



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: adidas Group

COUNTRY: India

FACTORY CODE: 53003211671

MONITOR: International Resources for Fairer Trade

AUDIT DATE: November 16, 2010

PRODUCTS: Rubber Outsoles

PROCESSES: Raw Material
(Rubber/Polymide/Chemical), Kneading/Mixing Mill,
Stacking, Accelerating, Die Cutting, Moulding,
Trimming, Buffing, Packing, Dispatch

NUMBER OF WORKERS: 83 + 12 (men recruited on
day of audit)



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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: Factory is not in compliance with the payment of contribution to the government authorities in accordance with the Provident Fund Act (PF). Record review revealed that the deduction of the PF from workers' wages is made on a monthly basis, as required by law. However, the cheques of the contribution for March, April, and May 2010, were sent for payment to the authorities on September 16, 2010. However, it should have been deposited in the successive month, once the deductions were made from the workers' wages.

Legal Reference: Paragraph 38 of Employees' Provident Fund Scheme, 1952

Plan Of Action:

1. Factory is to correct the practice immediately and proceed with payment for PF contributions on a timely and monthly basis.
2. Factory is to develop procedure to ensure that PF contribution is paid in a timely manner and to designate a person responsible to monitor the implementation.

Deadline Date: 05/31/2011

Action Taken: adidas January 2013 Update: Completed: Document review and management interview confirmed that factory has made PF contributions until December 2012, there is no outstanding amount due for payment. The issue is now closed.

adidas June 2012 Update:

1. Pending. Factory has not deposited PF contribution to the concerned authority from February 2012 onward.



2. Pending. Factory has developed a procedure to submit PF contribution to concerned authority in a timely manner and HR Manager is supposed to adhere to such procedure. It was found during the audit that the factory did not follow the procedure on the submission of PF contribution, as the PF contribution has not been deposited from February 2012 to this date.

adidas December 2011 Update:

1. Pending. During the day of the audit, it was noted that the factory has not paid PF to the concerned government authority. Factory has taken action immediately and will send the evidence showing that payment has been made on December 9, 2011 up to this date.

2. Pending. Factory has developed a procedure to pay PF contribution in a timely manner and HR Manager is responsible to adhere to the procedure and ensure it has been followed.

Plan Yes
Complete:

Plan 01/25/2013
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: Document review and worker interviews revealed that the pay slips provided to workers are in English, not in the local language (Hindi) understood by the majority of the workers.

Plan Of Action: Workers must be provided a pay slip showing their income and all relevant items in a language workers understand, i.e., the local language of workers.

Deadline Date: 06/30/2011

Action Taken: [adidas December 2011 Update](#): Completed. Workers are provided with pay slip showing income and all relevant items in a language workers understand, i.e., the local language of workers (Hindi) since October 2010 onward.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: Worker interviews revealed that there was a union in the factory between May – June 2010. The union carried out activities around the issues of overtime, canteen facilities, and cycle stands outside the factory. As management did not agree to their terms and conditions, the 43 workers involved in the union activities were terminated. Soon after, all workers in the factory were made to sign an agreement stating that they do not need a union. (An example has been sent to the FLA for review). Factory management reported that a trade union had approached the factory to form a union 3 months ago, but management is not in favor of the trade union. Document review of the retrenched workers revealed that they have been paid wages for the month of July, plus 1 month's compensatory wages and leave with wages, which is in accordance with the law.

Plan Of Action: On January 12, 2011, adidas' SEA team conducted an internal investigation of this allegation by conducting a factory visit, which included worker interviews, document review, and management interviews. Based on the audit, the SEA team found that factory management had experienced a reduction of orders. As a result, production scheduling and workers were also reduced. Prior to termination, the factory had implemented temporary layoffs. Workers are sent home during the period, but still received salary. Based on documentation review, it was found that the termination was done based on selection criteria, such as department and length of service; there is no evidence that the selection criteria was done based on worker's preference of a union. During this reduction of personnel, there was also an organization attempt from a local trade union outside the factory, which included some workers from this factory.

However, during the investigation, it was verified that factory management asked workers to sign a petition stating that they do not need a union. Factory management must respect workers' rights to exercise their Freedom of Association rights by:

1. Developing a Freedom of Association (FOA) and Collective Bargaining Policy, and communicating the policy clearly to all employees.
2. The FOA and Collective Bargaining policies should be reflected and implemented consistently in all aspects of employment.
3. Factory management should create and implement a non-retaliation policy expressing the factory's commitment to ensure that no workers will receive retaliation for exercising this right.
4. If there is a hiring opportunity, the factory must provide priority to the terminated workers to apply for the job, as per the skills and competencies required.

Deadline 05/30/2011

Date:

Action [adidas Oct 2013 Update:](#)

Taken:

1. Pending: Factory still running on low production and working under capacity hence no significant recruitment has happened in the recent past. However, factory management is expecting an increase in production in February 2014. The factory has also sent letters via registered post to all terminated employees. Out of 45 employees, 3 employees have been reinstated and have been reappointed. The rest of the workers did not turn up. The issue will be verified in follow up visits.

2, 3. Pending: Factory has not developed policy on Freedom of Association and Non Retaliation.

[adidas January 2013 Update:](#) Factory has been running on low production due to low business, at only 25% of its actual capacity. Factory is expecting an increase of production in February 2013, as well as new mid-sole production, starting in April 2013 onwards. For February hiring, factory has sent the notification to the terminated workers on December 3, 2012 on the upcoming vacancies (total of 43 workers + 2 staff). No response received yet. This is to be reviewed further, when the actual hiring will take place in the factory.

1. Completed. Worker interviews did not reveal any practice refraining them to join a union, including the signing of "no union pledge" papers.

2. Pending. Factory has not framed written FOA and Collective Bargaining Policy. Factory has not communicated such policy to workers, as there is no written policy document framed.



3. Pending. Factory has not developed a Non-Retaliation Policy.

adidas June 2012 Update:

1, 2. Pending. Factory has not framed written FOA and Collective Bargaining Policy. Factory has not communicated such policy to workers, as there is no written policy document framed.

3. Pending. Factory has not developed a Non-Retaliation Policy.

4. Based on hiring records, factory manpower strength has reduced to 68, due to low production. However, there are 6 newly-hired workers; none are from the terminated group of workers, because different skill requirements were needed (1 electrician, 1 press supervisor (earlier he used to be a packing helper), 1 housekeeper, 1 helper in admin, and 2 helpers in store). Factory management stated that HR Manager has contacted previously terminated workers through worker's colleague from the nearby location of terminated workers. Factory has not made any written communication, such as a letter to workers who were previously terminated regarding the availability of vacancies in the factory, in order to give preference to these workers in new recruitment. Factory needs to send the communication in writing to workers by mail or through any other suitable manner about the opportunity provided to terminated workers and contact workers regarding the hiring process, once there is a opportunity. Evidence to be kept by the factory for review.

adidas December 2011 Update:

1, 2. Pending. Factory has not developed written FOA and Collective Bargaining Policy; hence, no communication on such policy to workers has been completed.

3. Pending. The factory has not developed a written non-retaliation policy.

4. Based on hiring records, factory hired 5 workers in the press department; 3 out of 5 workers hired in the press department were part of the group of terminated workers. Workers have been resigning from the factory due to low work, thus, the hiring is to fill in the vacant positions. The remaining employees hired are not from the terminated group of workers, as different skills were required (2 press operator, 8 stock-fitting workers, 2 production supervisors, 1 account assistant, 1 sweeper, 2 electricians, 2 buffing operators). Factory stated that they have contacted previously-terminated workers through workers' colleague from the same village or area of the terminated workers. There is no written communication made and no evidence kept to be reviewed. Factory needs to send the communication in writing to workers by mail about the opportunity provided to the terminated workers and contact workers for the hiring process once there are opportunities. Evidence or record of communication is to be kept in factory for review. To be reviewed.

Plan No
Complete:

Plan
Complete
Date:

Freedom of Association: Anti-Union Discrimination/Dismissal, Other Loss of Rights, and Blacklisting

FOA.12 Employer shall not engage in any act of anti-union discrimination, i.e. shall not make any employment decisions which negatively affect a worker, based wholly or in part on a workers' union membership or participation in union activity, including the formation of a union, previous employment in a unionized facility, participation in CB efforts or in a legal strike. Employment decisions include: hiring; termination; job security; job assignment; wages; bonuses; allowances; compensation and benefits; promotion; downgrading; transfer; (vocational) training; discipline; and assignment of work and conditions of work. The use of blacklists used to contravene the exercise of the right to FOA also constitutes anti-union discrimination. (S)

Noncompliance

Explanation: According to worker and management interviews, the factory terminated 43 workers in July 2010, as they wanted a union to address issues like overtime, canteen facilities, etc. After the termination, the factory has mentioned to its current workers to sign a statement that they will not form a union.

Plan Of Action: Per SEA team's internal investigation, factory management experienced a reduction in orders, which resulted in a reduction of workers. Prior to termination, the factory had implemented temporary layoffs. Workers are sent home during the period, but still received salary. Based on documentation review, termination was done based on selection criteria, such as department and length of service; there is no evidence that the selection criteria were done based on worker's preference of a union. During this reduction of personnel, there was also an organization attempt from a local trade union outside the factory, which included some workers from this factory. However, during the investigation, it was verified that factory management asked workers to sign the petition stating that they do not need a union.

Factory management must respect workers' rights to exercise their FOA rights by:

1. Developing a FOA and Collective Bargaining Policy and communicate the policy clearly to all employees.
2. The FOA and Collective Bargaining policies should be reflected and implemented consistently in all aspects of employment.

3. Factory management should create and implement a non-retaliation policy expressing the factory's commitment to ensure that no workers will receive retaliation for exercising this right.

4. If there are hiring opportunities, the factory must provide priority to the terminated workers to apply for the jobs as per skills and competencies required.

Deadline Date: 05/30/2011

Action Taken: adidas October 2013 update:

1. Pending: Factory still running on low production and working under capacity hence no significant recruitment has happened in the recent past. However, factory management is expecting an increase in production in February 2014. The factory has also sent letters via registered post to all terminated employees. Out of 45 employees, 3 employees have been reinstated and have been reappointed. The rest of the workers did not turn up. The issue will be verified in follow up visits.

2, 3. Pending. Factory has not developed policy on Freedom of Association and Non Retaliation.

adidas January 2013 Update: Factory has been running on low production due to low business, at only 25% of its actual capacity. Factory is expecting an increase in production in February 2013, as well as new mid-sole production starting in April 2013 onwards. For February hiring, the factory has sent notification to the terminated workers on December 3, 2012, on the upcoming vacancy (total of 43 workers + 2 staff). No response received yet. This is to be reviewed further, when the actual hiring takes place in the factory.

1. Completed. Worker interviews did not reveal any such practice refraining them from joining a union.

2. Pending. Factory has not framed written FOA and Collective Bargaining Policy. Factory has not communicated such policy to workers, as there is no written policy document framed.



3. Pending. Factory has not developed a Non-Retaliation Policy.

adidas June 2012 Update:

1,2. Pending. Factory has not framed written FOA and Collective Bargaining Policy. Factory has not communicated such policy to workers, as there is no written policy document framed.

3. Pending. Factory has not developed a Non-Retaliation Policy.

4. Based on hiring records, factory manpower strength is reduced to 68, due to low production. However, there are 6 newly hired workers and none are from the terminated group of workers, due to the different skill requirements needed (1 electrician, 1 press supervisor (earlier he used to be a packing helper), 1 housekeeper, 1 helper in admin, and 2 helpers in store). Factory management stated that HR Manager has contacted previously terminated workers through worker's colleague from the nearby location of terminated workers. Factory has not made any written communication, such as a letter to workers who were previously terminated, regarding the availability of vacancies in the factory, in order to give preference to these workers in new recruitment. Factory needs to send the communication in writing to workers by mail or through any other suitable manner about the opportunity provided to terminated workers and contact workers for hiring process once there is a opportunity. Evidence to be kept by the factory for review.

adidas December 2011 Update:

1, 2. Pending. Factory has not developed written FOA and Collective Bargaining Policy; hence, no communication on such policy to workers has been completed.

3. Pending. The factory has developed no written non-retaliation policy.

4. Based on hiring records, factory hired 5 workers in the press department; 3 out of 5 workers hired in the press department were part of the group of terminated workers. Workers have been resigning from the factory due to low work; thus, the hiring is to fill in the vacant positions. The remaining employees hired are not from the terminated group of workers, as different skills were required (2 press operator, 8 stock-fitting workers, 2 production supervisors, 1 account assistant, 1 sweeper, 2 electricians, 2 buffing operators). Factory stated that they have contacted previously terminated workers through workers' colleague from the same village or area of the terminated workers. There is no written communication made and no evidence for review has been kept. Factory needs to send the communication in writing to workers by mail about the opportunity provided to the terminated workers and contact workers for the hiring process once there are opportunities. Evidence or record of communication is to be kept in factory for review. To be reviewed.

Plan No
Complete:

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: According to worker and management interviews, the factory has a Grievance Committee and a suggestion box to address the concerns of the workers. Worker interviews confirmed the existence of the committees and the box; however, the grievance system is not very effective, as some of workers' issues are not addressed at all.

Plan Of Action:

1. Factory is to review its current grievance procedure to ensure that it has proper steps to review, investigate, and respond to all grievances in a timely manner.
2. All workers responsible for handling grievances should receive verbal training on how to implement the grievance system.
3. Assign a responsible person to handle the implementation of the grievance system, and monitor the implementation regularly.
4. Once grievance procedure is enhanced, it should be verbally communicated to all workers during induction trainings and ongoing refresher course.

Deadline Date: 06/30/2011

Action Taken: [adidas June 2012 Update: Completed:](#)

1. Factory has reviewed its grievance procedure to ensure that it has proper steps to review, investigate, and respond to all grievances in a timely manner.
2. All workers responsible for handling grievances have received verbal training on how to implement the grievance system.
3. [Employee name], Head Admin & Accounts, is the person responsible for handling the implementation of the grievance system, and monitoring the implementation regularly.
4. Grievance system is verbally communicated to all workers during induction trainings and ongoing refresher course.

Plan Complete: Yes

Plan Complete Date: 06/30/2012

Harassment or Abuse: General Compliance Harassment or Abuse

H&A.1 Employers shall comply with all local laws, regulations and procedures concerning discipline, violence, harassment and abuse. (S)

Noncompliance

Explanation: Factory has a policy and procedure on harassment or abuse. Factory has also set up an Anti-Sexual Harassment Committee. However, the committee is not in compliance with the local law, as instead of being headed by a woman, it is headed by a male management representative. Additionally, there is no nomination of a representative of a non-governmental organization or any other body, which is working for the cause of the upliftment of women and is familiar with the issue of sexual harassment. Legal Reference: The Supreme Court guidelines and the The Sexual Harassment of Women at the Workplace (Prevention and Redressal) Bill, 2004 (later revised in 2006) have made it explicit that it is mandatory on the part of an employer to ensure an environment free from the threat of any kind of sexual harassment and exploitation. The Supreme Court has mandated every organization to have a committee to address incidents of sexual harassment in the workplace.

Plan Of Action:

1. Factory is to review the Non-Harassment Committee and its composition to ensure compliance as per local law.
2. A woman should head the Complaints Committee and no less than half of its members should be women.
3. Additionally, in order to prevent the possibility of any undue pressure or influence from senior levels, the Complaints Committee should involve a third party, either NGO or other body who is familiar with the issue of sexual harassment.

Deadline Date: 06/30/2011

Action Taken: adidas October 2013 Update: Pending. Factory has developed a policy on the prevention of sexual harassment without the participation of third party, civil society group or credible expert on the subject. Factory has been advised to follow Supreme Court guideline in order to have functional committee on Sexual Harassment.

adidas January 2013 Update:

1. During the visit, all female employees were on leave due to a local festival. This is to be verified on the next visit.

3. Pending. No participation of third party/NGO or any other body who is familiar with the issue of sexual harassment.

adidas June 2012 Update: 1. Ongoing. Factory has followed guidelines framed by the Supreme Court and the Sexual Harassment of Women at the Workplace Bill 2004 (Revised in 2006) has also reviewed the Non-Harassment Committee, its composition, functions and roles and responsibilities of members to ensure local law compliance. Committee members' objectives, responsibilities, and roles have not been communicated and workers were found to not be aware about policy, procedure, and functioning of the committee. Committee only exists in writing, as workers' understanding is very poor.

2. Completed. A woman heads the Complaints Committee and half of its members are women.

3. Pending. There is no participation of a third party or NGO or any other body who is familiar with the issue of sexual harassment.

1. Factory has followed the Supreme Court guidelines, The Sexual Harassment of Women at the Workplace (Prevention and Redressal) Bill, 2004 (later revised in 2006) and has also reviewed the Non-Harassment Committee and its composition to ensure compliance as per local law. However committee objective, obligations of committee, and roles of members have not been communicated and workers were found to not be aware about policy, procedure, and functioning of committee. Since workers' understanding on committee is not adequate, committee is only documented and not functional.

2. A woman now heads the Complaints Committee and half of its members are women.

3. Factory has not yet involved any third party or NGO or other body who is familiar with the issue of sexual harassment.

Plan No
Complete:

Plan
Complete
Date:

Code Awareness:

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

Noncompliance

Explanation: The factory has not received adidas' Code of Conduct (COC).

Plan Of Action: adidas to send the Workplace Standards in English and local language spoken by workers.

Deadline Date: 05/30/2011

Action Taken: [adidas June 2012 Update](#): Completed: Workplace Standards is available in English and local language spoken by workers, i.e., Hindi.

Plan Complete: Yes

Plan Complete Date: 06/30/2012

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: The code of conduct is not posted and has not been communicated to the workers.

Plan Of Action:

1. adidas to send the Workplace Standards in local language.
2. Once factory receives the Workplace Standards, the factory is to conduct communication and training to employees.

Deadline Date: 06/30/2011

Action Taken: [adidas December 2011 Update](#): Completed:

1. Workplace Standards is available in local languages.
2. Factory has conducted Workplace Standards training and communicated it to the employees.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: Neither workers nor management are aware of the confidential noncompliance reporting mechanism, which allows factory workers to contact the company directly.

Plan Of Action: 1. adidas to send the SEA Hotline poster in local language. Hotline poster contains information for workers in case workers have problems or grievances at work; workers can communicate to factory's management to have the issues settled. In the case that issues remain unsettled, workers can contact SEA; the contact details of SEA are provided on the posters.

2. Once the factory has received the hotline poster, the factory is to post the hotline posters in prominent places in the factory and conduct communication to employees.

Deadline Date: 06/30/2011

Action Taken: [adidas December 2011 Update](#): Completed.

1. Hotline poster is now available in local language. Hotline poster contains information for workers in case workers have problems or grievances at work.

2. Factory has posted the hotline posters in prominent places in the factory, including on the notice board, and has conducted verbal communication to employees.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

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: According to visual observation, the evacuation plan posted is in English and not in the language understood by majority of the workers (Hindi).

Plan Of Action: Factory is to review all evacuation plans and put local languages into the evacuation plan.

Deadline Date: 06/30/2011

Action Taken: [adidas December 2011 Update](#): Completed. All evacuation plans are now displayed in prominent places on the floor in both languages, i.e., Hindi and English.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

Health and Safety: Safety Equipment and First Aid 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: According to visual inspection, the factory has provided first aid boxes in each production section. However, the contents of the boxes were not as prescribed by law.

Plan Of Action:

1. Factory must develop a system to ensure that first aid materials are completely available as per requirements of SEA standards and local law. First aid materials must be available and within the "use by" date. Clinic must develop a system to check expiration dates of medicine. Proper recording of first aid kit materials need to be done and kept on file.
2. Designate a responsible person to handle and monitor the implementation of the first aid monitoring system.

Deadline Date: 06/30/2011

Action Taken: [adidas December 2011 Update](#): Completed.

1. Factory has developed a system to ensure that first aid materials are completely available as per requirements of SEA standards and local law. First aid materials are available and within the "use by" date. System has been developed to check expiration dates of medicine. Proper recording of first aid kit materials maintained.
2. Trained designated responsible person is now available to handle and monitor the implementation of the first aid monitoring system.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

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: Visual observation revealed that some workers were either not provided or did not wear necessary personal protective equipment (PPE) (masks, hand gloves). Earplugs were provided only at the buffing section, and were not used, even though the noise level is very high.

Plan Of Action: 1. Factory to provide appropriate PPE for workers, as per type of work and risk associated (i.e., carbon masks, gloves, earplugs), and conduct training to workers on how to wear PPE correctly.

2. Develop procedure on PPE and conduct regular monitoring on the implementation.

Deadline Date: 06/30/2011

Action Taken: [adidas December 2011 Update](#): Completed.

1. Factory has provided appropriate PPE for workers, as per type of work and risk associated (i.e., carbon masks, gloves, earplugs), and training programs are conducted for workers on how to wear the PPE correctly.

2. Factory has developed procedure on PPE and conducted regular monitoring on the implementation. Trainings are mostly provided verbally.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

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: Visual observation and worker interviews revealed that the hazardous materials stored in the stores section are not labeled in the local language. Secondary containment for diesel barrels outside the generator room is not adequate to hold large quantities. 1 diesel barrel was without secondary containment.

Plan Of Action:

1. Clearly label all chemical drums, containers, and dispensers.
2. Effective secondary containment system must be provided for all liquid chemical containers and meet SEA requirements for the size of secondary containment. (The volume capacity of the secondary containment should be at least 10% of the total chemical volume being stored within it, but in no case should it be less than the volume of the single largest container within the secondary containment).

Deadline Date: 06/30/2011

Action Taken: [adidas December 2011 Update](#): Completed.

1. Chemical containers are clearly labeled.
2. Effective secondary containment system provided for all liquid chemical containers; secondary containment meets SEA size requirements.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

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: The MSDS of chemicals used are not posted in the stores. It was also observed that the person responsible for storage of raw material in the stores section is unaware of either the MSDS or the risks of the chemicals being used.

Plan Of Action:

1. Factory is to post MSDS prominently where chemicals are used and stored.
2. Develop procedure on chemical handling and conduct training for all workers who work with chemicals on safe chemical handling.

Deadline Date: 06/30/2011

Action Taken: [adidas December 2011 Update](#): Completed.

1. Factory displayed MSDS prominently where chemicals are used and stored.
2. Procedure is in place on chemical handling and verbal training on safe chemical handling for all workers who work with chemicals is being provided regularly.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

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: Visual observation revealed that there is no casing for the compressor's conveyor belt, which could pose a hazard for workers.

Plan Of Action:

1. Factory is to install casing for the compressor's conveyor belt.
2. Factory is to develop a machine safety procedure to ensure that appropriate safety devices are provided to control the risk of accidents on dangerous machines (e.g., rotating parts, blade/sharp parts), such as covers, safety guards, two-handed operation switches, etc., and conduct training to workers who work with machines/equipment.
3. Designate a responsible person to monitor the implementation.

Deadline Date: 06/30/2011

Action Taken: [adidas December 2011 Update](#): Completed.

1. Factory has installed casing for the compressor's conveyor belt.
2. Factory developed a machine safety procedure to ensure that appropriate safety devices are provided to control the risk of accidents on dangerous machines, and training to workers who work with machines/equipment is provided regularly.
3. Maintenance person is responsible for monitoring the implementation.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

Health and Safety: Bodily Strain

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

Noncompliance

Explanation: Visual observation and worker interviews in the packing and hand trimming areas revealed that they have to work standing for long hours; no stools are provided for them.

Plan Of Action: Factory is to make suitable sitting arrangements for all workers working in a standing position, so they may take advantage of any opportunities to rest, which may occur in the course of their work.

Deadline Date: 06/30/2011

Action Taken: [adidas December 2011 Update](#): Completed. Factory has provided sitting stools for all workers working in a standing position, so they may take advantage of any opportunities to rest, which may occur in the course of their work.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

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: It was observed that the sick room was kept locked on the day of the audit.

Plan Of Action: Develop clear procedure for sick room to include provision for factory to keep sick room open during working hours.

Deadline Date: 05/30/2011

Action Taken: Procedure for sick room made by the factory. Sick room was opened at the time of audit. Workers interviewed confirmed that they could use the sick room facility if needed.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

Health and Safety: Toilets/Restrictions

H&S.24 Employers shall not place any undue restrictions on toilet use in terms of time and frequency.
(P)

Noncompliance

Explanation: According to worker interviews and visual observation, workers have restrictions to toilets and have to carry a toilet pass.

Plan Of Action: 1. Factory must immediately stop the practice of restricting toilet access with card pass.

2. Factory management is to develop procedure for free access to toilets for employees at any time without any restriction. Policy is to state a mechanism for workers to report any instances of restriction to the bathroom.

3. Once restroom policy is created, such should be communicated to all employees and supervisors.

4. Designate a responsible person to monitor the implementation.

Deadline Date: 05/30/2011

Action Taken: [adidas December 2011 Update](#): Completed.

1. Factory has stopped the practice of restricting toilet access with card pass and there is no card used by the factory as of now. Worker interview also confirmed the same.

2. Factory management has developed procedure for free access to toilets for employees at any time without any restriction.

3. Restroom policy is communicated to all employees and supervisors by verbal training on a regular basis.

4. HR Manager is responsible for monitoring the implementation.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

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: Visual observation found that workers drink from the taps located outside the production building. They are not provided with glasses for drinking water. Factory is providing potable water to its workers. Factory has installed a water purification system to the taps; through which workers fetch water in the bottles to drink. The Health Officer approves the source of the water supply. However, no analysis is done for the drinking water. There is no signage of "Drinking Water." Section 18 (2) of the Factories Act, 1948 states that Drinking Water points should be legibly marked "Drinking Water" in the language understood by majority of the workers.

Plan Of Action:

1. Factory is to conduct training for workers on using individual bottles or individual glasses for taking drinking water.
2. Factory is to develop procedure for drinking water test and keep documentation of any monitoring and test results. Monitoring must be conducted regularly and results must be kept up to date.
3. Put signage at all drinking water points in local language understood by workers.

Deadline Date: 06/30/2011

Action Taken: [adidas December 2011 Update](#): Completed.

1. Factory has conducted training for workers on using individual bottles or individual glasses for their drinking water.
2. Factory has developed procedure for drinking water test; monitoring reports and test results are available for review.
3. Signage at all drinking water points is available in local language understood by workers.

Plan Complete: Yes

Plan Complete Date: 12/31/2011

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: It was observed that the working hours of the 12 newly recruited workers (in their probation period) were not recorded.

Plan Of Action:

1. Factory is to develop related procedure on recruitment and working hours, to ensure all workers, including probationary workers: a) clock in and clock out at the start and end of the work period and b) get their time card at time of hire.
2. Factory is to designate a person responsible for both implementing and monitoring this procedure. Monitoring to be conducted regularly.

Deadline Date: 06/30/2011



Action [adidas December 2011 Update: Completed.](#)

Taken:

1. Factory has developed a procedure on recruitment and work hours that ensures all workers, including probationary workers, clock in and clock out at the start and end of work period. Also, workers get their time card at the time of hire. At the time of the audit, work hours records were available for all employees.

2. Factory has designated HR Manager as the person responsible for implementation.

Plan Yes

Complete:

Plan 12/31/2011

Complete

Date:
