

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

23 Aug 2021



Factory Information

FLA Affiliates	Nike, Inc
Country	India
Number of Workers	5898

Understanding this Report

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

FLA Code Element

Number of Violations

Compensation (C)	3
Employment Relationship (ER)	11
Forced Labor (F)	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	13
Hours Of Work (HOW)	1

Assessment Information

Assessor	Insync
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Assessment Date	23 Aug 2021
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Assessment Purpose	Factory Assessment (In-Person)
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ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.
Finding Details	<ol style="list-style-type: none"> 1. Time cards are not maintained with calculation records for terminal dues hence cannot verify accuracy of calculation of dues. 2. While compensatory rest day is provided to workers who work on rest days, hours worked on rest days is not compensated at overtime premium as legally required.
Recommendation for Immediate Action	<ol style="list-style-type: none"> 1. Time cards should be maintained with calculation records for terminal dues hence cannot verify accuracy of calculation of dues. 2. Hours worked on rest days should be compensated at overtime premium in addition to providing a compensatory rest day.
Compliance Classifications	Immediate Action Required
Local Law	Minimum wages Central Rules 1950- Rule 23(4): An employee shall be granted for rest day wages calculated at the rate applicable to the next preceding day and in case he works on the rest day and has been given a substituted rest day, he shall be paid wages for the rest day on which he worked, at the overtime rate and wages for the substituted rest day at the rate applicable to the next preceding day.
Benchmark ID	C.21.1
Benchmark Details	Employers shall provide all legally mandated benefits, including holidays, leave, bonuses, severance payments and 13th month payments to all eligible workers within legally defined time periods.

Finding Details	Wages for days worked prior to date of leaving employment and wages for unused leave, which are part of terminal dues, are to be paid within 2 working days post date of leaving employment according to law. To allow for calculation of payments and ensure compliance with legally defined timelines, workers are released from employment 2 to 8 days post date of resignation from employment and dues are paid within 2 days from date of leaving employment as was noted from records reviewed for 10 sampled workers. This could be a risk for FLA Benchmark F.2 (retaining services of workers) past their written expression to leave employment.
Recommendation for Immediate Action	Wages for days worked prior to date of leaving employment and wages for unused leave, which are part of terminal dues should be paid within 2 working days post date of leaving employment. Date of release from employment should not be delayed to accommodate timely payments.
Compliance Classifications	Immediate Action Required
Local Law	The Factories Act, 1948- Section 79 (3)(1): If a worker is discharged or dismissed from service or quits his employment or is superannuated or dies while in service, during the course of the calendar year, he or his heir or nominee, as the case may be, shall be entitled to wages in lieu of the quantum of leave to which he was entitled immediately before his discharge, dismissal, quitting of employment, superannuation or death calculated at the rates specified in sub-section (1). Factories Act 1948, Chapter VIII section 79. Annual leave with wage (3)- If a worker is discharged or dismissed from service or quits his employment or is superannuated or dies while in service, during the course of the calendar year, he or his heir or nominee, as the case may be, shall be entitled to wages in lieu of the quantum of leave to which he was entitled immediately before his discharge, dismissal, quitting of employment, superannuation or death calculated at the rates specified in sub-section (1), even if he had not worked for the entire period specified in sub-section (1) or sub-section (2) making him eligible to avail of such leave, and such payment shall be made-- i) where the worker is discharged or dismissed or quits employment, before the expiry of the second working day from the date of such discharge, dismissal or quitting.
Benchmark ID	C.15.1.5

Benchmark Details	Employers shall provide workers a pay statement each pay period and not less frequently than once a month, which shall show bonuses.
Finding Details	Payslip does not include bonuses as bonuses are paid annually.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Employment Relationship (ER)

Benchmark ID	ER.1.2
Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.
Finding Details	1. In the past 12 months training on FLA code elements was conducted for 50% of workers. 2. In the past 12 months, training was provided to 36 out of 90 canteen workers on health and safety/hygiene.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.5.1

Benchmark Details	Employers shall ensure that all supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance.
Finding Details	In the past 12 months, training was conducted for 25 % of supervisors and managers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.17.1
Benchmark Details	Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, worker committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives.
Finding Details	1. Requirement of maintaining documentation is not included in written procedures for Grievance systems. 2. Factory has not formed a grievance committee as legally required. 3. Some concerns logged for grievances reported through multiple channels states the concern is closed, however it does not provide information on the actions taken to close the concern. E,g Supervisor verbally harassing female worker. Action taken does not state if the supervisor was counseled or a written disciplinary action was taken against the supervisor.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	Industrial Disputes Act 1947- Section 9C (1): Setting up of Grievance Redressal Machinery: Every industrial establishment employing twenty or more workmen shall have one or more Grievance Redressal Committee for the resolution of disputes arising out of individual grievances.
Benchmark ID	ER.15.1
Benchmark Details	Employers shall have in place a procedure for determining termination payouts, including methods for correct assessment of payouts for all modes of termination/retrenchment, taking into account national legal requirements.
Finding Details	In the past 12 months, specific training on Covid-19 was provided to 550 out of 1426 supervisors and managers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.1
Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.

Finding Details	Recruitment and hiring policy does not define factory's objective clearly. Written procedures do not match with factory practices. E,g. Recruitment of workers is managed by CSD (Cheyyar SEZ Developers) which is a separate legal entity and group company of Fengtay Group which owns the factory. There is no information on the type of documentation that will be maintained, the review period of employment documentation and the responsible person. Written procedures on non-discrimination does not provide adequate information on the implementation of the policy. E.g. Information on how factory will ensure fair evaluations, promotions or job assignments. The factory does not have written procedures on forced labor. Policy defines non employment of children below 18 years. Per local laws persons below 15 years are considered as Child labor. Written policy and procedures do not communicate objectives and define procedures to be followed for reasons for termination of employment. Information on methods of calculation for types of termination , payment process and timelines for payment is not included.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.6.1
Benchmark Details	Employers shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.
Finding Details	A written policy on "Group Change" does not define the objectives of personnel development that encourage ongoing training of workers. Group change implies change in job designation.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.7.1
Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
Finding Details	Written procedures do not include information on documentation that will be maintained, linkages to job grading, nondiscrimination and written feedback.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.8
Benchmark Details	Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, are provided in writing and seek feedback from employees in writing, and follow all local legal requirements.
Finding Details	Written procedures do not include information on documentation that will be maintained, demotion and job reassignment.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.4
Benchmark Details	Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas.
Finding Details	Specific training on Covid-19 was provided 2439 out of 4357 workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.19.1
Benchmark Details	Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.

Finding Details	<p>1. Recruitment of workers is managed by a separate legally registered entity and member of the group which owns the factory. The factory ownership is legally permitted to develop and manage the recruitment group, however, it is not legally registered to recruit workers. 2. Letter to communicate promotion and increment is not provided to workers. Workers sign on a reclassification form which indicates promotion only, with no information on wage increase. 3. Information on criteria for the evaluation of performance is not included in the Employee Hand Book. 4. Designation of worker and information on benefits and calculation of contributions towards the benefits is not provided on appointment letter. 5. Appointment letter for 90 outsourced canteen workers employed in the factory through a service provider does not provide specific information on calculation and deductions, and instead states deductions will be made and benefits will be provided as legally required. 6. As a practice, when workers are moved to other factories within the group, they resign from employment at the 1st factory and are reemployed in the 2nd factory instead of being transferred. However, unused leave from earlier employment and calculation of service benefit (gratuity) is calculated from the date of hiring at 1st factory. The practice contradicts the procedures of termination of employment and hiring.</p>
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.
Finding Details	<p>Policies are based on legally provided guidelines. Workers are not consulted or integrated in the decision-making process of aspects concerning workplace and working conditions (e.g., creation or revision of policies and procedures, changes on production processes, hours of work, etc.)</p>

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Forced Labor (F)	
Benchmark ID	F.7.1.6
Benchmark Details	Employers shall not utilize, nor shall they use employment agencies or intermediaries that utilize, practices that restrict any worker's freedom of movement, or ability to terminate their own employment, or that create a threat of penalty. Examples of such practices include, but are not using false information to recruit workers.
Finding Details	Some awareness on recruitment practices is provided, however complete information, like requirement of basic medical checks upon the recruitment process, is not clearly communicated to candidates.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Harassment Or Abuse (H/A)	
Benchmark ID	H/A.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning discipline, violence, harassment and abuse, including that which is gender-based

Finding Details	1. Sensitization programs on Harassment of women at workplace does not include penal consequences on harassment. 2. Information gathered from Internal complaints committee revealed that when investigations of verbal complaints results in closure due to lack of evidence, the complaint is not documented.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	1. Sexual harassment of women (prevention, prohibition & redressal) at workplace act 2013- section 19(c): Every employer shall organize workshops and awareness programs at regular intervals for sensitizing the employees with provisions of the act.

Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.1
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	1. Some areas in toe cap moulding section and deep well pressing stations are congested restricting easy and free movement of workers. Access to passages from some work areas in stitching sections was restricted by bins on either sides. In some work stations in stitching section, workers were sitting back to back with restricted space between back rests. In the non ionization radiation section, 4 workers applying adhesives were sitting adjacent to each other This could restrict quick and easy evacuation in case of an emergency. , 2. One of the two exit doors from laser cutting section is sliding type. Locking arrangement is not provided to ensure door is kept open during working hours.

Recommendation for Immediate Action	1. Access to passages from work stations should be maintained clear at all times. 2. Exit door should realigned to open outwards.
Compliance Classifications	Immediate Action Required
Local Law	1. Factories Act, 1948-Section 16 (2): There shall be in every workroom at least 14.2 cubic meters of space for every worker employed therein. Factories Act, 1948- Section 38 (1) (a): In every factory, all practicable measures shall be taken to prevent outbreak of fire and its spread, both internally and externally, and to provide and maintain safe means of escape for all persons in the event of a fire. 2. Tamil Nadu Factories Rules 1950 , Schedule 1, Section 61 - Fire Protection subsection 9(u)- Exit doorways shall open outwards, that is, away from the room but shall not obstruct the travel along any exit. No door when opened shall reduce the required width of stairway or landing to less than 90 cm overhead or sliding doors shall not be installed for this purpose.
Benchmark ID	HSE.5.1.6
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: evacuation procedures and fire drills
Finding Details	Factory does not conduct an assessment after the drill to learn how to improve the evacuation process.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.5.1.3
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of emergency lighting

Finding Details	Emergency lights are missing above 2nd exit from embroidery section and above both exits from Laser cutting section.
Recommendation for Immediate Action	Install emergency lights above 2nd exit from embroidery section and above both exits from Laser cutting section.
Compliance Classifications	Immediate Action Required
Local Law	Tamil Nadu Factories Rules 1950 , Schedule 1, Section 61 - Fire Protection subsection 9(e)-The exits shall be clearly visible and suitably illuminated with suitable arrangement, whatever artificial lighting is to be adopted for this purpose, to maintain the required illumination in case of dilute of the normal source of electric supply.
Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	Chemicals stored in Injection Phylon section were not labeled. Spill response kit provided in Injection Phylon section has a broom and collection tray.
Recommendation for Immediate Action	Label chemicals stored in Injection Phylon section sand provide broom and collection try in spill response kit provided in Injection Phylon section.
Compliance Classifications	Immediate Action Required
Local Law	Factories Act, 1948-Section 7A (2b): Every occupier should have arrangement in the factory for ensuring safety and absence of risk to health in connection with the use, handling, storage and transport of articles and substances.
Benchmark ID	HSE.19

Benchmark Details	All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.
Finding Details	1. Factory does not provide workers with materials to clean or disinfect their workplaces. 2.Dust bins from female toilets are cleared once in 2 days and not everyday. This may not be a hygienic practice. 3. Cooks are not provided with appropriate aprons to prevent burn injury in case of accidental spill of hot oil or hot water while cooking.
Recommendation for Immediate Action	1. Dust bins should be cleaned daily to maintain hygiene in toilets. 2.Cooks should be provided with appropriate aprons to prevent burn injury in case of accidental spill of hot oil or hot water while cooking.
Compliance Classifications	Immediate Action Required
Local Law	Factories Act, 1948-Section 19(1) (a) : In every factory, sufficient latrine and urinal accommodation of prescribed types shall be provided conveniently situated and accessible to workers at all times while they at the factory. Factories Act, 1948-Section 19(1) (d): All such accommodation shall be maintained in a clean and sanitary condition at all times.
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	Eye shields installed on most stitching machines have scratches restricting clear view of needle point for the machine operators. Hence eyeshields were pushed aside and not used.
Recommendation for Immediate Action	Damaged and scratched eye shields on stitching machines should be replaced to allow usage by workers.
Compliance Classifications	Immediate Action Required

Local Law	Factories Act, 1948-Section 7A (2b): Every occupier should have arrangement in the factory for ensuring safety and absence of risk to health in connection with the use, handling, storage and transport of articles and substances.
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	1. Access to hazardous waste stored in injection phylon section is not restricted. 2. Factory does not ensure that all training sessions allow for proper distancing 3. Factory has not posted information on room capacities to allow for at least 1 meter distance between individuals, at all relevant locations 4. Maximum occupancy is not posted at the entrance of all worker common areas to limit the number of workers inside at a given time. 5. Factory has not taken steps to improve ventilation. 6. Factory has not made any arrangements for in & out times and break times to prevent delays and queues at the entrances and exits. 7. Factory had not reduced the number of workers in each room, to minimize the risk of COVID-19 transmission 8.Factory does not ensure that workers do not share any personal items such as: cutlery, cups, straws, water bottles, or cosmetics
Recommendation for Immediate Action	1. Access to storage area for hazardous material in Injection phylon section should be restricted. 2. Factory should ensure that all training sessions allow for proper distancing. 3. Factory should post information on room capacities to allow for at least 1 meter distance between individuals, at all relevant locations 4. Maximum occupancy should be posted at the entrance of all worker common areas to limit the number of workers inside at a given time. 5. Factory should taken steps to improve ventilation. 6. Factory should make arrangements for in & out times and break times to prevent delays and queues at the entrances and exits. 7. Factory should reduce the number of workers in each room, to minimize the risk of COVID-19 transmission 8.Factory should ensure that workers do not share any personal items such as: cutlery, cups, straws, water bottles, or cosmetics
Compliance Classifications	Immediate Action Required

Local Law	Factories Act, 1948-Section 7A (2b): Every occupier should have arrangement in the factory for ensuring safety and absence of risk to health in connection with the use, handling, storage and transport of articles and substances.
Benchmark ID	HSE.17.2
Benchmark Details	Employers shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.
Finding Details	In the past 12 months, training ergonomics, including lifting techniques was conducted for 506 out of 4357 workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.30.2.6
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system including a HS&E risk assessment within which the following are clear and regularly tested and reviewed:protections to workers who allege health, safety, and environmental violations;
Finding Details	Risk assessment conducted internally by the safety officer does not identity source for the risk, probability of the risk , or information on number of persons who would be impacted and controls (administrative and Engineering).
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Benchmark ID	HSE.7
Benchmark Details	Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.
Finding Details	Factory did not provided additional COVID-19 related PPE, such as; face masks and gloves as a regular practice. When requested by workers, masks are provided.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.8
Benchmark Details	Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.
Finding Details	In past 12 months, training regarding PPE usage and maintenance was conducted for 1422 out of 4357 workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.14.2

Benchmark Details	Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use.
Finding Details	In past 12 months, training to workers on operating machinery and vehicles was conducted for 1422 out of 4357 workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.17.1
Benchmark Details	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.
Finding Details	1. Sitting areas are not provided for workers with standing jobs. 2. Anti fatigue mats are not provided to few workers in finishing and packing sections and embroidery section. 3. Workers with sitting jobs in logo embossing section were sitting on hard wooden chair. This could cause bodily injury.
Recommendation for Immediate Action	1. Provide sitting areas for workers with standing jobs. 2. Provide where ever missing, anti fatigue mats to workers in finishing and packing sections and embroidery section. 3. Provide appropriate sitting arrangement to workers with sitting jobs in logo embossing section to reduce bodily injury.
Compliance Classifications	Immediate Action Required

Local Law	<p>1. Factories Act 1948- Section 44 (1): In every factory suitable arrangements for sitting shall be provided and maintained for all workers obliged to work in a standing position, in order that they may take advantage of any opportunities for rest which may occur in the course of their work.</p> <p>2. Factories Act, 1948-Section 7A (2b): Every occupier should have arrangement in the factory for ensuring safety and absence of risk to health in connection with the use, handling, storage and transport of articles and substances.</p> <p>3. Factories Act, 1948-Section 7A (2b): Every occupier should have arrangement in the factory for ensuring safety and absence of risk to health in connection with the use, handling, storage and transport of articles and substances.</p>
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Hours Of Work (HOW)

Benchmark ID	HOW.22.1
Benchmark Details	Employers shall have in place policies for managing all working hour, overtime, and leave records in normal and exceptional circumstances.
Finding Details	Information on the requirement to maintain documentation and the responsible person is not provided in written policy on hours on work.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

