



FAIR LABOR  
ASSOCIATION<sup>®</sup>

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Nike, Inc  
COUNTRY: India  
ASSESSMENT DATE: 09/23/16  
ASSESSOR: Insync Global  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 3325

## Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

1. There is a written policy on Personnel Development but not on Recruitment and Hiring.
2. There are no written procedures on Hiring, including the hiring of young workers.
3. There are procedures for Recruitment which define the Recruitment process for staff, sewing machine operators, and supervisors; however, they do not include procedures for the Recruitment of workers for other production processes (e.g., cutting, finishing, packing, housekeeping, security and canteen workers). The procedures for the Recruitment of sewing workers do not define the method of Recruitment (e.g., direct, use of recruitment agents, outsourced workers).
4. There are no policies or procedures on: a) performance reviews (including steps and processes, demonstrating linkages to job grading, prohibiting discrimination, providing written feedback, and complying with legal requirements), b) raising or broadening skills in order to advance workers in their careers, or c) steps, requirements, and written outcomes of promotion, demotion and reassignment provided to workers. Furthermore, the factory does not communicate any Personnel Development policies to the general workforce.
5. There is no written policy on Compensation, however, some documents or systems exist to manage wage and benefit payments. The written procedures on wages do not include the following information or requirements: a) the legally mandated benefits of the Provident Fund and state insurance, b) the calculation of contributions and benefits, c) methods of application to receive benefits, d) the withdrawal of benefits after the termination of employment, e) the requirement to maintain records, f) training requirements for supervisors and workers, g) the requirement to provide wage slips, h) bonus payments and their calculations, j) how workers can appeal their wages and benefits, and i) how appeals will be addressed by management. The leave policy defines the types and calculation of leaves but does not define the application and approval process.
6. There is no written policy on Hours of Work, however, there is a system in place to manage working hours. The procedures on Hours of Work do not define Extraordinary Business Circumstances, working hours for young workers, what a worker does should they miss punching their time card, or a requirement to train supervisors or workers on Hours of Work.
7. The Termination and Retrenchment procedures do not define timelines for the paying out of dues, the mode of payment (cash or check), methods for calculating final payouts, methods for documentation, the requirement to conduct trainings for supervisors and workers, or consultation meetings with worker or worker representatives before layoff decisions. The factory does not communicate its Termination and Retrenchment procedures to the general workforce.
8. There is a policy on Freedom of Association but not Industrial Relations; the document marked as a policy on Industrial Relations talks about Workplace Discipline and Grievance System, not Industrial Relations. There are no written procedures on Freedom of Association or Industrial Relations.
9. There is no written policy on Workplace Conduct, however, informal systems exist. The written procedures do not define the requirement to record all warnings and disciplinary actions, or filing requirements. Though the Workplace Conduct procedures allow for appeals against disciplinary action, it does not include details on the appeal process (e.g., how a worker can appeal, who is responsible for appeals, appeal timelines, communication with worker, etc.). The procedures define the need for management to address written complaints, however it does not include how verbal complaints will be addressed. The workplace rules do not define the action taken based on nature of misconduct. Procedures do not define the requirement to train employees. The handbook provided to workers during

orientation does not include a copy of the workplace rules. There are no written rules and regulations for workers residing in the dormitory.

10. The requirement to document grievances is not defined, though they are documented in the minutes of meeting of Works Committee. There is no policy on the principle of non-retaliation against workers who make complaints.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.14, ER.15, ER.16, ER.19, ER.23, ER.25 ER.27, ER.28, ER.29, ER.30, and ER.32)

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. The factory does not provide specific or ongoing training to supervisors or workers on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct, Grievance System, and Environmental Protection. Although some awareness on these topics is provided through orientation, the notice board, employee handbook and/or the annual awareness program, it is not adequate.

2. No specific training is provided to maintenance workers, however, some general awareness is provided. The factory has two fire brigade teams: a main fire brigade team (comprised of 90% female workers) and a back-up fire brigade team (comprised entirely of male workers). The factory has trained the main fire brigade team on the use of the firefighting equipment; however, the factory has not provided specific training to the back-up team (only general fire safety training) or has assigned it any special responsibilities. The factory does not provide safety instructions to external contractors.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16, ER.17 ER.19, ER.25. ER.27, and ER.27; Health, Safety & Environmental Benchmark HSE.5).

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Training process is on-going: Awareness sessions on the policy and procedures is being given through monthly forums, line meetings, PA announcement in Canteen etc. Safety training is given to maintenance workers on 06-01-2017.

#### Action Plan no 2.

##### Description

Safety training is given to maintenance workers on 06-01-2017. Annexure 2.2 - Safety training for maintenance workers

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

1. The factory has not defined a review period or process for the policies and procedures on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct, Grievance System, and Environmental Protection. The policies on Personal Development and Retrenchment were completed on August 29, 2016. The procedures on Environmental Protection were completed in May 2015 and have not been reviewed

since. The procedures on Compensation, Hours of Work, Freedom of Association, Workplace Conduct, and the Grievance System were last reviewed January 2, 2016. Termination policies and procedures were last reviewed February 2, 2016.

2. Although the factory reviewed the procedures for the prevention of sexual harassment on Jan 2, 2016, outdated legal references from 2013 have not been updated to reflect the 2015 revisions or include the name of the committee (the Internal Complaints Committee) and constitution of members, as per the applicable legal guidelines.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, and ER.25)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Review frequency is included as part of all procedures and policies. The same has been reviewed for the year 2017. The policy attachment calls out the dates when the policy was issued, the effective date along with the review date. ANNEXURE: Recruitment hiring and personnel development policy

### Action Plan no 2.

#### Description

A separate Internal Compliance Committee is formed for Sexual Harassment as per legal requirements on 6th February'2017.

## FINDING NO.4

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Recruitment, Hiring & Personnel Development

#### Finding Explanation

1. The factory only posts job descriptions for office staff and not for floor supervisors and workers.
2. New housekeeping workers do not fill out a designation of beneficiary (nomination) forms for legally mandated benefits along with other employment documents.
3. The probation period for all employees is six months, which does not comply local law or the FLA Code. Furthermore, the factory does not conduct any formal performance reviews during the probation period.
4. Clause 13 of the employment contract (appointment letter) states that if a worker does not report for work for eight consecutive days, his or her employment will be terminated, which does not comply with the law requiring formal warnings and inquiries prior to termination. A review of five records from terminated employees noted that legal procedures were not followed prior to termination of employment in all of the cases, suggesting this is an ongoing practice.
5. The factory has not implemented a system to identify young workers in the work areas.
6. The certificates of fitness for young workers do not include pictures of the worker, as legally required.
7. The factory nurse records the age of young workers on their Certificate of Fitness as 17, regardless of the age provided on their school-leaving certificate (a certificate provided by the workers as proof of age). This Certificate is then provided to the visiting government doctor for his signature. In August 2016, all certificates were sent to the doctor's residence for a signature; the date recorded on certificates was August 15, 2016 which was a National Holiday (Independence day), when the factory was closed which implies that the workers were not physically examined prior to issuing of the Certificate of Fitness. Based on the information gathered in worker interviews, none of the young workers had met with the doctor who had signed their certificates. In two of 30 such samples reviewed, the date of certification was not recorded at all.
8. The factory did not obtain a physical fitness certificate from a government certified doctor prior to hiring young workers (90 in total) between April and August 2016. This was the case for ten workers hired in April 2016, whose fitness certificates were obtained on May 20, 2016; for 74 workers hired in May, June and July 2016, whose fitness certificates were obtained on August 11, 2016; and for six workers hired on August 1, 2016, whose fitness certificates were obtained on August 15, 2016.

#### Local Law or Code Requirement

Factories Act 1948, Section 9; Industrial Employment (Standing Orders) Act, 1946, Section 13; FLA Workplace Code (Employment

#### Recommendations for Immediate Action

1. Change all existing workers' probation to three months; sign contracts with new workers with a probation period not exceeding three months.
2. Ensure employment contracts comply with all legal requirements and all legal procedures are followed prior to termination of employment.
3. Include picture of young worker is pasted and validated by certifying doctor to ensure that the certificate matches the worker.
4. Ensure that all young workers shortlisted for hiring meet the government certified doctor in person prior to being certified as physically fit to work. Ensure that the age on the certificate is recorded by the doctor post examination.
5. Ensure recruitment and hiring practices of young workers (below 18 years) comply with legal procedures and fitness certificates are obtained prior to hiring young workers.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

The factory has developed Job Descriptions for all category of workers and the same has communicated to all the members through forums, meeting and department meeting. Copy of the same is filed in the personal records

#### Action Plan no 2.

##### Description

The factory has incorporated the Clause 13 in the appointment letter. The unauthorized absent procedure is included in the Termination procedure under 'in-voluntary termination'. The factory will review the policy as and when there is a change with the review period not exceeding one year from date of last review. The procedures is been educated to works committee members, supervisors and during the induction programe.

#### Action Plan no 3.

##### Description

The factory has implemented a system to identify young worker as per below: 1. Different colour scarf introduced 2. Badge provided, 3. Young workers name with photo dispalyed in notice board. The awareness training is given to young workers, works committee members, recruitment team and Employee relations team.

#### Action Plan no 4.

##### Description

The factory has developed the young workers 'hiring process' in the Recruitment policy and the training is given to recruitment team and Employee relations team. Annexure 4.7 - RECRUITMENT & HIRING PROCEDURE

### FINDING NO.5

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. Wages are directly transferred to workers' bank accounts and workers receive wage slips; however, workers do not confirm the receipt of their wages in writing (e.g. signature).
2. The factory only allows workers to accumulated up to 15 days of paid leave instead of 30 days, as allowed by law. The factory pays workers for days of unused leave they have accumulated beyond the 15 days.
3. The factory provides wage slips in English to canteen workers and not in the local language (Tamil).
4. The factory deducts meal charges from workers' wages based on their attendance at work, rather than the number of meals workers actually eat at the factory canteen. For example, there are instances when resident and non-resident workers attend work but do not eat at the factory canteen (due to religious fasting or returning to the dormitory to eat), but the factory still deducts the cost of a meal from their wages because they are present at work.

5. The factory has obtained a stay order (legal appeal) against the revised Bonus Act of 2015 and has implemented the revised guidelines and paid arrears (difference between last bonus amounts paid and revised amounts). However, the calculation of amount paid is incorrect and the factory paid eligible workers INR 17 (USD 0.25) less than they were owed.

#### Local Law or Code Requirement

Factories Act 1948, Section 10; Payment Of Wages Act, 1936; FLA Workplace Code (Employment Relationship Benchmark ER.22; Hours of Work Benchmarks HOW.11 and HOW.14; Compensation Benchmarks C.1, C.5, C.13, C.14, and C.18)

#### Recommendations for Immediate Action

1. Allow earned leave to accumulate up to 30 days as permitted by law.
2. Provide wage slips in the local language to canteen workers.
3. Base meal deductions on actual number of meals eaten by the work at factory canteen rather than work attendance.
4. Ensure that the amount calculated and as per the revised Bonus Act of 2015 are accurate.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

The factory is issuing wage slip for all the workers every month. The factory has started to get the acknowledgement for receipt of wage slips from all the workers from November 2016 onwards.

### Action Plan no 2.

#### Description

The factory has started to follow the workers leave accumulation up to 30 days. The communication for 30 days leave accumulation is given to all employees in January 2017.

### Action Plan no 3.

#### Description

The Factory has developed the system to capture the meal charges based on the number of meals workers actually eat on daily basis. Anyone who is not consuming the food will fill the Meal Deductions Exemption Form. The form will be submitted to HR department on the day itself and factory will not deduct the cost of meal from employee wages. This was communicated to Management team during the Management review meeting on 6th March'2017 and the concurrence of the management team was taken.

The same will be communicated to entire workforce through communication Channels (Forums, PA System, notice Board etc.) in the month of June'2017.

## FINDING NO.6

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Hours of Work

#### Finding Explanation

1. All workers at the factory worked on July 10, 2016 which was a Sunday (a rest day). Though they were compensated at overtime rates as required by law, the factory did not provide a compensatory day off, as required by law, resulting in 13 days of continuous work.
2. The factory allowed workers under 18 years to work eight-hour shifts before obtaining the required certificate of fitness from a certified government doctor.
3. The factory does not have a system to identify pregnant and lactating women to ensure legal protection concerning Hours of Work, however all pregnant and lactating women currently at the factory are provided with the legal benefits.



#### Local Law or Code Requirement

Minimum Wages (Central) Rules, 1950, Rule 23 (4); Factories Act 1948; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.2, and HOW.5)

#### Recommendations for Immediate Action

1. Provide a compensatory day off for work done on rest days. Allow workers at least 24 hours of rest in every seven-day period.
2. Ensure young workers do not work eight-hour shifts unless they have been certified fit to work adult hours by the government authorized doctor.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Factory has a clear principle on compensatory day off. In case factory wants to work on weekly off/ National Holiday/Festival holiday will get approval from CEO. Based on the approval factory will work on rest days and compensatory off will be given to the employees. The procedures is included in Working Hours Policy. Factory will take every possible effort to avoid Sunday working to meet the compliance requirements. Annexure - 6.1 - Working Hours Policy

### Action Plan no 2.

#### Description

The factory has provided a separate identification for pregnant and lactating women. The same has been included in the system and the working hours of the special category of workers are meticulously followed.

### Action Plan no 3.

#### Description

The factory has started to follow hiring the young workers procedure as per following: a. Fitness Certificate with photograph from certified surgeon is must before the employee join the company. b. The list of young workers along with their photograph displayed in the notice board. c. The young worker is given different color scarf and badge for identification. Annexure 6.2 Young worker certificate Annexure 6.2 Young worker identification Annexure 4.53- Current Adolescent workers

## FINDING NO.7

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Termination & Retrenchment

#### Finding Explanation

1. The factory pays wages and other dues more than 30 days from the date of termination of employment instead of within 48 hours, as required by local law. In one of the five samples reviewed, a worker's resignation letter was dated March 9, 2016, however the date of payment of termination dues was March 5, 2016, indicating that the worker was paid final dues prior to management completing the termination documentation.
2. In two out of five samples reviewed, the management representative did not acknowledge receipt of the resignation letters, indicating that factory management does not follow the proper termination procedures.
3. None of the exit interview forms reviewed had entries recorded, signatures of supervisors or management representative. They were however signed by the concerned worker. Three out of five sampled forms were filled out in pencil instead of pen, which is a malpractice risk.

#### Local Law or Code Requirement

Industrial Employment (Standing Orders) Act, 1946, Section 13; Payment of Wages Act, 1936, Section 3; FLA Workplace Code (Employment Relationship Benchmark ER.19; Compensation Benchmark C.1)

#### Recommendations for Immediate Action

1. Pay termination wages and other dues within 48 hours of termination of employment.
2. Accurately monitor the payment process of terminal dues.
3. Ensure management representatives acknowledge the receipt of resignation letters (e.g., including the discussion with the concerned worker signed and dated by the responsible manager).

4. Ensure exit interview documents are completed by the concerned management representative and supervisor prior to obtaining worker's signature. Record all information in pen.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

The requirement of timely payouts is been included in the termination procedure and the procedure has been educated to works committee members, supervisors and during the induction programme for the month of January and February. Annexure 7.1 - termination procedure

### Action Plan no 2.

#### Description

Proper system is put in place to ensure all the exit interview forms are properly filled and signed by relevant authority. Detailed Training has been given to ER team who handle the exit interview process.

### Action Plan no 3.

#### Description

The factory has started to follow writing in pen instead of pencil in the exit interview forms which is filled by the employee. Proper system is put in place to ensure all the exit interview forms are filled by authorised persons and specific training has given to ER team who handle the exit interview process. Annexure 7.3 - Exit documents

## FINDING NO.8

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

- 1.The factory has not formed an Internal Complaints Committee as required by law to address the harassment of women in the workplace. Although there is a separate internal committee called Women Go Beyond (WGB) which addresses such instances along with other programs, this committee does not comply with legal requirements.
- 2.Verbal warnings are not documented.

#### Local Law or Code Requirement

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.27; Harassment or Abuse Benchmark H/A.1)

#### Recommendations for Immediate Action

Ensure the Internal Complaints Committee is formed as per legal guidelines.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

A separate Internal Compliance Committee is formed for Sexual Harassment as per legal requirements on 6th February'2017. ANNEXURE: 8.1 - INTERNAL COMPLIANCE COMMITTEE NAME LIST, MINUTES OF THE MEETING (Annexure 8.1 ICC & MOM)

### Action Plan no 2.

#### Description

Factory has started to documenting the verbal warnings from Nov'16 onwards.



## FINDING NO.9

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

1.The factory has not formed a Grievance Redressal Committee as per legal requirement. This function is currently being handled by the Works Committee (a joint worker-management committee, required by law).  
2.The grievance record does not include information on the action taken, the name of the responsible person, or the date of resolution. However, the reviewed past grievances were not substantial issues and concerned the quality of food and transportation. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 is not posted on the notice board, as required by law.

##### Local Law or Code Requirement

Industrial Disputes Act,1947; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.25)

##### Recommendations for Immediate Action

Form a Grievance Redressal Committee.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

The factory has developed the detailed Grievance Redressal Policy as per legal requirements on 10-Feb-2017. Annexure : grievance redressal policy

#### Action Plan no 2.

##### Description

The Sexual harassment of Women at Workplace act 2013 is displayed on notice board. Annexure 9.2 Sexual Harassment of women notice board

## FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1.There is no written policy on Environmental Protection.  
2.There are written procedures for biodegradable and hazardous waste, but not for non-hazardous waste.  
3.There are no procedures for reporting environmental emergencies and protection for workers who report emergencies.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Factory has developed the detailed Environmental Policy and Procedures on 31-Jan-2017.

## Action Plan no 2.

### Description

Factory has re-visited/fine-tuned the procedures in non-hazardous waste on 31-Jan-2017. Annexure: 10.2

## Action Plan no 3.

### Description

Factory has developed the procedures for reporting environmental emergencies and protection for workers who report emergencies on 31-Jan-2017. Annexure : ERP IFI new

## FINDING NO.11

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Environmental Protection

#### Finding Explanation

1. The factory has not provided secondary containers for 600 liters of waste oil in the waste oil storage room. Some oil was seen near the lid and on top cover of the barrels.
2. The factory has not provided spill response kits in the waste oil storage room.
3. The factory has installed domestic tube lights without protective covers in the waste oil storage room, rather than explosion-proof lights.
4. The factory has not formed a specific emergency response team to deal with environmental emergencies.

#### Local Law or Code Requirement

Factories Act 1948; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmark HSE.5 and HSE.9)

#### Recommendations for Immediate Action

1. Provide a secondary container for 600 liters of waste oil stored in the facility.
2. Provide a spill response kit in the waste storage room.
3. Install explosion-proof lights in the oil storage areas.

### COMPANY ACTION PLANS

## Action Plan no 1.

### Description

The factory has provided the secondary container in waste oil storage room. Annexure 11.1

## Action Plan no 2.

### Description

The Factory has provided spill response kits in the waste oil storage room and the specific awareness training was given to Waste Oil Handling team on 16th November'16 regarding the usage of Spill response kit and Disposal of used waste. Annexure 11.2 - Spill Response kit training

## Action Plan no 3.

### Description

Factory has removed the old domestic tube lights and fixed with new protective covers in the waste oil storage room on January 6, 2017. Annexure: 11.3 - Tube lights with protective covers.

#### Action Plan no 4.

##### Description

The factory has formed an Environmental Emergency Team and the specific functionalities will be included in the revised emergency preparedness plan. Annexure 11.3- Emergency response team

#### Action Plan no 5.

##### Description

Factory has placed Eye wash cup & lotion in the waste oil storage area. Annexure 15.2

#### Action Plan no 6.

##### Description

The factory has given specific training to the canteen worker on the use of face masks to cover their nose and mouth while preparing, packing, and serving food and Traffic lanes were marked. Annexure 15.4 - PPE training for canteen kitchen workers

#### Action Plan no 7.

##### Description

Rain water drains will be covered properly in the drainage areas where people are crossing.

#### Action Plan no 8.

##### Description

The factory has been provided first aid kit to dormitory with anti-septic lotion, wood splint, burn ointment and stored in sterilized hand gloves and will ensure the availability of the first aid kits. Annexure 15.6 first aid kits

#### Action Plan no 9.

##### Description

As per Tamilnadu factories rules 1950, The factory is not categorized under hazardous category. As per factories act doctor needs to be appointed full time for hazardous category. The factory has a full time occupational medical centre with qualified staff nurses in two shifts as per factories act requirement and a Doctor in general shift. The factory has the required medical set up equipped with certified medical staff to handle medical emergencies. Moreover the factory has also tie up with good hospitals which can be reached within 10 minutes for any emergency requirements. Since the factory is not a hazardous factory full time Doctor for both the shift is not warranted.

Annexure 15.7 - Hazardous Industry

## FINDING NO.12

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. There are no written procedures to manage all Health & Safety parameters pertaining to machinery, electrical, and workplace safety including: (a) how workers can raise Health & Safety concerns, (b) protection against retaliation for workers who raise Health & Safety concerns (c) protecting the reproductive health of workers, (d) standard operating procedures for each job performed in the factory, (e) list of confined spaces and instructions on how to enter confined spaces, (f) list of machinery requiring use of the lockout-tagout system, (g) list of persons to be contacted in case of emergency, (h) steps for reporting death, illness and other health-related concerns, and (i) guidance for external contractors and service providers.

2. There are written procedures for fire safety, however they do not include the following (a) safe evacuation of special category of employees, (b) list of persons responsible for safe evacuation, (c) steps to ensure walkways, aisles, and exit remain clear of obstructions, (d) list of firefighting equipment, (e) list of employees trained in handling firefighting equipment, and (f) requirement to conduct a fire risk assessment.

3. There are written procedures for chemical safety, however they do not include either a chemical inventory with MSDS or steps to be taken in the event of a chemical spill

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31; Nondiscrimination Benchmark ND.8; Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.12)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Revisited the emergency preparedness plan and included the missing points on 31-Jan-2017. ANNEXURE: 12.2 - EMERGENCY PREPAREDNESS PLAN

### Action Plan no 2.

#### Description

The factory has revisited the Chemical Handling safety procedures and included the missing points on 31-Jan-2017. ANNEXURE: 12.3 - CHEMICAL HANDLING SAFETY PROCEDURES

### Action Plan no 3.

#### Description

Factory has revisited the existing health and safety procedures and the missing points were included in the procedures on 31-Jan-2017. Annexure : IFI Health Safety Management System

## FINDING NO.13

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. At the time of the assessment, the mechanical stacking machine was parked in the evacuation path in the fabric storage area also blocking the board displaying the directions to the exit for evacuation. Neither of the two machine operators were present in the factory to move the machine to a safer position.
2. The factory has not installed emergency lights above the exits in the following areas: the raw material warehouse, power generator room, laser cutting room, child care room, canteen kitchen, label and tag room, lamination room, and taping room.
3. In the skill development room, there is no evacuation plan posted and the posted route map directs workers from the room through only one of the two exits to the assembly zone.
4. In the canteen kitchen, the aisles are not marked and the evacuation directions guide workers through only one of the two exits.
5. The buses used for transporting workers are parked in or in front of assembly areas.
6. The aisle width between sewing lines measures only 24 inches and a few aisles were partially blocked with tables.
7. The exit doors in the dormitory open inwards.
8. The factory fixes the time for evacuation drills for the factory and dormitory instead of scheduling drills randomly. During Shift A (5:50am to 2:10 pm), the drills occur around 9am and around 6pm during Shift B (2:10 pm to 10:30 pm). This is a regular practice which is also close to the timing of breaks, to reduce the impact on production, but could impede on workers' break time. The evacuation drills in the dormitory were conducted around 4pm when the Shift A workers are usually back in the dormitory and Shift B workers are in the factory.
9. The work areas in the sewing area and skill development room are congested with too many workstations and workers for the size of the room. Some areas in the dormitory are also congested with beds placed very close to each other restricting movement.
10. The inspection card of the fire extinguisher near the waste oil storage room reads an inspection date of July 2016 and the next inspection due in July 2017. However, the pressure gauge display is red, indicating low pressure.
11. The factory has not provided fire extinguishers in the child care room or near the gas stoves used for cooking food in the canteen kitchen.
12. The factory has installed electrical installations (lights, fans, power outlets) in the paper and plastic storage areas which could be a fire risk.
13. The factory does not provide the fire brigade with the appropriate equipment (including the correct Personal Protection Equipment)

to fight fires.

14. An internal team at the factory has done a risk assessment, however it does not provide information on the number of workers impacted, nor does it identify all risks associated with the job or make recommendations.

#### Local Law or Code Requirement

Factories Act 1948; FLA Workplace Code (Health, Safety & Employment Benchmarks HSE.5 and HSE.6)

#### Recommendations for Immediate Action

1. Ensure the mechanical stacking machine is not parked on the evacuation path in the stores or blocking evacuation directions. Schedule at least one of the two machine operators to be present in the factory during working hours.
2. Install emergency lights above the exits in the raw material warehouse, power generator room, laser cutting room, child care room, canteen kitchen, label and tag room, lamination room, and taping room
3. Post the evacuation plan in the skill development room and ensure that the route map directs workers to the assembly zone through both exits.
4. Mark the aisles in the canteen kitchen and ensure that the evacuation directions guide workers through all exits instead of only one.
5. Keep assembly areas clear at all times.
6. Maintain an adequate aisle width of at least 36 inches between sewing lines and keep aisles clear at all times.
7. Ensure exit doors in the dormitory open outwards.
8. Randomly schedule evacuation drills for the factory and dormitory.
9. Provide adequate space between work stations in sewing section and in between beds in the dormitory to allow easy access to passages and evacuation routes.
10. Provide all necessary firefighting to the firefighting team.
11. Ensure fire extinguishers are inspected properly, and address those extinguishers that indicate low pressure
12. Provide fire extinguishers in the child care room and in the canteen kitchen near the gas stoves used for cooking food.
13. Remove electrical installations in all storage areas.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Parking area has been designated for the mechanical stacking machine and cleared the blockage in Emergency evacuation path at fabric storage area. The factory has trained additional members on stacker machine operations and will ensure the availability of trained persons at any given point of time.

### Action Plan no 2.

#### Description

The factory has installed illuminated emergency lights in the following areas : the raw material warehouse, power generator room, laser cutting room, child care room, canteen kitchen, label and tag room, lamination room, and taping room. Annexure: 13.2 \_  
Illuminated emergency Lights.

### Action Plan no 3.

#### Description

The factory has posted the revised Evacuation plan in the skill development room.

### Action Plan no 4.

#### Description

The factory has marked the Aisles in the Canteen Kitchen and the evacuation route map directions were revised with two exits and specific awareness training was given to the contract workers. Annexure: 13.4

### Action Plan no 5.

#### Description

All Electrical connections were removed inside the storage area and Flame proof Electrical lightings were installed. Annexure 13.12

### Action Plan no 6.

Description

The factory has provided fire extinguishers in the child care room and near the gas stoves in the canteen kitchen area with immediate effect. Annexure 13.11

Action Plan no 7.

Description

The factory has realigned the work areas in the sewing area and skill development room with adequate space and the cots were realigned with suitable space in the dormitory. Annexure 13.9

Action Plan no 8.

Description

Factory has replaced the new Fire Extinguisher with immediate effect. The entire factory has been revisited to identify the empty and full fire extinguishers and all the fire extinguishers have been periodically checked by internal team. Factory has developed a format for the monitoring of fire extinguishers on regular basis. The frequency of these monitoring exercise will be quarterly by the external agency. Annexure 13.10

Action Plan no 9.

Description

The factory has conducted fire drills in the dormitory in random timings at 08.00 AM during the month of October 7, 2016. Factory has executed evacuation drills during November 9, 2016 in the morning at around 11.45 am. Factory will continue these practices going forward and drill records are maintained for auditor review.

Factory will revise the existing health and safety procedures to incorporate the requirements and process of fire drills. Factory will re-visit training calendar to ensure that sufficient number of refresher training sessions are conducted in a month to all the employees. Additional audio/visual aids will also be incorporated to enhance training effectiveness.

Action Plan no 10.

Description

The factory has revised the layout of machines in two lines ( 08 & 03) with 36 inches aisle space as a Pilot model. Annexure 13.6

Action Plan no 11.

Description

Exit doors of the Dormitory

Action Plan no 12.

Description

Factory has conducted a Fire Risk Survey by external agencies on 5th November'16. SUPPORTING DOCUMENTS - ANNEXURE : 13.14

Action Plan no 13.

Description

Factory has provided Fire Brigade with the appropriate equipments to fight fires with awareness training given on 20-01-17. Annexure 13.13 Fire Brigade PPE

Action Plan no 14.

Description

COMPLETED - LEGAL BACKUP: As per Tamilnadu factories rules 1950, The factory is not categorized under hazardous category. As per factories act doctor needs to be appointed full time for hazardous category. Factory has a full time occupational medical centre with qualified staff nurses in two shifts as per factories act requirement and a Doctor in general shift. The factory has the required

medical set up equipped with certified medical staff to handle medical emergencies. Moreover the factory has also tie up with good hospitals which can be reached within 10 minutes for any emergency requirements. Since Factory is not a hazardous factory full time Doctor for both the shift is not warranted.

SUPPORTING DOCUMENTS : ANNEXTURE-15.7

#### Action Plan no 15.

##### Description

The training has been provided to the sewing workers and new joiners on importance of easy access to passages, evacuation routes and emergency exits on 25-May-2017. Annexure 13.9 - training records

#### Action Plan no 16.

##### Description

The factory has provided fire extinguishers in the child care room and near the gas stoves in the canteen kitchen area with immediate effect. Annexure 13.11 - FE in the creche and canteen kitchen

#### Action Plan no 17.

##### Description

All Electrical connections were removed inside the storage area and Flame proof Electrical lightings were installed. Annexure 13.12- Electric lights in the storage area

#### Action Plan no 18.

##### Description

The factory has a comprehensive HIRA done for all the processes. This is being reviewed and the following aspects will be included: 1. Number of People at any given point of time to understand the impact & 2. Protection available for the people working in the process. 3. Control mechanism available in the equipment

#### Action Plan no 19.

##### Description

Factory has provided Fire Brigade with the appropriate equipments to fight fires with awareness training given on 20-01-17. Annexure 13.13- Training records Annexure 13.13 - Fire brigade with equipment

#### Action Plan no 20.

##### Description

The factory has a comprehensive HIRA done for all the processes. This is being reviewed and the following aspects will be included: 1. Number of People at any given point of time to understand the impact & 2. Protection available for the people working in the process. 3. Control mechanism available in the equipment

## FINDING NO.14

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Operating instructions for the stacker machine (fabric storage area) and zip checking machine (trims storage area) is displayed in English and not in the local language (Tamil).
2. The factory does not provide the following PPE for kitchen workers: gloves for workers (canteen) for use while removing hot rice trays from steamers; aprons and appropriate footwear for cooks (canteen and dormitory) to protect from the spilling of hot water and oils; and dishwashers (canteen and dormitory) who are continuously exposed to water spilling from basins and wet floors.



3. The band knife machine operator in the tape section uses the provided mesh gloves only on one hand instead of using them on both hands, although the operator was trained on PPE use.
4. The checking tables are not adjustable in height. Work stations in the skill development section are not adjustable to suit individual heights of workers. While shorter workers have to raise their heads to have a clear view of the needle point, taller workers have to bend down to work.
5. The factory does not provide lifting belts to loading workers.

#### Local Law or Code Requirement

Factories Act, 1948; FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1, HSE.6, HSE.7, HSE.8, HSE.17, HSE.18, and HSE.22)

#### Recommendations for Immediate Action

1. Ensure the operating instructions for stacker and zip checking machine is displayed in local language (Tamil) in addition to English.
2. Provide hand gloves and aprons to workers in the canteen as well as appropriate footwear to cooks in the canteen and dormitory kitchens and dishwashers
3. Ensure that the band knife machine operator in the tape section uses mesh gloves on both hands.
4. Provide lifting belts to loading workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Operating instruction for the stacker machine and zip checking machines displayed in the local language with training. Annexure 14.1 - Local Language

### Action Plan no 2.

#### Description

The Factory has detailed procedures for PPEs usage. Factory will ensure that sufficient number of refresher training sessions are conducted in a month to on the usage of PPE to workers. ANNEXURE: 14.2- PPEs USAGE & TRAINING RECORDS

### Action Plan no 3.

#### Description

Work stations are adjusted in the skill development section as per Ergonomic standard and proper platform was provided for shorter workers. Annexure 14.4 - work station height adjustment

### Action Plan no 4.

#### Description

The factory has provided the lifting belts to the loading workers and with awareness training given on 15-02-17. Annexure 14.5 - Lifting belts.

### Action Plan no 5.

#### Description

Factory has given awareness training to band knife operators in tape cutting section. Annexure 14.3 - Band Knife awareness

### Action Plan no 6.

#### Description

Auto Guider vehicle alarm has been installed

## FINDING NO.15

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

### Finding Explanation

1. The factory has not provided a secondary container for the oil barrels or a spill response kit near the waste oil storage area.
2. The factory has not provided an eyewash facility near the waste oil storage area. The closest eyewash station is near the maintenance area and is not sufficiently close to the oil storage area.
3. The factory has not installed tube lights with protective covers in the oil storage areas, which could be a fire risk if the lights burst due to excessive heat.
4. The canteen workers are provided face masks but are not trained on the use of face masks to cover their nose and mouth while preparing, packing, and serving food; the canteen workers do not use the provided face masks. The factory has not marked traffic lanes.
5. The factory has not covered the rain water drains running along the buildings to prevent falls.
6. The factory has not provided first aid kits in the dormitory kitchen. Existing first aid kits are not stocked with anti-septic lotion or wood splints. In all the first aid kits, the hand gloves are left open and not stored in sterilized and sealed packets. There is no burn ointment in neither of the canteen's two first aid kits.
7. The factory does not have a full-time doctor as required by law. A nurse is available during all working hours and a doctor visits from 11:00am to 3:00pm every day.
8. There is no alarm on the auto guider vehicle which moves within the production areas on the evacuation passages.

### Local Law or Code Requirement

Factories Act, 1948; FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1, HSE.6, HSE.9, HSE.18, and HSE.22)

### Recommendations for Immediate Action

1. Provide a secondary container for the 600 liters of waste oil stored in the facility and a spill response kit in the area.
2. Install an eyewash facility near the waste oil storage area.
3. Replace the current lights in the oil storage areas with explosion proof lights.
4. Ensure canteen workers use the provided face masks to cover their nose and mouth while preparing, packing and serving food.
5. Mark traffic lanes.
6. Cover the rain water drains running along the buildings.
7. Provide the dormitory kitchen with a first aid kit. Stock first aid kits with anti-septic lotion, wood splints and burn ointment (for kitchens). Store hand gloves in sterilized and sealed packets and are disposed of after use.
8. Schedule a full time doctor to be available during all working hours in the facility as required by law.
9. Install an alarm on the auto guider vehicle loud enough to warn workers while in operation.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

The factory has provided Secondary container and spill response kits to the near waste oil storage area. Annexure 15.1

### Action Plan no 2.

#### Description

Factory has placed Eye wash cup & lotion in the waste oil storage area. Annexure 15.2

### Action Plan no 3.

#### Description

The factory has given specific training to the canteen worker on the use of face masks to cover their nose and mouth while preparing, packing, and serving food and Traffic lanes were marked. Annexure 15.4

### Action Plan no 4.

#### Description

Rain water drains are covered properly in the drainage areas in Feb'17. Annexure 15.5

#### Action Plan no 5.

##### Description

The factory has been provided first aid kit to dormitory with anti-septic lotion, wood splint, burn ointment and stored in sterilized hand gloves and will ensure the availability of the first aid kits. Annexure 15.6 first aid kits

#### Action Plan no 6.

##### Description

Factory has removed the old domestic tube lights and fixed with new protective covers in the DG room January 6, 2017. Annexure 15.3 - Tube lights with protective covers

#### Action Plan no 7.

##### Description

As per Tamilnadu factories rules 1950, The factory is not categorized under hazardous category. As per factories act doctor needs to be appointed full time for hazardous category. Factory has a full time occupational medical centre with qualified staff nurses in two shifts as per factories act requirement and a Doctor in general shift. The factory has the required medical set up equipped with certified medical staff to handle medical emergencies. Moreover the factory has also tie up with good hospitals which can be reached within 10 minutes for any emergency requirements. Since Factory is not a hazardous factory full time Doctor for both the shift is not warranted.

: ANNEXTURE-15.7 - Hazardous Industries

#### Action Plan no 8.

##### Description

Auto Guider vehicle alarm has been installed