found to be working overtime for more than		This was confirmed by reviewing time	October 2011 confirmed all work hours, inc	
l'	/ages paid to them, deductions made from their				representatives, including FLA-authorized auditors,		been instructed that factory cannot exceed legal limit			salary restrict OT hours to 2 hours a day and 12 hours a		permanent employees up to 4 hours. Also, machine		worked after 2 hours of OT and for rest day,		2 hours a day on a daily basis, leading to an		records and interview sessions with workers.	OT, are maintained in electronic time record	9
	/ages, receipts given by them and such other				full and complete access to records in future. 3)		of working hours.		1 1 1	range of week. Management should make sure that work	on	operators/technicians work 12 hours on daily basis and		confirmed that out of around 235 workers employed	ed	average of 46 hours overtime in a month. Also,			system; this was corroborated with other m	
I .	articulars and in such form as may be prescribed.				Factory to ensure all workers paid at appropriate			n	nid-management. There are 3 persons in t	this job rest days is reflected in both salary registers and		are paid fixed wages; however, no OT premiums paid for		in factory, 11 workers found working 8 hours OT		all the 6 workers in the handlinking department			records such as production record, etc., an	and found
•					wage rates for all hours worked.			c	ategory, with overall 88 persons employed	ed currently work hour records, based on which actual salary,		4 hours extra work. 5 out of 250 workers work 12 hours		December 25, 2010; 10 workers found working 4		were not paid at a premium rate for overtime			no discrepancy. All wages, including all OT	رT wages,
								u u	nder them. They oversee work of machine	e operators including OT premiums, to be calculated.		shift. OT hours on rest days recorded in time records.		hours OT December 24, 2010, which was a rest		worked (as per Factories Act, 1948 sec. 59).			calculated and paid to workers based on el	alectronic
								w	ho work on 8 hour shift basis. As exemp	ot .		Employees confirmed being paid 200% for all weekday		day. Also, factory did not submit manual OT reco	rds				time record system. However, 4 to 6 linking	.ıg
								e	mployees, OT wages not applicable. PC's	's to verify		OT work. adidas SEA and Nike compliance staff in		for all months; hence, actual work hours, including					operators found to work average of 3.5 hour	urs of OT
								d	uring next visit that factory management	maintains		Bangalore had teleconference with factory July 16, 2010		all OT and wages paid in lieu of all OT work, could					in August and September 2011; factory not	ot found to
								a	Il relevant wage and hour information for			and factory agreed to change 12 hours shift to 8 hours		not be verified. Factory should record all work hou	rs,				pay OT payments as required by Sec 59, Ir	Indian
								s	upervisors.			shift per day from August 1, 2010. Such change will be		including all OT hours in 1 record through electror	ic				Factories Act 1948 to these workers. Work	₁k hour
												during next visit.		time record system. Also, all wages, including all					and wage records of all workers made avail-	₁lable for
														OT wages, need to be calculated and paid. Finally	/,				review at time of audit. Factory has agreed	J to
														records of all work hours and wages need to be					calculate back wages of OT payments to lii	inking
														made available for review at time of audit.					operators and submit document evidence to	to adidas