



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Nike, Inc.
COUNTRY: India
FACTORY CODE: 07001512211
MONITOR: Association for Stimulating
Know How (ASK)
AUDIT DATE: November 24, 2010
PRODUCTS: Men's Shorts, Ladies Shorts,
Men's Shirts, Ladies Tops and Dresses
PROCESSES: Cutting, Sewing, Thread
Cutting, Washing, Spotting
NUMBER OF WORKERS: 82

Company Comment: Nike, Inc. through an agent, is no longer ordering product to be manufactured with this factory. This was a business decision by the agent based on factory production capabilities. After carefully examining the findings of the IEM Nike, Inc. created a thorough action plan, which addressed each finding. The action plan was shared and given to the agent. Nike directed the agent to visit the facility and discuss the action plan together with the facility's management team. The agent verified that the facility has taken action against most findings.



CONTENTS:

Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses _____ 4

Wages, Benefits and Overtime Compensation: Deposit of Legally Mandated Deductions _____ 5

Wages, Benefits and Overtime Compensation: Minimum Wage _____ 7

Wages, Benefits and Overtime Compensation: Production and Incentive Schemes _____ 8

Wages, Benefits and Overtime Compensation: Calculation Basis for Overtime Payments _____ 9

Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation _____ 11

Wages, Benefits and Overtime Compensation: Voluntary Wage Deductions/Worker Access to Information _____ 12

Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation _____ 13

Wages, Benefits and Overtime Compensation: Payroll Record Maintenance/Worker Acknowledgement _____ 14

Wages, Benefits and Overtime Compensation: Record Maintenance _____ 15

Wages, Benefits and Overtime Compensation: Worker Wage Awareness _____ 16

Wages, Benefits and Overtime Compensation: Posting Notices _____ 17

Wages, Benefits and Overtime Compensation: Contestation of Wage Payments _____ 18

Wages, Benefits and Overtime Compensation: Pay Statement _____ 19

Forced Labor: General Compliance Forced Labor _____ 20

Freedom of Association: Grievance Procedure _____ 21

Harassment or Abuse: Discipline/Progressive Discipline _____ 22

Child Labor: General Compliance Child Labor _____ 23

Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies) _____ 24

Code Awareness: _____ 25

Others: Illegal Subcontracting _____ 27

Health and Safety: General Compliance Health and Safety _____ 28

Health and Safety: Written Health and Safety Policy _____ 29

Health and Safety: Notification and Record Maintenance _____ 30

Health and Safety: Permits and Certificates _____ 31

Health and Safety: Evacuation Requirements and Procedure _____ 32

Health and Safety: Safety Equipment and Training _____ 34

Health and Safety: Personal Protective Equipment _____ 35

Health and Safety: Chemical Management and Training _____ 36

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness _____ 37

Health and Safety: Machinery Maintenance and Worker Training _____ 38

Health and Safety: Medical Facilities _____ 39

Health and Safety: Sanitation in Factory Facilities _____ 40

Health and Safety: Drinking Water _____ 41

Hours of Work: Rest Day _____ 42

Hours of Work: Time Recording System _____ 43

Hours of Work: Overtime/Calculation Over Period Longer Than One Week _____ 44

Hours of Work: Public Holidays _____ 45

Hours of Work: Annual Leave _____ 46

Hours of Work: Sick Leave _____ 47



Hours of Work: Sick Leave/Restrictions _____ 48



Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: The piece-rate workers who work inside the facility are not given any paid leave. They can take weekly leaves but they will not be paid for these. According to the management, paid leave is only for senior workers. There aren't any written policies regarding this. The management reported that the 12 days of national holidays are given to workers. However, the attendance records revealed that the workers worked on October 2nd (Gandhi Jayanthi-National Holiday) 2010. This is in violation of The Factories Act, 1948.

Legal Reference: The Factories Act, 1948.

Plan Of Action:

Factory management must immediately develop a holiday and leave policy that is in compliance with local law. This includes but may not be limited to:

1. Assigning a member of management (likely an HR Manager) the responsibility of developing a leave policy that is in full compliance with Indian law. The policy must include legally required holidays, sick leave, annual leave, maternity leave, emergency family leave and any other types of leave required by Indian law. (I.e. annual leave with wages—Indian law states that all workers who have worked for a period of 240 days at a factory are granted leave based on a rate of one day for every 20 worked.
2. Provisions must be included in the policy to address proper compensation rates for workers who work on national holidays, as well as substitute holidays, to replace those holidays worked by the workers.
3. Management must provide education and training to the workforce concerning their leave benefits. This includes an explanation of their leave schedule and how they can properly request a leave day.

Deadline Date: 11/01/2011



Action Taken: Factory has developed a holiday list and has established a notice board both in English and the local language that the workers can access. Factory also developed their leave policy, which is in full compliance with the local law, with the help of legal experts. The policy is accessible to all workers. There are 3 national holidays and 4 festival holidays a year, and the factory has declared a total of 11 holidays a year for their workers.

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Deposit of Legally Mandated Deductions

WBOT.13 All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc. The employer shall not hold over any of these funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g., monthly deposits, weekly pay). If the law does not specify, then deposits shall be made before the next pay period in all cases. (S)

Noncompliance

Explanation: The legally mandated social security benefits such as the Provident Fund (According to the Employees' State Insurance Act, 1948, all employees in factories, or establishments to which this act applies shall be insured in this manner), Employees' State Insurance (according to The Employees' Provident Act, 1952, all employees in the factory should be covered under provident fund benefits), and Gratuity are not provided to workers (According to The Payment of Gratuity Act, 1972, every employee who works for more than five years in the factory should be covered under gratuity provisions). The annual bonus is only given to workers who have worked for more than a year. According to The Payment of Bonus Act, 1965, every employee who works for 30 working days in that year is eligible to get the annual bonus.

Legal References: Employees' State Insurance Act, 1948; The Employees' Provident Act, 1952; The Payment of Gratuity Act, 1972; The Payment of Bonus Act, 1965.



Plan Of Action: Factory management must take the following steps to provide the legally mandated social security benefits to the workers:

1. Immediately provide social security benefits (Provident Fund, Employees' State Insurance, and Gratuity) and annual bonuses per the legal eligibility rules.
2. Retroactively pay all employees their annual bonus and gratuity. Retroactive payments to the affected employees should extend back for no less than one year from the time of the finding (11/25/2009)—longer if instructed by local government.
3. Management must provide education and training to the workforce concerning their benefits. This includes an explanation of their retroactive payments and the payment of future benefits. Methods should include but not be limited to: regular meetings with the work force, payroll communications/documents, and new employee orientation.

Deadline Date: 11/01/2011

Action Taken: Factory has already taken care of all the necessary arrangements for PF and ESI, and registration is in process for their new facility in [town or city name]. Registration will be fully functional once they move to this new facility, which is slightly delayed due to the time needed to complete the necessary paperwork. As for the bonuses, factory will maintain a register with payment and receipt of bonus payments for each employee per the law (Form –C, bonus register).

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Minimum Wage

WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Noncompliance

Explanation: The monitor reviewed the payment records of 35 workers. None of these 35 workers were getting the legal minimum wage stipulated by the [State name] government. Their average wage ranged from Rs. 3500 to Rs. 4500 for their regular hours of work. The current legal minimum wage in [State name] for a skilled worker is Rs. 6448, for a semi-skilled worker is Rs. 5850, and for unskilled worker is Rs. 5278.

Plan Of Action: The factory management must take the following steps to pay workers at least the legal minimum wage which they qualify for:

1. Categorize workers based on their skill set and immediately comply with the minimum wage rate of that skill set (skilled worker Rs. 6448, semi-skilled worker Rs. 5850, and unskilled worker Rs. 5278) as stipulated by [State name] government.
2. Retroactively pay all affected employees the difference between their actual rate of pay and the rate at which they qualify as defined by the categories outlined by [State name] government. Retroactive payments should extend back for no less than one year (11/25/2009).
3. Management must develop a method to convey Minimum Wage Requirements to the factory with all due diligence to ensure all affected employees are informed of this requirement to pay retroactively and of their new minimum wage rate. Methods should include but not be limited to: regular meetings with the work force, payroll communications/documents, and new employee orientation.
4. Along with the Minimum Wage Requirements, employees must be notified about how they are categorized in accordance to the [State name] government's skilled worker categories. This includes a definition of the three categories and an explanation of what roles in the factory qualify for the different categories. The category of the worker must be included on their work appointment letter.

Deadline Date: 11/01/2011

Action Taken: Factory is already maintaining a salary register with the category and wage payments of workers, which is in full compliance with the minimum wages declared by the [State name] government. (The local authority).

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Production and Incentive Schemes

WBOT.6 Employers shall not set production targets, piece rates or any other incentive or production system at such a level that workers need to work beyond normal working hours as set under the FLA Code, excluding overtime, in order to make the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Noncompliance

Explanation: Piece rate workers are hired and are made to work from 9am to 9pm regularly. These workers work 12 hours daily (additional 2 hours over the regular work hours permitted).

Plan Of Action: Management must immediately curb the workday schedule to ensure that workers are only working a maximum of 10 hours a day (8 regular hours and 2 overtime hours) with a maximum of 50 overtime (OT) hours in a quarter (12 OT in a week) per the Factories Act of 1948. The legal work hour requirements apply to all workers regardless of their wage structure (hourly and piece rate). All workers must be made aware of the new schedule and of their work hours in accordance with the Factories Act of 1948.

Legal Reference: Factories Act of 1948

Deadline Date: 11/01/2011

Action Taken: Factory has already set up a time line schedule for their daily activities which starts at 9.30 am and goes to 6.30 PM (1hr lunch and tea breaks). This is being recorded on a daily basis and is a fixed scheduled. As of now the factory is not using overtime hours and will use only in an emergency and then will compensate workers for overtime per local law.

Plan No
Complete:

Plan
Complete
Date:

Wages, Benefits and Overtime Compensation: Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Noncompliance

Explanation: Overtime is not compensated at double rate for the workers working OT. The piece rate workers are not compensated for their overtime separately. According to The Factories Act, 1948, overtime wages should be at the rate of twice the regular hourly rate.

Legal Reference: The Factories Act, 1948.

Plan Of Action: Management must ensure that all overtime hours worked are compensated appropriately at double the rate. For hourly wage earners the rate is 200% the normal hourly wage for each overtime hour. For piece rate workers the normal salary must be converted to an hourly wage and then compensated at the 200% rate. To rectify the issue of lost past wages and educate the workers about overtime payments they must take the following steps:

1. Retroactively pay all affected employees the difference between their actual rate of pay and the overtime rate at which they qualify. Retroactive payments should extend back for no less than one year (11/25/2009).

2. Management must develop a method to convey Overtime Wage Requirements to the factory with all due diligence to ensure all affected employees are informed of the factory's requirement to pay retroactively and of the factory's new Overtime Wage Policy. Methods should include but not be limited to: regular meetings with the work force, payroll communications/documents, and new employee orientation.



Deadline 11/07/2011
Date:

Supplier Factory will make sure there is no overtime work in their factory except when an
CAP: emergency arises, and in that case will pay the overtime exactly per local law.

Supplier
CAP Date:

Action
Taken:

Plan No
Complete:

Plan
Complete
Date:



Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Noncompliance

Explanation: Except OT on Sundays and Holidays, OT is not compensated at double rate as required by the Indian law.

Plan Of Action: Management must ensure that all overtime hours worked are compensated appropriately at double the rate as per Indian law. This applies to all overtime and the Sunday and Holiday hours the factory has been compensating properly. For hourly wage earners the rate is 200% the normal hourly wage for each overtime hour. For piece rate workers the normal salary must be converted to an hourly wage and then compensated at the 200% rate. To rectify the issue of lost past wages and educate the workers about overtime payments they must take the following steps:

1. Retroactively pay all affected employees the difference between their actual rate of pay and the overtime rate at which they qualify. Retroactive payments should extend back for no less than one year (11/25/2009).

2. Management must develop a method to convey Overtime Wage Requirements to the factory with all due diligence to ensure all affected employees are informed of the factory's requirement to pay retroactively and of the factory's new Overtime Wage Policy. Methods should include but not be limited to: regular meetings with the work force, payroll communications/documents, and new employee orientation.

Deadline Date: 11/01/2011

Supplier CAP: Factory will make sure there is no overtime work in their factory except when an emergency arises, and in that case will pay the overtime exactly per local law.

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Voluntary Wage Deductions/Worker Access to Information

WBOT.15 Workers shall have access to regular and full information concerning the status of relevant accounts and the status and level of their payments thereto. (P)

Noncompliance

Explanation: There are no proper payroll documents available. All payments are made on vouchers with no details mentioned. Besides, workers are not provided with any pay slips for the payments they receive.

Plan Of Action: Management must develop a payroll system for calculating and recording wages and benefits earned by each individual worker:

1. The system must include individual records for each worker.
2. The system shall generate an internal record that is kept for reference as well as a pay slip for each worker. The internal records must be made available for review by the worker or an outside auditor.
3. The pay slip shall provide workers with a minimum of a calculation of all hours worked (regular and overtime), the pay period and wage payment dates, compensation rates for all hours worked, total for regular and overtime compensation, additional compensation (bonuses, etc.), and all legally mandated deductions (insurance, taxes, etc.). Workers shall acknowledge receipt of their wages/benefits and pay slip in writing. Payment records must be kept along with all other payroll records.
4. Employees should receive documented training so that they understand the payment format—including how to read their pay slip.

Deadline Date: 11/01/2011



Action Taken: Factory already ordered a biometric time attendance machine. It will be installed by this weekend and they will calculate all payroll details as per the data from this automated system, and will have a payroll register of all workers.

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

Noncompliance

Explanation: There are no separate records available in the facility for overtime and regular hours worked by the workers; both are recorded in an in and out manual record. There is no record available for the payment of bonuses.

Plan Of Action: Management must develop a time keeping system that accurately records all hours, both regular and overtime hours, under normal and exceptional circumstances:

1. The records should accurately reflect overtime, breaks, and leave. The time worked by all workers, regardless of the wage system in place, should be documented through a mechanical or electric system to ensure accuracy, reliability, and transparency.
2. Workers should receive documented training to ensure that they understand how to accurately record their hours in the time keeping system, how to audit their time records for accuracy, and how to seek a change to the time record if a mistake has been made.

Deadline Date: 11/01/2011

Action Taken: Factory already ordered a biometric time attendance machine that will be installed by this weekend. As soon as this card punching system is installed the factory will arrange a training program for their workers to ensure accurate use and the best possible performance.

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Payroll Record Maintenance/Worker Acknowledgement

WBOT.20 All compensation records shall be maintained accurately and shall be acknowledged by the worker as accurate. (P)

Noncompliance

Explanation: No separate records are maintained for the payment of regular hours of work and overtime. The payment voucher does not contain number of hours worked by the employees.

Plan Of Action: Factory management must develop a method to communicate hours worked by each individual worker using the payroll system:

1. The method should include generating a pay slip for each worker. At a minimum, the pay slip shall provide workers with: a calculation of all hours worked (regular and overtime), the pay period and wage payment dates, compensation rates for all hours worked, total for regular and overtime compensation, additional compensation (bonuses, etc.), and all legally mandated deductions (insurance, taxes, etc.).
2. Workers shall acknowledge receipt of their wages/benefits and pay slip in writing. Payment records must be kept along with all other payroll records.
3. Employees should receive documented training so that they understand the payment format—including how to read and accept their pay slip.

Deadline 11/01/2011
Date:

Action Factory already implemented this system and is issuing wage slips to each worker with
Taken: their salary payment.

Plan No
Complete:

Plan
Complete
Date:

Wages, Benefits and Overtime Compensation: Record Maintenance

WBOT.21 Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to-date. (P)

Noncompliance

Explanation: Payroll documents are not maintained at the facility.

Plan Of Management must develop a record keeping system to accompany their payroll system.
Action: The record keeping system must include individual records for each worker including hours, wages, discipline, etc. The internal records must be made available for review by the worker or an outside auditor, etc. Employees should receive documented training so that they understand what records management will keep and how they can access them for their reference.

Deadline 11/01/2011
Date:

Action Factory already implemented pay slip system and is issuing wage slips to each worker
Taken: with all the details of their wages. Minimum wage notification and standing order copies are already on the factory notice board in English and Hindi.

Plan **No**
Complete:

Plan
Complete
Date:

Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Noncompliance

Explanation: The facility does not make any efforts to make sure that the workers understand their wage calculations.

Plan Of Action: Management must inform workers of how wages are calculated. Workers shall be informed both orally and in writing about the calculation of wages, incentive systems, wage rates prior to undertaking overtime, fringe benefits, and available bonuses they are entitled to legally and at the workplace. This documented training should take place both at the time of hire and periodically throughout employment.

Deadline Date: 11/01/2011

Action Taken: Factory already implemented the pay slip system and is issuing wage slips to each worker with all the details of their wages. Minimum wage notification and standing order copies are already posted on the factory notice board in English and Hindi.

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Posting Notices

WBOT.23 All notices that are legally required to be posted in the factory work areas shall be posted. All legally required documents, such as copies of legal code or law, shall be kept at the factory and available for inspection. (P)

Noncompliance

Explanation: According to The Industrial Employment (Standing Orders) Act, 1946, standing orders should be prominently posted by the employer in English and language understood by the majority of his workmen on special boards and near main entrances. However they were not posted. Legal documents, such as the factory operating license, are not available in the facility. According to The [State name] Factory Rules, 1950, the occupier of every factory shall submit to the Chief Inspector of Factories an application in the prescribed format for registration and obtainment of factory licenses. Furthermore, a copy of the latest minimum wage notification from the labour department of [State name] is not posted.

Legal References: The Industrial Employment (Standing Orders) Act, 1946; The [State name] Factory Rules, 1950.

Plan Of Action: Factory management must immediately post all legally required documents in the workplace. This includes posting the standing order (per the 1946 Standing Orders Act), a current factory-operating license, and the latest minimum wage notification from the [State name] labor department. The postings shall be in English and the language understood by the majority of the workforce.

Deadline Date: 11/01/2011

Action Taken: Factory already implemented pay slip system and is issuing wage slips to each worker with all the details of their wages. Minimum wage notification and standing order copies are already posted on the factory notice board in English and Hindi.

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Contestation of Wage Payments

WBOT.23 All notices that are legally required to be posted in the factory work areas shall be posted. All legally required documents, such as copies of legal code or law, shall be kept at the factory and available for inspection. (P)

Noncompliance

Explanation: No such system exists in the facility.

Plan Of Action: Factory management must develop a system through which workers can dispute compensation and receive clarifications in a timely manner. Management must first develop a process through which employees can have access to the appropriate personnel and records to prepare their disputes. Secondly, a management representative must be designated as the responsible party who can oversee the resolution of disputes/clarifications. Third, the process should be documented so that resolutions may be reviewed in the future. The workers must be informed both orally and in writing about how the process for contesting wage payments works.

Deadline Date: 11/01/2011

Action Taken: Factory has an HR/Operation manager in place for all the disputes and compensation issues.

Plan Complete: No

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Pay Statement

WBOT.26 Employers shall provide workers a pay statement each pay period, which shall show earned wages, wage calculations, regular and overtime pay, bonuses, all deductions and final total wage. (P)

Noncompliance

Explanation: Pay statement is not provided to workers.

Plan Of Action: Factory management must develop a method to communicate hours worked for each individual worker through the payroll system:

1. The method should include generating a pay slip for each worker. The pay slip, at a minimum, shall provide workers with: a calculation of all hours worked (regular and overtime), the pay period and wage payment dates, compensation rates for all hours worked, totals for regular and overtime compensation, additional compensation (bonuses, etc.), and all legally mandated deductions (insurance, taxes, etc.).

2. Workers shall acknowledge receipt of their wages/benefits and pay slip in writing. Payment records must be kept along with all other payroll records.

3. Employees should receive documented training so that they understand the payment format—including how to read and accept their pay slip.

Deadline Date: 11/01/2011

Action Taken: As advised above factory is installing an automated time attendance machine and a payroll system that works automatically. A pay slip will be issued to workers for their acknowledgement and to sign and return.

Plan Complete: No

Plan Complete Date:

Forced Labor: General Compliance Forced Labor

F.1 Employers shall comply with all local laws, regulations and procedures concerning the prohibition of forced labor. (S)

Noncompliance

Explanation: Worker applications are not maintained and workers are not provided with a copy of their appointment letter with terms and conditions. There is no job agreement or contract signed with the workers working on piece rate, and the personnel files of workers are missing. This is in violation of Industrial Employment (Standing Orders) Act – 1946.

Legal Reference: Industrial Employment (Standing Orders) Act – 1946.

Plan Of Action: All employees must complete an application prior to being hired. At the time of hire they are required by law to receive and sign an appointment letter. Factory management must take the following steps to implement hiring procedures, including requiring all employees to complete an application and providing all workers with an appointment letter with terms and conditions:

1. A universal job application form should be developed by management and required of all potential employees. Once hired the application must be kept on file in the employee's records.
2. At the time of hire, all employees, regardless of job category, must receive an appointment letter. The letter must include their skill category at the time of hire.
3. Each employee file will include an appointment letter and a completed job application—along with any other applicable documents.

Deadline Date: 11/01/2011

Action Taken: Factory has already taken care of the application format. It is in a designated format per local law and the factory is accordingly maintaining a file for each worker with all the proper records including appointment letter.

Plan Complete: No

Plan Complete Date:

Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Noncompliance

Explanation: There aren't any written grievance procedures available.

Plan Of Action: Factory management must take the following steps to establish a grievance procedure:

1. Develop a process for employees to settle grievances directly with their supervisor.
2. Where the process is inappropriate or fails, additional options should be in place for senior management to be involved.
3. The processes need to be documented into written procedures that account for the factory size, local laws, etc. In the least management must ensure the grievance procedure includes a grievance policy and implementation procedures. The policy should consist of multiple channels—such as those listed above, including a confidential channel.
4. The policy and procedure should be communicated to the employees both orally and in writing.

Deadline Date: 11/01/2011

Action Taken: Factory has an HR/Operation manger in place who will take care of settling all the grievances.

Plan Complete: No

Plan Complete Date:

Harassment or Abuse: Discipline/Progressive Discipline

H&A.2 Employers shall have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination). Any exceptions to this system (e.g., immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers. (P)

Noncompliance

Explanation: The facility does not have any written policies or procedures for discipline and termination. There is no system to ensure progressive discipline.

Plan Of Action: The factory management must take the following steps to put a documented disciplinary system in place:

1. Management along with the HR staff must develop written disciplinary rules, procedures, and practices that embody a progressive system of discipline (i.e. escalating degree of severity—verbal warning, written warning, suspension, and termination).
2. The HR staff is responsible for ensuring that managers and supervisors are trained to implement the workplace disciplinary system in a manner that is appropriate and fair. This includes assigning the role of reviewing the disciplinary action to a manager who is senior to the manager who imposed the disciplinary action in the first place.
3. All disciplinary actions will be documented and kept on file.
4. All workers should receive documented training on the disciplinary rules, procedures and practices. Additionally, any disciplinary issues deemed major offenses—that could result in immediate termination (i.e. assault or theft)—must be in writing and orally communicated to the employees. Periodic refresher training should occur after initial orientation.
5. Workers must be informed when they are subject to a disciplinary action—they must have access to their personnel file in order to review any existing disciplinary issues. Workers must sign written records of any disciplinary action taken against them.

Deadline Date: 11/01/2011

Action Taken: Factory is already working with legal experts to create/arrange a disciplinary action procedure that is fully compliant with local law; the procedure will be established and all workers in the factory will be trained by this weekend.

Plan Complete: No

Plan Complete Date:

Child Labor: General Compliance Child Labor

CL.1 Employers shall comply with all local laws, regulations and procedures concerning the prohibition of child labor. (S)

Noncompliance

Explanation: Company does not have a system for age verification of workers during hiring to ensure no underage workers are hired. This is in violation of Industrial Employment (Standing Orders) Act – 1946. However, at the time of audit no child labour was observed.

Legal Reference: Industrial Employment (Standing Orders) Act – 1946.

Plan Of Action: Factory management must adopt an age verification system to come into line with the Industrial Employment Act of 1946. In addition to meeting all of the underlying requirements of the Act, management must meet the following requirements:

1. Assign the hiring supervisor (or HR manager) the responsibility of ensuring that all new hires submit “proof of age” for verification (including—birth certificate, family book, personal registration card, driver's license or voting registration card).
2. Steps must be taken to ensure that documents are accurate and authentic. If authenticity cannot be verified other steps must be taken to verify their age (i.e. receiving an officially signed and stamped school certificate or affidavit from a local government representative).
3. Under circumstances where additional proof of age may be needed, management may need to utilize the services of a government-certified medical doctor to perform a physical examination.

4. Copies of the above documents must be kept on file over the course of the employee's term of employment.

Deadline Date: 11/01/2011

Supplier CAP: Corrective action taken care of as per auditor advice

Supplier CAP Date:

Action Taken: Factory already adopted an employment policy and going forward all the hiring/recruit paperwork will be in compliance with this employment policy.

Plan Complete: No

Plan Complete Date:

Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

Noncompliance

Explanation: The facility does not have a written policy on recruitment and employment to ensure non-discrimination during the recruiting process.

Plan Of Action: Factory management or the HR staff must develop a recruitment and employment policy. At a minimum the policy must ensure that employment decisions are made solely on the basis of the applicant's qualifications—including their education, training, experience, and demonstrated skills/abilities. The policy must ensure that job advertisements, descriptions, and assignments are not specific to gender, race, religion, age, sexual orientation, nationality, political opinion, social group, ethnicity, marital status, or union affiliation. Additionally, the policy must extend to performance/job evaluation practices—to ensure that bonuses, wages, raises, promotions, etc. are awarded based on qualifications and performance.

Deadline Date: 11/01/2011

Action Taken: Factory already adopted an employment policy and going forward all the hiring/recruiting process will be in compliance with this employment policy.

Plan Complete: No

Plan Complete Date:

Code Awareness:

GEN.2 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

Explanation: Workplace standards are not posted at the facility and are not communicated to the contractors and workers.

Plan Of Action: Management must take the following steps to ensure that employees are aware of the workplace standards:



1. Post the Hurley COC in workshop, dormitory, and canteen, etc.

2. Assign an internal employee (ideally HR Management) to review the Hurley CLS for worker training needs and develop training materials.

3. Incorporate the Hurley CLS into the worker handbook and issue one hard copy to each worker, obtaining their signatures upon receipt.

4. Develop training on Hurley CLS, worker rights/benefits and their responsibilities.

5. Develop a training calendar to conduct training sessions with workers from all departments.

6. Initiate worker awareness training to all on board and newly hired employees.

7. Maintain training records through proper documentation, which includes trainee attendance list, photographic evidence, etc.

8. Department supervisors must ensure worker participation through postings and meetings to avoid absenteeism.

9. HR Department to randomly interview workers to check their awareness level on training topics to identify refresher training needs.

10. Management to review weekly training records to maintain a steady progress level.

11. Periodically offer refresher trainings for employees throughout their employment.

Deadline Date: 11/01/2011

Supplier CAP: Post and train on the Hurley COC

Supplier CAP Date: 03/04/2011

Action Taken: Posted and trained per attached picture factory has already taken care of all of the above.

Plan Complete: No

Plan Complete

Date:

Others: Illegal Subcontracting

MISC.1 Illegal Subcontracting

Noncompliance

Explanation: Company hires contract workers to work inside the factory but does not have the factory registration certificate to hire contract workers. The contractor does not have a license. Besides, there is no formal agreement between the company and the contractor.

Plan Of Action: The factory management must immediately end the practice of hiring contract workers until they have the appropriate factory registration certificate for hiring contract workers. Management should assign members of the HR staff to address this issue with local government to make sure that the factory can attain the appropriate documents. In the meantime, HR should ensure that the factory does not use contract workers.

Deadline Date: 11/01/2011

Action Taken: Factory has already amended their policies and said that they will not hire contract workers any more.

Plan Complete: No

Plan Complete Date:

Health and Safety: General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

Noncompliance

Explanation: The factory does not have a Factories Operating License under the Factories Act 1948.

Legal Reference: Factories Act 1948.

Plan Of Action: Factory management must immediately post all legally required documents in the workplace. This includes obtaining and posting a current factory operating license per the 1950 [State name] Factory Rules. To ensure that this is done in a timely manner, management should assign a member of the management team to this task throughout the duration of the process.

Deadline Date: 11/01/2011

Action Taken: As advised factory has already applied for all necessary documents/licenses etc. for their new facility in [locality name], which will be ready shortly.

Plan Complete: No

Plan Complete Date:

Health and Safety: Written Health and Safety Policy

H&S.3 Employers are required to develop, maintain and regularly review a written health and safety policy. The policy must, at the very least, be aimed at complying with legal minimum safety and health standards, regulations and procedures. (P)

Noncompliance

Explanation: There is no written health and safety policy available in the facility.

Plan Of Action: Factory management, along with the environment, health and safety officer should develop a health and safety policy for the facility. To accomplish this they must:

1. Develop, maintain, and regularly review a written health and safety policy, starting with a commitment by management to provide a safe, hygienic and healthy workplace setting.
2. The stated goal of the policy should be to take all necessary steps to prevent accidents and injury arising out of, linked with or occurring in the course of work as a result of ASK's facilities.
3. Perform a risk assessment (repeated annually) to: a. identify occupational and non-occupational health hazards to employees, b. evaluate the risks associated with hazardous materials, and c. identify and implement control measures to reduce health risks (i.e. vaccination programs, baseline health assessments, audiometric tests, etc.).
4. Develop a management system that acknowledges management's responsibilities, worker's rights and duties, responsibilities of designated personnel, procedures for raising EHS concerns and for reporting death, injury, illness or other issues.
5. Workers should be informed of this policy and their EHS rights orally and in writing.

Deadline Date: 11/01/2011

Action Taken: Factory is in the process of developing an environment, health and safety policy for their organization as well as workers to follow. Which will go into effect by next week onwards.

Plan Complete: No

**Plan
Complete
Date:**

Health and Safety: Notification and Record Maintenance

H&S.7 Employers shall notify the relevant authorities of all illnesses and accidents as required by applicable laws. All illness, safety and accident reports shall be maintained on site for at least one year, or longer if required by law. (P)

Noncompliance

Explanation: No illness, safety and accident reports are maintained in the facility. There is no first aid or fire fighters' facility available at the facility.

Plan Of Action: Per the Indian Factories Act of 1948, the factory is required to make adequate first aid supplies (first aid box/cupboard for every 150 workers) and at minimum one certified first aid responder available for each first aid cabinet. Additionally, for facilities housing more than 500 workers an ambulance room should be made available (based on the local size requirements). The room should be maintained by a legally sufficient medical and nursing staff available at all hours while the factory is operational. Similarly, the factory is required to provide safe means to both escape a fire and combat/extinguish a fire. To meet these requirements factory management should assign a member of the EHS team the responsibility of providing the appropriate first aid and fire fighter's facilities and equipping them with the appropriate supplies. Employees must be informed about the first aid and fire fighting resources and facilities that the factory makes available.

Legal Reference: Indian Factories Act of 1948.

Deadline Date: 11/01/2011

Action Taken: This has already been taken care of

Plan Complete: No

Plan

**Complete
Date:**

Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Noncompliance

Explanation: No legal certificates related to health and safety are available at the facility. This is in violation of The [State name] Factories Rules, 1950.

Legal Reference: The [State name] Factories Rules, 1950.

**Plan Of
Action:** Factory management must immediately obtain all legally required certificates related to as per the 1950 [State name] Factories Rules. To ensure that this is done in a timely manner, management should assign a member of the HR or EHS team to this task throughout the duration of the process.

**Deadline
Date:** 11/01/2011

**Action
Taken:** This has already been taken care of.

**Plan
Complete:** No

**Plan
Complete
Date:**

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: Exits are not marked. Some of the exits open inwards. There aren't adequate fire extinguishers on all floors. Further, the existing fire extinguishers were not adequately charged. There is no evacuation plan available and posted. Fire drills are not conducted. The aisles are not marked. There is no emergency lighting system at all in the sections or on the floors. There are no trainings on health and safety.

Plan Of Action: Factory management must develop a general housekeeping and fire protection program that includes appropriate design and upkeep of evacuation routes, fire-fighting equipment, and evacuation drills.

1. A health, safety and environment (HSE) representative must establish, maintain and administer housekeeping and fire safety procedures.

2. Policies and procedures must be developed to properly design and identify exit routes, fire-fighting equipment and evacuation operations.

3. An appropriately designed and maintained exit route is a continuous and unobstructed path of exit travel from any point within a workplace to a place of safety. Exit routes must remain well lit and unobstructed to prevent evacuees from tripping or getting stuck on their way out of the workplace. Exit doors must be marked with appropriate signs that make them easily identifiable in the event of an emergency. The exit doors must open in the direction of egress (from the workplace to the place of safety) to prevent a backup of people that could prevent the door from opening. To ensure that exit routes are well lit and clearly designated, installation of emergency lighting and the addition of lines/arrows to the floors may be necessary. All fire extinguishing equipment must be inspected on a monthly basis by a dedicated HSE representative and inspected/maintained annually by a competent service provider. Extinguishers found to be inadequately charged should be replaced immediately with a properly charged extinguisher.

4. An evacuation plan must be developed and posted. A proper evacuation plan includes:
a. procedures for emergency evacuation and exit route assignments, b. procedures to follow for emergency operation or shut down of critical equipment prior to evacuation, c. procedures to account for all employees following evacuation, d. procedures to follow for rescue and medical duties, e. procedures for reporting a fire or other emergency, and f. names and regular job titles of persons or departments who can be contacted for further information or explanation of plan duties.

5. All employees must be trained on the housekeeping, evacuation, and fire safety policies and procedures. Training must include performing documented evacuation drills.

Deadline Date: 11/01/2011

Action Taken: As advised earlier, factory has already taken care of the necessary steps here.

Plan Complete: No

Plan Complete Date:

Health and Safety: Safety Equipment and Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: There are no first aid facilities available.

Plan Of Action: Per the Indian Factories Act of 1948, the factory is required to make adequate first aid supplies (first aid box/cupboard for every 150 workers) and at minimum one certified first aid responder available for each first aid cabinet. Additionally, facilities housing more than 500 workers an ambulance room should be made available (based on the local size requirements). A legally sufficient medical and nursing staff should maintain the room, available at all hours while the factory is operational. To meet this requirement factory management should assign a member of the EHS team the responsibility of getting staff trained as a first aider(s) and equipped with the appropriate supplies. The EHS member should also ensure that the appropriate ambulance room requirements are met. Employees must be informed about the first aid resources and facilities that the factory makes available.

Deadline Date: 03/04/2011

Action Taken: Factory has already taken care of the first aid box in their factory per the guidelines.

Plan Complete: No

Plan Complete Date:

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: No personal protective equipment is used at the facility.

Plan Of Action: Factory management must develop a Personal Protective Equipment (PPE) Program to provide a safe workplace for the employees. A proper PPE Program includes:

1. An HSE representative is assigned the role of establishing, maintaining and administering the PPE Program.
2. Performance of a risk assessment to identify those tasks and their potential hazards that may require PPE, evaluation of the risk associated with the hazards, and identification and implementation of control measures (1st engineering controls, 2nd administrative controls, 3rd PPE).
3. Develop policies and procedures to ensure the appropriate PPE is available, worn properly, maintained, replaced and inspected regularly.
4. Employees and supervisors must receive training on the individual PPE equipment they are assigned. Training should be completed upon assignment of new PPE and annually thereafter.

Deadline Date: 11/01/2011

Action Taken:

Plan Complete: No

Plan Complete Date:

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: No trainings conducted on safe handling of chemicals and the available chemicals are not properly segregated and labeled.

Plan Of Action: In order to protect workers and the environment, factory management must develop a robust hazardous material plan. It should include:

1. An HSE representative assigned the role of establishing, maintaining and administering the Hazardous Materials Program.
2. Performance of a risk assessment to identify all potentially hazardous material, their type, amount of use, and what preventative measures are necessary for protection.
3. Implementation of labeling and storage procedures to eliminate the risk of hazardous materials. This includes obtaining material safety data sheets (MSDS) for all available hazardous materials on the factory's chemical inventory. Use of suitable storage containers that are in good condition, compatible with the chemicals, grounded if necessary, labeled and covered.

4. Employees and supervisors who work with hazardous materials must receive training on hazardous materials they work with—the training must include properties and risk of hazardous materials, MSDS and labeling. Training should be completed upon assignment of a new hazardous material and annually thereafter.

Deadline Date: 11/01/2011

Action Taken: Factory has already taken care of this.

Plan Complete: No

Plan Complete Date:

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: There is no MSDS available for chemicals used at the facility.

Plan Of Action: Factory management must immediately obtain the MSDS for each chemical used at the factory. MSDS are a key component of the Hazardous Material Program the HSE team develops. After obtaining the MSDS, employees and supervisors who work with hazardous materials must receive MSDS training for the hazardous materials they work with.

Deadline Date: 11/01/2011

**Action
Taken:**

Plan No
Complete:

**Plan
Complete
Date:**

Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Noncompliance

Explanation: Adequate machine safeguards are not in place and no worker training has been conducted on proper use and safe operation of the machines, equipment and tools they use.

**Plan Of
Action:** Factory management must implement a machine-guarding program to protect the workers. It should include:

1. An HSE representative assigned the role of establishing, maintaining and administering the machine guarding procedures.
2. Performance of a risk assessment to identify all potentially hazardous machines and equipment, the associated risks, and identification and implementation of control measures to reduce the risk.
3. Implementation of procedures to eliminate the risk of injury from moving parts. This includes evaluation of equipment, guards, moving parts (fans, rotating parts, etc.), anchoring vibrating machines, preventative maintenance (LOTO Requirements), and annual inspections.

4. Employees and supervisors who work with moving machinery must receive safety training—the training must include information on machine hazards, safe operating procedures, guards and their proper use, and notification procedures if guarding is missing, damaged, inoperable or unsafe conditions exist. Training should be completed upon initial hire.

Deadline Date: 11/01/2011

Action Taken:

Plan Complete: No

Plan Complete Date:

Health and Safety: Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Noncompliance

Explanation: There is no trained first aider available at the facility.

Plan Of Action: Per the Indian law the factory is required to make adequate first aid supplies (first aid box/cupboard for every 150 workers) and at minimum one certified first aid responder available for each first aid cabinet. To meet this requirement factory management should assign a member of the EHS team the responsibility of getting a staff member trained as a first aider(s) and equipped with the appropriate supplies. Employees must be informed about the first aid resources that the factory makes available.

Deadline 11/01/2011
Date:

Action As advised above factory has already taken care above.
Taken:

Plan No
Complete:

Plan
Complete
Date:

Health and Safety: Sanitation in Factory Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Noncompliance

Explanation: The factory does not have separate toilets for men and women. Toilets are not maintained adequately and are not clean and hygienic. Factory premises are not adequately clean and hygienic.

Plan Of Action: Factory management must take the following steps immediately to ensure that they are providing a clean and hygienic workplace for the workers:

1. Create at least one specific job position/ assign one specific employee responsible for the recurring maintenance and cleaning of all toilet facilities and factory premises.
2. A log of the cleanings performed must be kept on the wall (in the restroom) and on the factory floor stating the time and date of each cleaning and the name of the person responsible.
3. Cleaning intervals shall be assigned prior to each shift unless it is determined that a greater frequency is necessary in order to maintain sufficient cleanliness.

4. A supervisor should be assigned the task of reviewing/inspecting the work done by the cleaning staff to ensure that the facilities are being maintained appropriately.

5. Toilet facilities should be maintained separately for each individual gender to ensure privacy for the workers.

Deadline Date: 11/01/2011

Action Taken: Factory has already taken care of all the necessary steps here.

Plan Complete: No

Plan Complete Date:

Health and Safety: Drinking Water

H&S.26 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) must be safe and sanitary and available in an appropriate number. (S)

Noncompliance

Explanation: Water testing is not done for the drinking water.

Plan Of Action: In order to provide a safe, hygienic and healthy workplace the factory management must take the necessary steps to ensure that the water is safe for employee consumption. Potable drinking water must be made available to workers at a reasonable temperature and with sanitary means of consumption (individual serving cups, etc.). To ensure that water is potable it is recommended that water samples be tested regularly. The factory should assign a member of the health and safety team the responsibility of developing and maintaining a water sample program (where ground/well water or surface water is used as the source of drinking water). It is recommended that at least one sample be taken each quarter. Additional testing metrics are available in the Hurley CLS.



Deadline Date: 11/01/2011

Action Taken: Factory is putting the necessary system in place in order for workers to have safe drinking water.

Plan Complete: No

Plan Complete Date:

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: A worker from the checking section worked for 45 days continuously without any off days in the month of July and August 2010. Another worker from the same section also worked for 35 days continuously without any off days in the month of July and August 2010. A worker in the helper category worked for 34 days continuously in the month of October and November 2010. These are some examples. There are no weekly days off given to all the workers. Workers can go on leave but they will not earn as much.

Plan Of Action: Indian labor law grants workers a rest day each week; therefore, management must immediately stop the practice of workers working without a weekly rest day. Management must develop a rest day policy to ensure that all workers are allowed a minimum of 24 consecutive hours of rest in every seven day period. The rest day policy must apply to all categories of workers. Management must notify workers of their right to a day of rest both orally and in writing.

Deadline Date: 11/01/2011

Action Taken: Factory management made a provision for a Sunday holiday; in case of an emergency on a Sunday, they will give another weekly day off in its place for sure.

Plan Complete: No

Plan Complete Date:

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: In-out register is maintained manually.

Plan Of Action: Management must develop a time keeping system that accurately records all hours under normal and exceptional circumstances:

1. The records should accurately reflect overtime, breaks, and leave. The time worked by all workers, regardless of the wage system in place should be documented through a mechanical or electronic system to ensure accuracy, reliability and transparency.
2. Workers should receive documented training to ensure that they understand how to accurately record their hours in the time keeping system, how to audit their time records for accuracy, and how to seek a change to the time record if a mistake has been made.

Deadline Date:

Action Taken: Factory already ordered a biometric time attendance machine and will set it up in the factory by this weekend.

Plan No

Complete:

**Plan
Complete
Date:**

Hours of Work: Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

Noncompliance

Explanation: Sample of 3 workers (Checker, Checker, and Storage section) worked for 327, 339 and 283 hours respectively in the month of July 2010 and a worker in the helper category worked for 391 hours in the month of October 2010. This is beyond the legally permitted limit of 50 hours of OT per quarter as per The Factories Act, 1948.

Legal Reference: Factories Act, 1948.

Plan Of Action: Management must immediately curb the work schedule to ensure that workers are only working a maximum of 10 hours a day (8 regular hours and 2 overtime hours) with a maximum of 50 overtime hours in a quarter (12 OT in a week) per the Factories Act of 1948. The legally permitted quarterly work hour limits apply to all workers regardless of their wage structure (hourly and piece rate). All workers must be made aware of the new schedule and of their work hours in accordance with the Factories Act of 1948.

Deadline Date: 11/01/2011

Action Taken: Factory already ordered a biometric time attendance machine and will set it up in the factory by this weekend.

Plan No
Complete:

Plan
Complete
Date:

Hours of Work: Public Holidays

HOW.13 Employers shall provide workers with all official public holidays as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: According to management discussion 12 days of national holidays are given to workers, but per the in and out record review, workers worked on October 2nd (Gandhi Jayanthi-National Holiday) 2010.

Plan Of Action: Management must immediately curb the work schedule to ensure that workers are only working a maximum of 10 hours a day (8 regular hours and 2 overtime hours) with a maximum of 50 overtime hours in a quarter (12 OT in a week) per the Factories Act of 1948. The legally permitted quarterly work hour limits apply to all workers regardless of their wage structure (hourly and piece rate). All workers must be made aware of the new schedule and of their work hours in accordance with the Factories Act of 1948.

Deadline 11/01/2011
Date:

Action
Taken:

Plan No
Complete:

Plan
Complete
Date:

Hours of Work: Annual Leave

HOW.14 Employers shall provide workers with paid annual leave as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: A few people who get paid leave are paid per their salary when they are on authorized leave. As a policy, paid leave is available only for some select senior people and not for everyone. The piece rate workers are not given paid leave at all. But according to The Factories Act, 1948, every worker who has worked for a period of 240 days or more in a factory during a calendar year shall be allowed to take one day for every twenty days of work performed by him during the previous calendar year.

Legal Reference: The Factories Act, 1948.

Plan Of Action: In accordance with the Factories Act of 1948, factory management must immediately develop a holiday and leave policy that is in compliance with local law. This includes but may not be limited to:

1. Assigning a member of management (likely HR manager) the responsibility of developing a leave policy that is in full compliance with Indian law. The policy must include legally required holidays, sick leave, annual leave, maternity leave, emergency family leave and any other leaves required by Indian law. (I.e. annual leave with wages— Indian law states that all workers who have worked for a period of 240 days at a factory are granted leave based on a rate of one day for every 20 worked.)
2. Provisions must be included in the policy to address proper compensation rates for workers who work on national holidays as well as substitute holidays to replace those missed by the workers.
3. Management must provide education and training to the workforce concerning their leave benefits. This includes an explanation of their leave schedule and how they can properly request a leave day.

Deadline Date: 11/01/2011

Action Taken:

Plan Complete: No

Plan Complete Date:

Hours of Work: Sick Leave

HOW.19 Employers shall provide workers with sick leave as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: Workers are not covered under the Employee State Insurance (ESI) benefit and therefore have not been able to claim sick leave.

Plan Of Action: In accordance with the Factories Act of 1948, factory management must immediately develop a holiday and leave policy that is in compliance with local law. This includes but may not be limited to:

1. Assigning a member of management (likely HR manager) the responsibility of developing a leave policy that is in full compliance with Indian law. The policy must include legally required holidays, sick leave, annual leave, maternity leave, emergency family leave and any other leaves required by Indian law. (I.e. annual leave with wages— Indian law states that all workers who have worked for a period of 240 days at a factory are granted leave based on a rate of one day for every 20 worked.)
2. Provisions must be included in the policy to address proper compensation rates for workers who work on national holidays as well as substitute holidays to replace those missed by the workers.
3. Management must provide education and training to the workforce concerning their leave benefits. This includes an explanation of their leave schedule and how they can properly request a leave day.

Deadline Date: 11/01/2011

Action Taken: Factory already made arrangements to provide medical aid to their workers.

Plan No
Complete:

Plan
Complete
Date:

Hours of Work: Sick Leave/Restrictions

HOW.20 Employers shall not impose any undue restrictions on sick leave. Any factory restrictions or procedures regarding sick leave, such as informing the employer as soon as possible, the provision of medical certificates, the use of designated doctors or hospitals, etc., must be in line with local laws, regulations and procedures and must be communicated in full to all workers. (S)

Noncompliance

Explanation: 12 workers mentioned that they can take authorized leave, but if they extend their leave, the management would replace them with a new worker.

Plan Of Action: Factory management must immediately develop a holiday and leave policy that is in compliance with local law so that workers are aware of the rules for leave. This includes but may not be limited to:

1. Assigning a member of management (likely an HR manager) the responsibility of developing a leave policy that is in full compliance with Indian law. The policy must include legally required holidays, sick leave, annual leave, maternity leave, emergency family leave and any other leave required by Indian law. (I.e. annual leave with wages— Indian law states that all workers who have worked for a period of 240 days at a factory are granted leave based on a rate of one day for every 20 worked.)
2. Provisions must be included in the policy to address proper compensation rates for workers who work on national holidays as well as substitute holidays to replace those missed by the workers. The provisions must also include the legal rights of workers to return to their job after completing leave. In the policy, management should address how leave can be requested and for how long they may take their leave. All of the provisions must be in full compliance with local law.
3. Management must provide education and training to the workforce concerning their leave benefits. This includes an explanation of their leave schedule and how they can properly request a leave day.

Deadline 11/01/2011



Date:

Action Taken: Factory already made arrangements and have provisions to provide medical aid to their workers.

Plan Complete: No
