

<b>FLA Audit Profile</b>	
<b>Country</b>	INDIA
<b>Name of Factory</b>	530032643F
<b>Independent External Monitoring Organization</b>	T GROUP SOLUTIONS PVT. LTD.
<b>Date(s) in Facility</b>	March 13-14, 2007
<b>FLA Affiliated Compan(ies)</b>	adidas-Group AG
<b>Number of Workers</b>	240
<b>Product(s)</b>	Knits, T-shirts
<b>Production Processes</b>	Cut to Pack, Embroidery, Printing, Washing

["Due to a 2010 IEV \(Independent External Verification\) at this factory, all updates after 2007 can be found on the IEV report here.](#)

FLA Code/Benchmark	Compliance Status	Describe Noncompliance, Risk of Noncompliance or Uncorroborated Evidence of Noncompliance	List Sources/Documentation Used for Reference and Corroborating Evidence (Worker Interviews, Factory Walkthrough, Records Review, etc.)	Cite and Describe Local and/or Country Laws Used for Additional Reference	Describe Notable Features Implemented by Factory Management or Company
<b>1. Code Awareness</b>					
<b>GEN 1:</b> Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	Noncompliance	Company conducted a training program in August 2006 to educate management on code elements. These have not been communicated to the workers.	Interview with workers and management		
<b>GEN 2:</b> Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Noncompliance	1) Company Code of Conduct (COC) is provided in English and local language. However, workers and most of management were not aware of code elements. 2) Most areas where legal postings are posted are not accessible to workers. Moreover, some legal postings have not been posted, e.g., the Certified Standing Orders in local language, current minimum wage notification and list of holidays.	Interview with workers and management and visual inspection	Industrial Disputes Act - 1947; Payment of Wages Act - 1936	
<b>2. Forced Labor</b>					
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.					
F.3 Employment Terms/Voluntary Agreement	Noncompliance	Workers interviewed stated that they have not been provided a copy of the letter of appointment.	Interview with workers		
F.7 Free Disposal of Wages/Cash and In-Kind Compensation	Noncompliance	Workers interviewed stated they were not aware of their earnings for previous month, as they do not take their entire salary from contractor and take advances from amount accumulated to their credit as and when needed.	Interview with workers	Payment of Wages Act - 1936; Contract Labor (Regulation & Abolition) Act, 1970	
F.9 Employment Records	Noncompliance	1) No records were available for outsourced security guards. 2) Instances of appointment letters issued to workers without the signature of the concerned factory management were noticed.	Review of records and interview with management	Industrial Employment (Standing Orders) Act - 1946	
Other	Noncompliance	Name of 1 workers interviewed does not appear in the payroll record. When questioned, the concerned staff stated that at times they show a "break in service" after 7 to 8 months, so as to ensure that the worker does not achieve the status of a permanent worker.	Review of payroll record and interview with worker and concerned staff	Industrial Employment (Standing Orders) Act - 1946	
<b>3. Child Labor</b>					
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.					

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CL.4 Other Means of Age Verification	Risk of noncompliance	Some of the proof of age documents issued by an orthodontist surgeon stating worker as above 18 years are based on visual examination. Most workers stated during interviews that they had not met the doctor who had issued the proof of age certificates.	Review of records and interview with workers	Industrial Employment (Standing Orders) Act - 1946	
<b>4. Harassment or Abuse</b>					
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.					
H&A.1 General Compliance Harassment and Abuse	Noncompliance	Committee for prevention of sexual harassment as per Supreme Court guidelines is not formed in this facility. This clause has also not been included in the Standing Orders as directed by the Supreme Court.	Review of records and interview with management	Supreme Court judgment of 1998 on protection of women from sexual harassment at the work place and the inclusion of a special clause in the DSO/SOS of companies under Industrial Employment Standing Orders Act - 1946	
Other	Noncompliance	1) Practice of showing break in service record of workers, (even though they might still be working) to ensure they do not acquire permanent status is a malpractice. 2) Factory has not had its Standing Orders (which outline progressive disciplinary procedures) certified by appropriate Labor Authority. This is legally required.	Interview with management	Industrial Employment (Standing Orders) Act - 1946	
<b>5. Non-Discrimination</b>					
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.					
Other	Noncompliance	Management stated they pursue a policy of non-discrimination; however, based on worker's interview and subsequent interview with concerned staff it appears that there are instances where a "break in service" is shown in records of some workers after every 7 to 8 months to ensure they do not achieve permanent status.	Review of payroll record and interview with worker and concerned staff	Industrial Employment (Standing Orders) Act - 1946	
<b>6. Health and Safety</b>					
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.					

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H&S.9 Evacuation Requirements and Procedure	Noncompliance	1) Evacuation plans in cutting and printing sections in basement do not match floor layout. 2) All evacuation plans posted in facility are in English and not prominently displayed so as to be easily visible. 3) Last drill/training conducted about a year ago, hence most workers not aware of procedures. 4) Aisles require re-painting in areas where markings have worn out. 5) Embroidery section does not have an emergency exit. 6) "Keep clear" yellow boxes are not marked in front of exits. 7) "Do not use lift in case of fire and earthquake" is not posted outside lift cage on all floors in local language. 8) Evacuation signs in some areas are pointing in wrong direction. Also, instances of evacuation signs pointing towards farther exit instead of nearer exit. 9) Evacuation signs posted on walls are in English and not in local language. 10) Evacuation signs in some places are worn out and require re-painting. No evacuation signs on the evacuation route to emergency exit in basement. 11) Some sewing operators in sewing section on 1st floor had blocked their access to passage with bins. 12) Surplus garments/fabric store on terrace is disorganized. Storage areas and aisles are not appropriately demarcated.	Visual observation	Factories Act 1948	
H&S.10 Safety Equipment and First Aid Training	Noncompliance	1) Many fire extinguishers in the factory were found to have expired/discharged. 2) A fire extinguisher in the fabric storage area in the basement was blocked with a bucket. 3) There is no fire extinguisher installed in the embroidery section on the ground floor. 4) Many emergency lights in the factory were found to be not working. 5) Emergency lights are not installed on some of the exits and stair-case landings. 6) Most of the emergency lights installed in the factory are tube-light type which will not be effective in thick smoke.	Visual observation	Factories Act 1948	
H&S.11 Personal Protective Equipment	Noncompliance	1) Respiratory masks provided in stain removing operations are not the appropriate type. These are fabric masks and not filtered masks. 2) Operators in computerized embroidery section have not been provided earplugs. The decibel levels recorded were between 85 to 90 db. 3) Stain removing operations in the finishing sections on ground and first floors are not appropriately ventilated. 4) Operators on overlock machines were not provided appropriate masks. They are vulnerable to breathing in floating fabric dust particles.	Visual observation	Factories Act 1948	
H&S.13 Chemical Management and Training	Noncompliance	1) A container containing solvent (white-petrol) and without an appropriate lid was found kept under the table in the stain removing section in the finishing area on the first floor. 2) A barrel containing high speed diesel was found kept in the middle of the passage leading to the power generator sheds exposed to sun and rain. There is no appropriate storage shed provided.	Visual observation	Factories Act 1948	
H&S.14 Material Safety Data Sheets/Worker Access and Awareness	Noncompliance	No MSDS is posted at the stain-removing stations on ground and 1st floor.	Visual observation	Factories Act 1948	

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H&S.17 Ventilation/Electrical/Facility Installation and Maintenance	Noncompliance	1) Taped joints were seen on the electric wiring of spot guns in stain removing areas and presses in the pressing areas. 2) Loose wires were seen hanging from the ceiling at numerous places in the factory. 3) Numerous instances of loose wires of sewing machines on the floor and near operators feet were noticed in the sewing section on 1st floor. 4) Wires of pressing station fans were seen connected to the mains- naked and live. 5) Drinking water cooler on the ground floor was connected to the mains without a plug. 6) Open junction boxes were noticed on the walls with electrical wires exposed. 7) Lighting at the needle-point on most sewing machines is inadequate ranging from 50 lux to 150 lux.	Visual observation	Factories Act 1948	
H&S.18 Machinery Maintenance and Worker Training	Noncompliance	1) Boiler installed in the pressing section on ground floor has a metal plate which says "Danger." Management stated that this is because the boiler may burst. No protective guard/fence is installed around the boiler. 2) Needle guards are not installed on any of the sewing machines. 3) Under motor pulley-guards were missing from the sewing machines. 4) Few sewing machines were seen without belt-guards. 5) Eye shields on over-lock and buttoning machines had been lifted by operators on most machines rendering them ineffective. 6) Pedal mats were missing from some of the sewing machines.	Visual observation	Factories Act 1948	
H&S.20 Bodily Strain	Noncompliance	1) Sewing operators were sitting on backless metal stools. 2) Some workers on standing jobs were seen to be sporting hard-soled footwear/sandals.	Visual observation	Factories Act 1948	
H&S.21 Medical Facilities	Noncompliance	1) First aid box in cutting section in basement was empty. 2) First aid boxes do not have any latex gloves, eye wash cup and lotion.	Visual observation	Factories Act 1948	
H&S.22 Sanitation in Factory Facilities	Noncompliance	1) Housekeeping standards poor in some work areas. For instance, are spit stains (betel) noticed in bathrooms, staircase landings, wall corners, etc. 2) Waste fabric bits seen lying under workstations in sewing hall on 1st floor. 3) Strong foul odor was noticed in gents' toilet blocks. 4) A urinal was choked and flushes not working in gents' toilet block on ground floor. Another urinal found choked in the toilet block on 1st floor. 5) There is no hand drying facility at hand wash areas in the toilet blocks. 6) Gents' toilets are very poorly maintained. Most of the toilet seats (white) have turned brown in color. 7) Dustbins with lids are not installed in individual ladies' toilet closets. 8) There is no exhaust fan installed in the gents' toilet block on 1st floor. 9) Electrical waste was found piled up in 1 corner of the power generator shed. 6. A heap of junk/garbage was found lying in the open outside the power generator shed. 7. Waste fabric storage on the ground floor is completely disorganized with fabric waste piled up and scattered all over the room. There is no place for any movement.	Visual observation	Factories Act 1948	

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Other	Noncompliance	1) Fabric storage in basement is disorganized. Fabric rolls seen lying on passages. Surplus fabric store in basement also found to be disorganized. Storage was haphazard. 2) Tag guns not labeled with users' names to ensure personalized usage to prevent possibility of infection from contagious diseases caused by injury/needleprick. 3) Exhaust pipes of boiler and power generating sets not insulated and could cause burn injuries. 4) Lunch shed, as required by law, not provided.	Visual Observation	Factories Act 1948	
<b>7. Freedom of Association and Collective Bargaining</b>					
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.					
FOA.25 Facilities for Worker Representatives	Noncompliance	1) Workers not aware of existence of any worker-management committee. 2) Worker-management grievance committee exists only on paper, no evidence of existence of this committee anywhere in factory. For example, no notice or minutes of meetings posted anywhere, nor have workers been made aware of the existence and responsibilities of such a committee.	Interview with workers		
<b>8. Hours of Work</b>					
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.					
HOW.1 General Compliance Hours of Work	Noncompliance	Time records completely doctored, is no reliable time recording mechanism in place. While factory works overtime, and on rest days on holidays (as was apparent from records seen on production floor and from interview with managing director), time records available are maintained only for regular work hours. We strongly suspect excessive overtime; however, cannot quantify in absence of reliable and complete records. Workers have been coached to say they never work overtime or on rest days or holidays.	Review of records and interview with management	Factories Act 1948	
HOW.2 Rest Day	Noncompliance	1) Security guard outsourced through [Agency name] stated he works 7 days a week without being provided a weekly day of rest. 2) It was quite clearly visible that workers have been consistently coached to deny working overtime or working on Sundays and holidays. During a personal interview with managing director, it was learned that factory works overtime, and on Sundays and holidays; however, hours not formally recorded. Payment made through vouchers under different account heads.	Interview with workers and management	Factories Act 1948	
HOW.6 Time Recording System	Noncompliance	1) Time records not maintained for outsourced security guards and workers provided by [Contractor name] contractor. 2) Actual time of start and end of work is not recorded. Only shift times are recorded.	Review of records and interview with management	Factories Act 1948	

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HOW.10 Overtime/Calculation over Period Longer than One Week	Noncompliance	Time and payroll records do not reflect overtime hours and payment made thereof. However, based on interview with managing director, overtime is paid at 1 time with no premium.	Review of records and interview with management	Factories Act 1948	
HOW.11 Extraordinary Business Circumstance/Forced Overtime	Risk of noncompliance	There is no system in place to ensure overtime is voluntary.	Review of records and interview with management		
HOW.12 Extraordinary Business Circumstance/Overtime Explanation	Noncompliance	1) Cannot confirm as time records inaccurate and unreliable. However, based on records seen in work areas and interview with managing director, it appears factory works excessive hours (beyond 60 per week) and on rest days and holidays. 2) Records collected from production floors had entries of work done on January 7, February 11, February 18 and March 11, 2007 (rest days). Number of days worked consecutively could not be verified as time records for January and February not available. These workers were from cutting, finishing and sampling sections. As January and February are peak months for factory, appears that factory worked on these rest days to meet deadlines. Names of workers who worked could not be found as management kept denying factory had worked on rest days. Time records of March 2007 do not have any entry of work done on any rest day.	Review of records and interview with management	Factories Act 1948	
HOW.14 Annual Leave	Noncompliance	Leave records have not been updated for past 4 years. When questioned, management stated they do not provide earned leave benefits to workers. This is a legal violation.	Review of records and interview with management	Factories Act 1948	
<b>9. Wages, Benefits and Overtime Compensation</b>					
<b>WAGES AND BENEFITS:</b> Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.					
<b>OVERTIME COMPENSATION:</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 exist, at a rate at least equal to their regular hourly compensation rate.					

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WBOT.1 General Compliance Wages, Benefits and Overtime Compensation	Noncompliance	Numerous discrepancies observed. In an exclusive (1-on-1) interview with managing director, we learned that overtime hours manually recorded and paid at 1 time at a single rate (instead of 2 times as mandated by law). These payments made through vouchers under a different account head. None of these records available for review. He also stated many workers do not want to subscribe to mandated benefits of EPF (Employees Provident Fund) and ESI (Employees State Insurance Scheme). This should explain unusually high salaries shown as being paid to tailors (Rs.10500 to 11,000). Any worker drawing salary in excess of Rs.7500 and 10,000 does not qualify for EPF and ESI benefits, respectively. Records have been doctored to avoid payment of EPF and ESI benefits. (Skilled migrant workers in this region usually do not wish to subscribe to these benefits as find it difficult to recover their EPF money or avail of medical facilities through ESI).	Review of records and interview with management.	Factories Act 1948	
WBOT.2 Minimum Wage	Noncompliance	1) Based on interviews, it appears sample tailors paid unskilled wages. Could not verify as payroll records are not factual and payments received by many workers for month of February do not match amount mentioned in wage records. 2) Cannot verify accurate wage compensation as are discrepancies between wage records and corresponding responses from workers.	Review of records and interviews with workers	Factories Act 1948	
WBOT.5 Holidays, Leave, Legal Benefits and Bonuses	Noncompliance	1) Mandatory deductions towards contribution of EPF and ESI as required by law are made. However, discrepancies noticed in these deductions. A worker had worked for 19 days during a particular month and the contribution towards EPF deducted based on full wages, instead of deducting amount based on earned wages. 2) Record of Leave with Wages has not been updated for last 4 years; hence, leave status of employees cannot be verified. When questioned, management stated they do not provide earned leave benefits. This is a legal violation. 3) Deduction from salaries of sample tailors towards contribution for mandated benefits of EPF being made on an amount less than legal minimum wage.	Review of records	Factories Act 1948 & Employees Provident Funds and Miscellaneous Provisions Act, 1952	
WBOT.7 Payment for All Hours Worked	Noncompliance	Cannot verify as time records are not factual; however, as suggested by the Managing Director overtime hours are not officially recorded.	Review of records and interviews with workers and management	Factories Act - 1948	
WBOT.10 Premium/Overtime Compensation	Noncompliance	Could not verify as appropriate payment records not available; however, based on interview with managing director, factory pays overtime at 1 time at single rate. That is, overtime premium of 2 times the wage rate, as required by law, is not paid.	Review of records and interview with management	Factories Act - 1948	
WBOT.11 Overtime Compensation Awareness	Noncompliance	No such information is provided to workers.	Interview with management and workers		

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WBOT.17 Accurate Calculation and Recording of Wage Compensation	Noncompliance	1) Wages paid to workers, in most instances, do not match figures cited during interview. Moreover, there is no record of overtime hours or work undertaken on rest days and holidays, whereas managing director, when interviewed, stated overtime paid off records at 1 time at single rate. Records seen on production floors also revealed work done on weekly days of rest. No corresponding wage records to verify accurate payment of these hours/days worked made available for review. 2) Wages being paid are higher than those mentioned in appointment letter. Employees' files have not been updated.	Review of records	Factories Act - 1948 and Payment of Wages Act - 1936	
WBOT.18 Accurate Length of Service Calculation	Noncompliance	Name of 1 worker interviewed does not appear in payroll record. When interviewed, the concerned staff stated that at times they show a "break in service" after 7 to 8 months, so as to ensure worker does not achieve status of a permanent worker.	Review of payroll record and interview with worker and concerned staff	Industrial Employment (Standing Orders) Act - 1946	
WBOT.19 False Payroll Records	Noncompliance	Owing to inaccuracy of time records, payroll records are not factual.	Review of payroll and production floor records and interviews with workers and management	Payment of Wages Act 1936	
WBOT.21 Record Maintenance	Noncompliance	1) Numerous discrepancies between amount received by workers and amount stated in payroll records. 2) No time and pay records for security guards produced for review.	Review of records and interview with management		
WBOT.22 Worker Wage Awareness	Risk of noncompliance	Few workers were aware of the calculations towards mandated deductions for Provident Fund.	Interviews with workers		
WBOT.23 Posting Notices	Noncompliance	List of holidays, applicable minimum wage rates (notification) and certified Standing Orders are not posted.	Visual observation and interview with management	Factories Act - 1948	
WBOT.26 Pay Statement	Noncompliance	Details of overtime compensation are not reflected on pay statements issued to workers.	Review of payroll records and interviews with workers and management	Minimum Wages Act, 1948	
Other	Noncompliance	Though management claims they never work OT or on rest days, documents collected from production floor had entries of work done on rest days over past 3 months. On 2nd day of audit, observed that dates on these records were tampered with to reflect that no work was done on rest days. Management shown pictures of these pages taken on 1st and 2nd day, as evidence of tampering. Management denied having any idea as to who had tampered with dates. Factory representative does not sign wage records of contract workers to confirm appropriate payment, as required by law.	Review of records and interview with management		
<b>10. Miscellaneous</b>					
Subcontracting, homework and other issues not covered by above benchmarks and code requirements.					
MISC.1 Illegal Subcontracting	Noncompliance	Though was not disclosed by management, outward bound records had entries of fabric/panels being sent out for printing/embroidery and handwork. Instances were also noticed where garments being sent out for washing. Entries of fabric being sent for dyeing to units not included in company's approved dyeing units also noticed.	Review of records		

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Other	Noncompliance	Documents required but not available: valid factory license and consent from State Pollution Control Board for discharging water and air, Certified Standing Orders, Appropriate Registration by factory for contractors for outsourcing workers, license for contractors providing labor.	Review of records and interview with factory management	The Factories Act - 1948	