



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



Verification Assessment

COMPANIES: Columbia Sportswear Company
COUNTRY: India
ASSESSMENT DATE: 11/22/18
ASSESSOR: Insync Global
PRODUCTS: Apparel
NUMBER OF WORKERS: 1797

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.

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

The factory does not have policies or procedures on personnel development and performance reviews. The policy on recruitment does not address the type of recruitment, such as direct or indirect use of contract workers, use of recruitment agents, and temporary or casual workers.

Factory does not conduct any performance reviews.

There are no defined procedures for training the relevant staff on hiring and recruitment practices.

The probation period for all employees is six months, which violates legal requirements and the FLA Code.

Employment documentation for ten tailors who were promoted in 2015 revealed that while the approved promotion designation was Assistant Supervisor, the appointment letters (redesignation letters) state the designation as Assistant Sewing Technician. These two different job titles create confusion about the actual designation that will serve as a basis for calculating benefits. Furthermore, the ten employees did not sign the letters dated May 20, 2015 to acknowledge their acceptance of the promotions. Interviewed employees understood they had been promoted with increased wages, however were unsure of their current title.

The Security Agency deducts INR 800 (USD 12.17) for uniforms provided to the Security guards.

Local Law or Code Requirement

Industrial Employment (Standing Orders) Act 1946; Industrial Disputes Act 1947, Section 2(S); Payment of Wages Act 1936, Section 7(1) and (2); FLA Workplace Code (Employment Relationship Benchmark ER.1; Compensation Benchmark C.3)

Recommendations for Immediate Action

1. Ensure that the probationary period for all employees does not exceed three months.
2. Ensure that all legal parameters, such as minimum wages, are considered based on the nature of work prior to designating employees and that they are accurately assigned. Furthermore, all letters pertaining to redesignation need to be acknowledged by the concerned employees as acceptance of terms of employment.
3. Ensure that Security Guards are provided all required equipment, including uniforms, at no charge. Ensure the Security Guards receive reimbursement for their uniforms.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: The factory does not have policies or procedures on Personnel Development or performance reviews. The policy on Recruitment does not address the type of recruitment, such as the direct or indirect use of contract workers, the use of recruitment agents, or the use of temporary or casual workers. [ER.1, ER.7, ER.28, ER.29, ER.30]

Root Causes: The management team was recently replaced, and the new team wasn't aware of the applicable Benchmarks and did not have a clear understanding of the FLA requirements.

2. Finding Status (Partially Remediated)

Explanation: The factory conducts performance reviews, but only when there is a specific need to do so (e.g. if the factory needs workers with advanced sewing skills to perform a certain task, performance reviews are conducted in order to determine who is qualified). In addition, documentation related to the evaluation criteria and evaluation results is not maintained. [ER.2, ER.29]

Root Causes: The factory does not have policies and procedures on performance reviews.

3. Finding Status (Not Remediated)

Explanation: There are no procedures on training the relevant staff on Recruitment & Hiring. Some awareness is provided during the soft skill training programs. [ER.1, ER.17]

Root Causes: Management does not feel the need to conduct specific training on Recruitment & Hiring because the topic is covered in the soft skill training program.

4. Finding Status (Not Remediated)

Explanation: The probation period for all workers is six months long, which violates legal requirements and the FLA Workplace Code. [C.3]

Root Causes:

1. Management stated that a three-month probation period is not long enough to assess workers' performance.
2. The factory's standing orders allow a six-month probation period and were certified as required by law.

5. Finding Status (Remediated)

Explanation: The job titles listed on workers' appointment letters match those listed on the promotion letters.

6. Finding Status (Remediated)

Explanation: The factory does not deduct the cost of uniforms from the security guards' wages. Management now pays for the uniforms.

Local Law or Code Requirement

Schedule I, Sec. 2(c), Industrial Employment (Standing Orders) Central Rules, 1946; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.7, ER.17, ER.28, ER.29, and ER.30; Compensation Benchmark C.3)

Recommendations for Immediate Action

1. Reduce the probationary period for all workers to three months.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will draft policies or procedures on Personnel Development or performance reviews which is missing in HR manual. Facility will also include the type of recruitment, such as the direct or indirect use of contract workers, the use of recruitment agents, or the use of temporary or casual workers as per the company practice.
2. Factory conducts performance reviews only for few workers to fulfill the skill gap based on the skill matrix. However, factory will introduce a system to conduct performance reviews for all the workers and then fulfill the skill matrix. Also the records will be maintained for the same.
3. Factory already has a system and the necessary training is provided to the HR staff based on company's recruitment policy.

However factory will revise the policy and procedures on hiring and recruitment in detail and once it is done, the procedures will be defined which will include soft skill also to train the relevant staff on hiring & recruitment.

4. Factory will reduce the probationary period from 6 months to 3 months in Appointment letter and same will be implemented

with immediate effect.

5. Remediated

6. Remediated

Company Action Plan Update

1. Pending

2. Pending

3. Pending

4. Pending

5. Remediated

6. Remediated

PREVIOUS FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

The factory does not provide any specific training for relevant supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development, Wages & Benefits, Hours of Work, Workplace Conduct, Termination & Retrenchment, Industrial Relations, Environmental Protection, and the Grievance System.

The factory does not provide ongoing training to employees on the following employment functions: Recruitment, Hiring, Recruiting & Personnel Development, Wages & Benefits, Hours of Work, Industrial Relations, Workplace Standards, Environmental Protection, and the Grievance System.

The factory only communicates workplace standards during the orientation training.

The orientation program does not cover Child Labor, Forced Labor, or Freedom of Association.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15, ER.16, ER.17, ER.27, and ER.29.1)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: The factory does not provide any specific training for the relevant supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; and Environmental Protection. Some awareness is provided during the soft skill training program. [ER.1, ER.17]

Root Causes: Management did not understand the FLA requirements or the importance of providing specific training.

2. Finding Status (Partially Remediated)

Explanation: The factory provides ongoing training to workers on the following Employment Functions: Recruitment & Hiring; Compensation; Hours of Work; Industrial Relations; Workplace Conduct; Grievance System; and Environmental Protection. No training on Personnel Development is provided. [ER.1, ER.15, ER.28]

Root Causes: Management lacks clarity on Personnel Development.

3. Finding Status (Remediated)

Explanation: Workplace standards are communicated during orientation and during the refresher program.

4. Finding Status (Remediated)

Explanation: Orientation training now covers child labor, forced labor, and freedom of association.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, and ER.28)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility provides training for the relevant supervisors on Employment functions such as Recruitment & hiring, Compensation, Hours of work, Discrimination, Harassment & abuse Child labour, Freedom of Association, Health & Safety and Industrial relations. However, training on Personal development, Termination & retrenchment and Environmental protection will be included and training will be provided.

2. Facility will define the policy and procedures on Personal Development and then train all the workers on the same.

Company Action Plan Update

1. Pending

2. Pending

PREVIOUS FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

Workplace standards are not included in the agreement between the factory and the security service provider. Furthermore, the agreement does not specify the number of sets of uniforms that the agency is required to provide.

There is no written agreement contracted printing facility. However, the subcontractor has signed the Code of Conduct of the factory's corporate office, which includes all of the FLA's work place standards in general.

The factory issues appointment letters to workers; the letters do not define the applicable working hours or shifts.

The factory does not provide any written job descriptions.

Local Law or Code Requirement

Contract Labour Central Rules 1971; FLA Workplace Code (Employment Relationship Benchmark ER.1.1)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: The agreement between the factory and the security service provider does not cover workplace standards. Furthermore, the agreement does not specify how many uniforms the agency is required to provide. [ER.6]

Root Causes: Management does not monitor this issue closely and does not understand the FLA requirements on this topic.

2. Finding Status (Remediated)

Explanation: The printing process is now conducted in-house.

3. Finding Status (Not Remediated)

Explanation: The appointment letters issued to workers do not include information on working hours or shifts. [ER.1]

Root Causes: The working hours are displayed on the notice board, so they are not listed separately in the appointment letters.

4. Finding Status (Partially Remediated)

Explanation: There are no written job descriptions for any of the positions in the factory. [ER.1]

Root Causes: Job descriptions are defined with general responsibilities and does not for employment functions specifically.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.6)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility has given training on the Company's workplace standards (Code of Conduct) to the security service provider and the records are maintained for the same. However, copy of the CoC will be issued to Security Service provider and same will be maintained. In future while renewing the agreement, CoC will be included and communicated to all of them.

2. Remediated

3. Facility has mentioned working hours as 8 hours however timings (shift hours) are not mentioned in the appointment letter. The shift hours are displayed on the notice boards of the relevant department which works on shift basis. In future the appointment letters will be issued with shift timings for the employees whom it is applicable.

4. Facility has defined the Job description based on the individual's job responsibilities. However same will be reviewed again to know the gap and revised in detailed.

Company Action Plan Update

1. Completed
2. Remediated
3. Completed
4. Pending

PREVIOUS FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The Building Stability Certificate issued on Oct 13, 2012 did not cover all three buildings and floors of the factory. The certificate mentions that four floor Ground, first, second, third, and fourth floors only were inspected but does not specify which buildings the inspected floors were located. Furthermore, basements were not included in the inspection. The Competency Certificate of the engineer who had issued the Stability Certificate was not available for interviews during this assessment. Hence, the validity of the certificate could not be verified.

The childcare facility is open to children between the ages of 1 to 6. This clause is mentioned in the induction program documentation. If a worker wishes to bring a child younger than one year to the facility, she needs to obtain permission from the factory management. This practice does not comply with legal requirements by which the childcare facility must accommodate children under the age of one.

Local Law or Code Requirement

Karnataka Factories (Amendment) Rules, 1993; Section 48(1) of The Factories Act, 1948; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.4)

Recommendations for Immediate Action

1. Ensure that all floors of all buildings (phases -as termed by the factory) are inspected by a competent and authorized engineer.

Ensure that inspections are fully recorded.

2.

Allow workers to bring children below the age of one to the childcare facility. Update the factory policy to reflect this change and communicate the new policy to workers, including at the induction program.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation: The stability certificate covers all floors and buildings. A copy of the engineer's competency certificate (valid until December 2018) was maintained.

2. Finding Status (Remediated)

Explanation: The factory revised its policy. Workers no longer need to obtain permission to bring children under the age of one to the childcare facility.

PREVIOUS FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

The factory considers workers who are on unauthorized leave for more than 10 days as "left" (i.e. discontinuing employment) and removes their names from factory employee list, which terminates their employment. The last day worked prior to the period of unauthorized leave is considered the last day of employment, which violates legal requirements. Upon receipt of the resignation letter from the worker, factory processes the termination dues and paid after a month. Example: One worker worked until August 14, 2015 and thereafter did not report for work. He resigned on September 1, 2015. The final settlement detail sheet reflects that the last working day was August 14, 2015 and that the worker's dues were paid on Sept 30, 2015. Legally, he was employed until the date he resigned (September 1, 2015) and not the last day he worked (August 14, 2015). This worker was also not paid for the national holiday on August 15, 2015 as legally required. The factory does not communicate with workers prior to confirming last date of employment and terminating their employment as legally required.

The factory paid wages for unused earned leave 30 days after the termination of employment to all four workers reviewed in the assessor's sample.

A file for an employee who had left employment and was rehired revealed the following information: Date of hiring - June 2, 2010, Date of resignation - Aug 1, 2015, Date on final clearance of terminal dues - Aug 21, 2015, Date on resume provided for a job - Aug 3, 2015, Date of rehiring - Aug 1, 2015.

The date of rehiring is the same as the date of resignation and terminal dues were paid after the rehiring date, which violates legal requirements. However, the employee resigned on their own accord, due to wanting to collect the terminal dues. In view of the above discrepancies the employee's rehiring was not in line with legal termination practices and affects the length of service and legal benefits distributed on an employee's final termination.

The factory does not communicate its policies and procedures on Termination and Retrenchment to the general workforce. In addition, the factory does not review its policies based on updates in local law.

Local Law or Code Requirement

India Factories Act 1948, Section 79(3); Industrial Employment (Standing Orders) Act 1946, Rule 17; FLA Workplace Code (Compensation Benchmark C.1; Employment Relationship Benchmark ER.2.1 and ER.19)

Recommendations for Immediate Action

1. Follow all legal procedures of the Standing Orders on resignation and termination of employment.
2. Pay full wages for unused leave within 48 hours of termination of employment.
3. Ensure legal termination practices are followed, specifically that workers are not rehired until after the clearance of termination dues and maintain accurate records on Termination & Retrenchment, and rehiring

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: The factory considers workers who take more than ten days of unauthorized leave to have resigned and removes their names from the factory employee list, which terminates their employment. The last day worked prior to the period of unauthorized leave

is considered the worker's last day of employment, which violates legal requirements. [ER.27]

Root Causes: Management stated that they do not follow the legal process because it takes too much time.

2. Finding Status (Not Remediated)

Explanation: The factory does not pay resigned workers' termination dues (bonuses, gratuity, and wages for unused leave) and final wages in a timely manner. Assessors reviewed ten resigned workers' payment records and found that two workers were paid within 30 days, one worker was paid after three months, one worker was paid after four months, one worker was paid after five months, one worker was paid after six months, two workers were paid after seven months, one worker was paid after eight months, one worker was paid after two years. [ER.18, ER.22, C.1, C.4]

Root Causes:

1. Resigned workers do not return to the factory to collect their dues and wages.

2. The factory cannot afford to pay termination dues and final wages on time.

3. Finding Status (Remediated)

Explanation: Assessors did not find any discrepancies in the dates listed on employment documents.

4. Finding Status (Remediated)

Explanation: Assessors did not find any errors in the dates listed on the documentation for workers who resigned and were rehired.

5. Finding Status (Partially Remediated)

Explanation: The factory communicates its policies and procedures on Termination with the general workforce, but does not communicate its policies and procedures on Retrenchment. In addition, the factory does not review its policies and update them to comply with changes to local law. [ER.1, ER.16]

Root Causes: Management was not aware of the FLA requirements.

Local Law or Code Requirement

Schedule I, Sec. 13, Industrial Employment (Standing Orders) Rules, 1946; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.18, ER.22, and ER.27; Compensation Benchmarks C.1 and C.4)

Recommendations for Immediate Action

1. Cease the practice of automatically terminating workers who are absent for ten days without authorization. Follow the legally mandated procedures on the resignation and termination of employment.

2. Pay termination dues and final wages within 48 hours of the termination of employment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility will implement the procedure to notify the employees before terminating them from the work through SMS/letter for those who are continuously absent for more than 10 days. The notification will be sent twice as reminder/warning and 3rd notification will be for their termination. And once they are terminated from the company roll, with 48 hours their dues will be settled through bank.

2. Factory will implement the system where the workers are paid for the unused leaves and final wages within two days from the date of their termination.

3. Remediated

4. Remediated

5. Facility will draft a detailed policy and procedure on Retrenchment and communicate the same to general workforce. Also facility has reviewed its policies as and when the update has required but not documented properly which includes revision date.

Company Action Plan Update

1. Pending

2. Pending

5. Pending

PREVIOUS FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Time records from a sample of 30 employees for peak (October to July) and non-peak (August to September) and regular periods revealed the following excessive working hours:a. Jan 2015 - 2nd week: Finishing department - 60 to 90 hours a week.b. Feb 2015 - 2nd week: Finishing department - 60 to 67 hours a week.

c. May 2015 - 3rd week: Finishing department - 60 to 99.5 hours a week.

d. Aug 2015 - All weeks: All departments - within 65 hours a week.

Ten time records showed that from May 14-29, 2015, workers from the Finishing, Packing, and Finishing Departments worked 66 hours within 3 days. Workers started the day shift at 9:00 am and carried on working after regular hours until 7:30 am the next day (Day 2). They returned to work at 9 am on Day 2, continued working until 7:30 am on Day 3, and returned to work at 9 am on Day 3. On Day 3 they worked until 7.30pm. These workers worked for 22 hours (with short breaks for meals, 30 to 45 minutes for meals and 15 minutes for tea) each day in a 24-hour period on Day 1 and 2.

No shift approval has been taken for finishing section to work multiple shifts as legally required, despite some workers working two shifts: the day shift from 9 am to 5:30 pm and an additional shift from 2pm to 10pm.

Local Law or Code Requirement

Recommendations for Immediate Action

1. Ensure that working hours do not exceed 60 hours a week.
2. Ensure that workers do not work more than the daily legally defined limits, total of 8 regular working hours and 2 overtime hours and not exceeding 12 overtime hours a week and 50 overtime hours a quarter.
3. Notify the concerned government department immediately about the multiple shifts worked by workers in the finishing section.
4. FLA affiliate Company's Sourcing and Social Compliance teams should:
 - a) implement FLA Principles of Fair Labor and Responsible Sourcing and b) accordingly coordinate on the topics mentioned below to help the factory address its excessive hours issue:
 - a. How to provide better order forecasts to the factories;
 - b. Possible workshops/consultancy for the factory on how to improve productivity/quality;
 - c. Clear guidelines on how to extend shipment deadlines in case of contingencies;
 - d. Steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brands' Sourcing and Social Compliance teams);
 - e. Clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks;
 - f. Clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: During the first three weeks of June 2018, 75% of sampled workers in the sewing and finishing departments worked over 70 hours per week. 90% of sampled workers from these departments worked up to 98 hours during the last week of June 2018. 8% of sampled workers from the sewing department worked up to 63.5 hours during the first week of October 2018. 85% of sampled workers from the finishing department worked up to 72 hours in the first week of October 2018 and up to 64 hours during fourth week of October

2018. [HOW.1, HOW.8]

Root Causes:

1. There were delays in the approval process.
2. The factory sets its daily production targets too high in order to increase profits.

2. Finding Status (Remediated)

Explanation: Assessors did not find any cases of daily working hours exceeding legal limits.

3. Finding Status (Remediated)

Explanation: The factory obtained approval to operate in multiple shifts

Local Law or Code Requirement

Sec. 64(2), The Factories Act, Act No. 63 of 1948; FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.8)

Recommendations for Immediate Action

1. Ensure that working hours do not exceed 60 hours per week.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility has red alert flag system in place. HR will monitor the overtime hours of each worker through time records on daily basis and identify those who are exceeding the legal limits. This will be informed to production department and ask them not to engage such workers for overtime further. However due to business needs sometimes factory exceeds the legal limits, which will be reduced in future.

2. Remediated

3. Remediated

Company Action Plan Update

1. Pending

PREVIOUS FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

The factory does not have a policy on Industrial Relations.

The factory management does not have a clear understanding about the legal requirement and work of the "Workers Committee" and "Grievance Handling Committee." There is a worker committee which addresses grievances as well. The responsibilities of the Workers and Grievance Committees are legally defined as separate; they cannot be done by one combined committee. Legally, there must be a separate Grievance Handling Committee.

The worker representative structures are not independent from management interference. In addition, the factory does not provide worker representative structures any office space.

Local Law or Code Requirement

Industrial Disputes Act 1947; Setting Up of Grievance Authority; FLA Workplace Code (Employment Relationship Benchmark ER.25.1; Freedom of Association Benchmarks FOA.10, FOA.11, FOA.12, FOA.13, FOA.14, and FOA.15)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status ((Remediated)

Explanation: The factory has a written policy on Industrial Relations.

2. Finding Status (Remediated)

Explanation: The factory has formed two separate committees (the Works Committee and the Grievance Committee) with separate members. The Committees' responsibilities and functions are defined.

3. Finding Status (Partially Remediated)

Explanation: The factory provides the Works Committee with office space to use to conduct meetings. However, the worker representative structures are not independent from management interference. [FOA.10]

Root Causes: The Works Committee was formed according to legal requirements.

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmark FOA.10)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Remediated

2. Remediated

3. Facility has provided the training hall (room) to conduct committee meetings which is independent and away from the Management interference. Also the workers' representatives are elected through ballot system and there is no interference of Management in this. The workers have elected their committee representative through election process which is as mentioned below:

1.
The announcement will be made to nominate themselves to become works committee representative.
2.
The nominations will be received from the interested parties.
3.
The names of the interested workers who has nominated themselves to

be worker representative will be displayed on notice boards and public

announcement will be made.
4.
The election date will be announced and through notice board and also

through a public announcement system.
5.
The elections will be conducted through ballot system and then

counting will take place in a transparent manner.
6.
Finally, the worker who has received the most number of votes will be

elected as worker's representatives.

There is no management interference in the committee election, meetings and decision making. Management representatives are part of the committee through election as per Industrial Dispute Act 1947, Chapter II, section 3. Act states that the Works committee should consist of representatives from Workers and management and Workers representatives' numbers should not be less than the Management.

Company Action Plan Update

1. Remediated
2. Remediated
3. Completed

PREVIOUS FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory does not record verbal warnings given to workers. There have been instances where verbal warnings have been given, and workers are required to submit written apology letters in response to these warnings.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2 and ER.27.2.2)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: The factory does not record verbal warnings. On several occasions, workers were required submit written apology letters in response to receiving a verbal warning. [ER.2, ER.27]

Root Causes: The management team was not aware of how to record verbal warnings.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will start recording the verbal warnings in worker's service card with workers signature and then apology letters will be received for the same.

Company Action Plan Update

1. Pending

PREVIOUS FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. No external member has been appointed to the Committee for Prevention of Harassment at the Workplace, as required by law. An external member is defined as someone from non-governmental organizations or associations committed to the cause of women or a person familiar with the issues relating to sexual harassment.

Local Law or Code Requirement

Prevention of Sexual Harassment of Women at Workplace Act 2013, Section 4(2)(C); FLA Workplace Code (Employment Relationship Benchmark ER.25)

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation: An external member has been appointed to the Committee for Prevention of Harassment in the Workplace, as required by law.

PREVIOUS FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

The factory has an environmental policy; however, procedures do not provide details on how workers can raise environmental concerns. Procedures also do not include protection against retaliation for workers who allege environmental violations. Additionally, the factory does not regularly review its environmental policy and does not manage the environmental impact of their chemicals.

The factory has not conducted an environmental impact assessment.

There is no environmental emergency response team.

There is no inventory maintained for solid waste, hazardous waste, wastewater, hazardous chemicals, non-hazardous chemicals, diesel fuel, machine oil, and engine oil.

The secondary containers provided for the diesel tank attached to the power generators, diesel barrels stores near the power generator area, and the chemicals stored in the washing section are not of adequate capacity to contain spills.

Local Law or Code Requirement

Rule (68) 7 of The Factories Act, 1948; Section 7A (2b) of The Factories Act, 1948; FLA Workplace Code (Employment Relationship Benchmarks ER.31 ; Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.9)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: The factory's Environmental Protection procedures do not include the following components:

- a. Steps for workers to raise environmental concerns;
- b. Protections against retaliation for workers who allege environmental violations;
- c. Procedures on how to manage the environmental impact of the chemicals used in the factory.

In addition, the factory does not regularly review its Environmental Protection policy. The factory does regularly review the Environmental Protection Procedures. [ER.1, ER.31, HSE.5]

Root Causes: Management does not understand the FLA requirements.

2. Finding Status (Remediated)

Explanation: The last Environmental Impact Assessment was conducted in June 2018.

3. Finding Status (Not Remediated)

Explanation: The factory does not have an environmental emergency response team. [HSE.1]

Root Causes: The factory has an emergency response team but it is not specific to each type of emergency.

4. Finding Status (Remediated)

Explanation: The factory maintains an inventory of its solid waste, hazardous waste, wastewater, hazardous chemicals, non-hazardous chemicals, diesel fuel, machine oil, and engine oil.

5. Finding Status (Remediated)

Explanation: Diesel is stored in underground leak-proof tanks.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility has defined an Environmental Management System which includes Environmental related policy and procedures. Facility will implement the procedure to raise the EHS related concerns in EMS system.

Steps to Implementation of EHS procedures on “Steps for workers to raise environmental concerns and manage the environmental impact of the chemicals used in the factory”:

Complete applicable EHS-required training on preventive measures on EHS concerns.

Conduct periodic assessments to verify the raised concerns by employees.

Also regular review will be done on Environmental protection policy.

2. Remediated

3. Facility has Emergency response plan and team in place for each specific type of emergency. However for few areas it is not specified such as crèche, pregnant women, physically challenged employees etc. which will be implemented soon and records will be maintained for the same.

4. Remediated

5. Remediated

Company Action Plan Update

1. Pending

2. Remediated

3. Pending

4. Remediated

5. Remediated

PREVIOUS FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory has not conducted a fire risk assessment.

The factory does not have adequate procedures for reducing fire safety risks. There is no detailed and specific fire risk assessment conducted by the factory to cover and analyze fire hazards for all production and non- production areas. In absence of detailed and specific fire risk assessment, it can be concluded that fire risks have not been identified and addressed.

The fire alarm is neither automatic or centralize; it requires someone to break the glass cover and does not detect increase in heat.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.5.1 and HSE.9.2)

Recommendations for Immediate Action

1. Conduct and maintain accurate records of a fire risk assessment for all work areas.
2. Provide fire safety and other necessary trainings to all relevant employees to reduce fire safety risks.
3. Install automatic and centralized fire alarms.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: The factory has not conducted a fire risk assessment. [HSE.5]

Root Causes: The factory conducted a workplace risk assessment but not a specific fire safety assessment.

2. Finding Status (Not Remediated)

Explanation: The factory does not have adequate procedures for reducing fire safety risks. The factory does not conduct detailed and specific fire risk assessments that analyze the fire hazards associated with all production and non-production areas and processes. As a result, fire risks have not been identified and addressed. [HSE.5]

Root Causes: The factory conducted a workplace risk assessment but not a specific fire safety assessment.

3. Finding Status (Partially Remediated)

Explanation: The fire alarm is centralized and requires someone to break the glass cover. The factory has also installed smoke detectors. However, there are still no heat detectors. [HSE.5]

Root Causes: Management did not understand that they are required to install heat detectors.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmark HSE.5)

Recommendations for Immediate Action

1. Conduct a fire risk assessment that covers all areas and process within the factory premises. Address any hazards that are identified in a timely manner.
2. Install heat detectors throughout the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility has risk assessment in place whereas risk assessment related to fire safety which is missing in the policy will be assessed and included in the policy. Also the records will be maintained for the same.

2. The factory will conduct detailed and specific fire risk assessments to analyze the fire hazards associated with all production and non-production areas and processes and then adequate procedures will be drafted to reduce, identify and address the fire safety risks.

3. Facility has provided fire alarms which is centralized and smoke detectors are provided in appropriate places. However, facility will install heat detecting alarms in relevant areas which will detect heat at certain temperature.

Company Action Plan Update

1. Pending

2. Pending

3. Pending

PREVIOUS FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

There is no visual fire alarm in the power generator section where noise levels are high and operators use PPE for protection against excessive noise.

There is lint accumulated over electrical switchboards and over tube-lights in the finishing section at the first floor-Building #2.

There is over-stacking of fabric bales/rolls in the small fabric store located in the sampling section in Building #1; bales/rolls were stacked up to the ceiling. These materials are very close to and at some points even touch the lighting system installed in the ceiling. This is a fire hazard.

The factory has not obtained a canteen hygiene certificate.

The playing area provided for children in the childcare building faces the production buildings of the factory and is not secured with a fence. There is a possibility of children inadvertently straying into production buildings/areas.

Some sewing operators and ironers (8 to 10 workers) had increased the heights of their chairs (to match with height of work table) by temporarily fixing thread cones under the legs of chairs. This is a makeshift arrangement is an incredibly unstable way to adjust the height of the chairs and can cause injury to workers. Additionally, the worktables are adjustable in height (with nut-bolt & extra holes) and can be decreased according to the height of the chair.

The factory has used cement sheets for the roofing of the canteen kitchen and boiler house. These sheets may contain asbestos. The factory has not conducted a lab test nor obtained a report to rule out presence of asbestos in these sheets.

Secondary containers (rectangular metal trays) provided for the diesel drums placed in the power generator area have gone flat from one side and are not able to contain any spills from the drums.

The factory has not provided spill response kits for the two chemical storage sections and for the boiler and power generator area. Spills of oil/diesel were noted in the boiler house and in the power generator area. The factory does not conduct trainings on containing or mopping up spills for relevant employees.

The clinic is open during the day shift; however, a doctor is not onsite for the nightshift and is only on call.

Hazard labels have not been posted on walls above the areas where hazardous materials/chemicals are stored.

Local Law or Code Requirement

The Factories Act 1948, Sections 7A(2b) and 48(1); Karnataka Factory Rules 1969, Rules 92 and 101(6); FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.9.1, HSE.18, and HSE.19)

Recommendations for Immediate Action

1. Install a visual alarm system in the power generator areas.
2. Ensure that lint is cleaned off from electrical switchboards and tubelights at regular intervals to avoid accumulation.
3. Ensure that fabric is not over-stacked. Mark the maximum stack height to guide employees in the stores department.
4. Obtain the canteen hygiene certificate.
5. Ensure that the play area in the childcare facility is fenced and secured.
6. Adjust operators' worktables to the height of their chairs.
7. Conduct the relevant tests and maintain documentation ensuring that asbestos is not present in cement sheets.
8. Ensure that secondary containers are of adequate capacity to contain all the spills from chemical /diesel containers.
9. Provide spill response kits in and around the chemical storage and handling areas. Train personnel on the use of spill kits.
10. Employ a full time doctor for the night shift.
11. Post labels on chemical containers only to make it convenient for employees to identify hazards.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation: A visual fire alarm was installed in the power generator section where noise levels are high and operators use PPE for protection against excessive noise.

2. Finding Status (Remediated)

Explanation: The electrical switchboards and tube lights in all work areas are free of lint buildup.

3. Finding Status (Remediated)

Explanation: The fabric rolls are stacked at a safe height.

4. Finding Status (Remediated)

Explanation: The factory has obtained a canteen hygiene certificate.

5. Finding Status (Remediated)

Explanation: The play area provided for the children in the childcare facility has been relocated inside the childcare area.

6. Finding Status (Not Remediated)

Explanation: Some of the sewing operators increased the height of their chairs by placing thread cones under the legs of the chairs. One worker in the sampling section was sitting on a chair placed on a table. These makeshift arrangements are unstable and could cause injury. [HSE.1, HSE.17]

Root Causes: Management does not sufficiently monitor this issue.

7. Finding Status (Remediated)

Explanation: The factory replaced the cement roofing of the canteen kitchen and boiler house with galvanized iron sheets.

8. Finding Status (Not Remediated)

Explanation: There is no secondary containment for the diesel tank in the power generator room. There is a stain on the floor from diesel leakage. [HSE.1, HSE.9]

Root Causes: Management does not sufficiently monitor this issue.

9. Finding Status (Remediated)

Explanation: The factory provided spill response kits for the two chemical storage areas and for the boiler and power generator area. The factory trains the relevant workers on how to clean up chemical spills.

10. Finding Status (Not Remediated)

Explanation: The clinic is open during the day shift; however, there is no doctor onsite during the nightshift. [HSE.1]

Root Causes: Management stated that they have an agreement with a local hospital whose services can be used in case of an emergency. However, there was no written agreement.

11. Finding Status (Remediated)

Explanation: Hazard labels have been posted on the walls in the areas where hazardous materials and chemicals are stored.

Local Law or Code Requirement

Sec. 38 and 7A, The Factories Act, Act No. 63 of 1948; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.9, and HSE.17)

Recommendations for Immediate Action

1. Keep walkways and evacuation routes in the small fabric storage area in the sampling section of Building 1 clear at all times.
2. Provide secondary containment for the diesel tank in the power generator room.

COMPANY ACTION PLANS

Action Plan no 1.

Description

6. Facility has replaced all the chairs with increased height wherever workers adjusted with thread cones. Also in sampling section the employees are provided with back rest which are appropriate to their height.

8. Facility has provided the secondary container to the diesel tank in the generator room.

10. In Progress - Facility works in shifts for the washing & embroidery section. In these sections, very few workers (approximately 25-30) will be working the night shift. Also, first aid trained employees are available during the night shift also. Hospitals are located within the radius of 1 km and factory has ambulance facility in case of emergency to attend the patient immediately. The factory is also connected with hospitals nearby to provide emergency medical for our employees in case of any emergency.

However, the factory is in the process of seeking exemption from the concerned authority of State Government under the provisions of Rule 92 of Karnataka Factories Rules 1969.

Company Action Plan Update

6. Completed

8. Completed

10. Pending

PREVIOUS FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory has a policy on Health & Safety. However, the Health & Safety procedures do not contain Standard Operating Procedures (SOPs) for each job with a focus on performing the job safely, on how workers can raise health and safety concerns, and on protection against retaliation for workers who raise health and safety concerns. Procedures also do not provide details on electrical certifications, inspections, assessments, and reviews (overall electrical system, grounding system, and lightning protection system).

The factory does not have a Lock-out/Tag-out program in place. There are no documents or equipment to implement a Lockout/Tag-out program.

There is no safety manual for contractor safety. The factory management does not issue work permits or hot work area permits.

There is no documented chemical management system.

There is no traffic and vehicle management in the factory. Lanes and pathways are not appropriately marked (faded). There are no guidelines for driving /reversing vehicles, no load capacities marked, no speed breakers, no convex mirrors on blind turns, and no training for security staff on assisting vehicles with parking and reversing.

The factory only partly make all legally required documentation on Health & Safety available to workers and management. The factory has a washing process in-house with hazardous chemicals, however this information is not shared with workers.

There are no measures to protect the reproductive rights for workers through minimizing their exposure to workplace hazards. In addition, the factory does not have a system to identify pregnant/lactating women at the workplace.

Local Law or Code Requirement

The Factories Act 1948, Section 7A(2b); Karnataka Factory rules 1969 -Rule 88 G; FLA Workplace Code (Employment Relationship Benchmark ER.16 and ER.31.2; Health, Safety & Environment Benchmark HSE.5 and HSE.12; Nondiscrimination Benchmark ND.8)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: The factory's Health & Safety procedures do not contain the following components:

- a. Standard Operating Procedures (SOP) for each job with a focus on performing the job safely;
- b. Steps for workers to raise health and safety concerns;
- c. Protection against retaliation for workers who raise health and safety concerns;
- d. Details regarding electrical certifications, inspections, assessments, and reviews (overall electrical system, grounding system, and lightning protection system). [ER.1, ER.31]

Root Causes: The new management team does not understand the FLA requirements.

2. Finding Status (Not Remediated)

Explanation: The factory has not established or implemented a lockout-tagout program. [ER.1, ER.31, HSE.13, HSE.14]

Root Causes: Frequent staff turnover leads to insufficient monitoring and implementation.

3. Finding Status (Not Remediated)

Explanation: There are no Health & Safety guidance documents available for contractors. In addition, factory management does not issue work permits or hot work area permits. [HSE.1, ER.1, ER.31]

Root Causes: Frequent staff turnover leads to insufficient monitoring and implementation.

4. Finding Status (Remediated)

Explanation: The factory has a documented chemical management system.

5. Finding Status (Remediated)

Explanation: The factory has implemented a traffic and vehicle management system. Lanes and pathways are prominently marked. Visual aids for drivers are installed, load capacities are marked, speed limits are posted, and convex mirrors are installed in blind turns.

6. Finding Status (Not Remediated)

Explanation: The drinking water test report and canteen certificate are not posted. [ER.2, ER.16] Root Causes: Management did not understand that they were required to post these documents.

7. Finding Status (Partially Remediated)

Explanation: There is a written policy on protecting the reproductive health of workers, however, no steps are taken to protect the reproductive rights for workers by minimizing their exposure to workplace hazards, such as temporarily reassigning pregnant and breastfeeding workers to less hazardous roles. In addition, the factory does not have a system to identify pregnant and breastfeeding workers. There were no observed instances of pregnant or breastfeeding workers being exposed to workplace hazards. [HSE.12]

Root Causes: Management did not understand the FLA requirements on this topic.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.16, and ER.31; Health, Safety & Environment Benchmarks HSE.12, HSE.13, and HSE.14)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility has Health & Safety policy and procedures in place and also SOP's are defined for each job to perform safely. However, SOPs are not included in the policy and procedures which will be added while revising the EMS manual. Also few elements which are missing such as how workers can raise health & safety concerns, procedures related to protection against retaliation for workers who raise health and safety concerns and details on electrical certifications, inspection, assessments etc. will be included in the H&S policy.

2. Facility had lock out/tag out policy and procedure and implementation was not done at the time of audit. However now the system has been implemented in the facility.

3. Facility has implemented the process of issuing work permits for contractors. However Safety Manual for contractors will be implemented which gives guidance on health & safety requirement.

4. Remediated

5. Remediated

6. Facility has posted drinking water certificate and canteen hygiene certificate at prominent places for workers information.

7. The pregnant employees will be given light work and breaks will be given whenever they feel tired. As the worker is not comfortable getting identified on the work floor as Pregnant/Lactating woman and hence the concerned line supervisor is made aware of Pregnant worker and he will assign light work (helper) to her. And in case of lactating woman, Supervisor is aware and he will give regular breaks for her to feed the baby.

Also the welfare officer, safety officer and Medical staff will maintain a list of those workers and follow-up will be done on regular basis to ensure that the workers are not exposed to heavy work and are provided light work. Also the Pregnant women are given milk daily once as a best practice.

Their list is being maintained in the First aid room & periodical health check will be done by the Medical Officer. Factory does not appoint any female workers in the areas where hazardous chemicals are used. Also Medical staff will do regular health check-up and awareness is given on pre & post pregnancy.

Also ours is not a hazardous industry in terms of process and the only process which is hazardous is washing and printing (where the chemicals are used) and however factory will not hire any female worker for these processes.

Company Action Plan Update

1. In Progress

2. Completed

3. In Progress

4. Remediated

5. Remediated

6. Completed

7. In Progress

PREVIOUS FINDING NO.14

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25.2)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.25]

Root Causes: Management does not see the benefit of integrating workers into decision-making processes.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. All the policies and procedures are made based on local laws to meet the requirement and normally workers are not consulted while making the policies. However, if there are any policy which is meant for workers, then definitely they will be consulted before drafting or implementing such things. Workers are informed to give their feedback/inputs on the existing policies and procedures during induction, trainings, public announcement and also same will be discussed even during the committees (Works, EHS, Grievance, Canteen & Prevention of Sexual Harassment) meeting. In many instances when workers require any additional holiday for festival or 1-hour permission to go early on some festivals or on providing incentives, workers will consult the Management or Management will consult (based on the need) through Works committee and negotiate.

This is how the Worker integration component exists in the Company.

Company Action Plan Update

1. Completed

New Findings and Action Plans

NEW FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory does not regularly review its policies and procedures on any of the Employment Functions. They were last reviewed in April 2016. [ER.1, ER.29, ER.30, ER.31]

Local Law or Code Requirement

FLA Workplace Code (Employment Relation Benchmarks ER.1, ER.29, ER.30, and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility will review its policies and procedures regularly. Once all the policies are reviewed and updated accordingly, it will be reviewed yearly.

Company Action Plan Update

1. Completed

NEW FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The workers representatives on the Grievance and Health & Safety Committees are elected by workers by raising their hands instead of by secret ballot. [FOA.11]

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmark FOA.11)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility will conduct the elections through the secret ballot system for electing the workers representatives for Grievance and EHS committee.

NEW FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. On May 24, 2018, the Welfare Officer opened the suggestion box and found a written complaint from workers in the Packing Department against an Assistant Supervisor for restricting workers' use of the restroom, shouting at workers, and using abusive language. The complaint was not recorded in the grievance log. The Welfare Officer informed the HR Manager who informed the Production Manager. The Production Manager stated that the Assistant Supervisor does not behave as workers reported but that he would watch the Assistant Supervisor. After a week, the Production Manager stated that he did not find anything wrong with the Assistant Supervisor's behavior. No further action was taken. Three months later, the Assistant Supervisor resigned. There were several issues with the way the complaint was handled:

The complaint was not documented;

The HR team referred the complaint to the Production Manager and did not conduct a proper inquiry; and

All of the communication in relation to the complaint was verbal and undocumented.

In addition, the Assistant Supervisor had not yet been officially promoted to the role. He was shortlisted to be promoted and the Production Manager verbally assigned him the responsibility of Assistant Supervisor. As a result, he did not have the proper authority to supervise workers. [ER.2, ER.25, H/A.3, H/A.5, H/A.7, H/A.8, H/A.11]

Local Law or Code Requirement

Industrial Disputes Act, 1946; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER 25; Harassment or Abuse Benchmarks H/A.3, H/A.5, H/A.7, H/A.8, and H/A.11)

Recommendations for Immediate Action

1. Ensure that the proper procedures are followed when addressing grievances pertaining to the harassment of workers. Maintain complete documentation of the grievance process.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Usually all the grievances received directly or through suggestion box will be handled as per the procedure and same will be documented. In this case actions are being taken verbally and not recorded as per the procedures due to some miscommunication by the HR team. Management has instructed all the HR staffs to strictly follow the policy and procedures while handling and redressing any Grievance, and maintain the records properly. In the future, even the verbal warnings will also be documented.

In the above case, the assistant supervisor was under training and before he gets promoted, he quit the job due to his personal reasons. As the letter was anonymous, the Production Manager has inquired about the issues immediately when it came to his notice by the welfare officer. The Production Manager and welfare officer called all the employees and inquired about the issues and none of the employees reported such complaint. So they felt that the complaint is false and hence no further actions taken. However, this issue was not handled properly as per the procedure and was also not recorded. In the future, such mistakes will not be repeated and we will ensure that any such grievance will be handled properly.

Also training will be given to all the HR staff on Grievance handling policy and procedures so that any grievances will not be ignored and handled in a systematic way.

Company Action Plan Update

1. In Progress

NEW FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

Contributions to the Provident Fund and Employee State Insurance are transmitted to the applicable government authorities two to three months late. [ER.22, C.1, C.10]

The factory does not obtain workers' written consent before making voluntary deductions from workers' wages for life insurance premium payments and the cost of garments purchased from the factory (leftover garments produced in the factory). [C.11]

The factory keeps the receipts for workers' life insurance premium payments but does not provide them to workers. [C.12]

Workers are not compensated at the overtime premium rate for working on their rest day. Instead, they are paid their regular wage and provided a compensatory rest day. [ER.18, C.1, C.7]

Electricians, mechanics, plumbers, and carpenters are not compensated for overtime work because they are categorized as staff and not categorized as workers. Staff are not entitled to overtime compensation while workers are. [ER.18, C.1, C.7]

The factory gave workers a day of leave on October 20, 2018 in exchange for working on their rest day on September 30, 2018. However, because they did not work on September 30, 2018, workers who were hired in October had a day's wage deducted from their paychecks. [ER.18, C.5]

Local Law or Code Requirement

Employees Provident Funds and Miscellaneous Provisions Act, 1952; Employees State Insurance Act, 1948; Rule 23(4), Minimum Wage Central Rules, 1950; Sec. 59, The Factories Act, Act No. 63 of 1948; FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.18, and ER.22; Compensation Benchmarks C.1, C.5, C.7, C.10, C.11, C.12, and C.15)

Recommendations for Immediate Action

1.
Deposit all contributions to the Provident Fund and Employee State Insurance with the relevant government authorities within the legally defined timelines.
2.
Obtain written consent from workers to deduct life insurance premium payments and the cost of garments from workers' wages.
3.
Provide workers with the life insurance premium payment receipts as that the amount deducted from their wages was deposited.
4.
Compensate workers for working on their rest day at the overtime premium rate (i.e. double the worker's normal wage) as legally required. Retroactively compensate any workers who were underpaid in the past 12 months.

5. Recategorize the electricians, mechanics, plumbers, and carpenters as workers and compensate them for all overtime hours worked. Retroactively compensate any workers who were underpaid

in the past 12 months.

6. Cease the practice of deducting wages for days that the factory was closed from new workers'

paychecks. Retroactively compensate any new workers who were underpaid in the past 12 months.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility has made the ESI & PF payment to the concerned authority until the expiration date and same will be ensured in future.

2. Facility does deduction in salary for LIC and garment purchase apart from legal deductions. Henceforth consent/request letter from the workers will be taken for the LIC deduction and register will be maintained for garment purchase, where the employees will give their consent for salary deduction. In future for any such voluntary deductions employees consent will be taken.

3. Facility has approached the LIC for having either SMS alert system or to provide receipt once the premium is paid; the issue is still under discussion.

4. There are two ways in which the worked rest days are compensated as per Karnataka Minimum Wages Rules – 1958, Rule No 24, Sub Rule 4. The applicability of this Rule depend upon how the daily wage of the workers is calculated.

Scenario 1: Where the minimum daily rate of wages of the employee has been worked out by dividing the minimum monthly rate of wages by 26 days. The wage for the rest day is included in the daily wage. Thus, no extra payment for the rest day work is applicable.

Scenario 2: Where the minimum daily rate of wages of the employee has been worked out by dividing the minimum monthly rate of wages by the number of days in a month (30/31 days). The wage for the rest day is not included in the daily wage. Thus, extra payment for the rest day work is applicable.

We approached the Labor Department of Karnataka to get legal opinion on this issue. Labor Inspector visited the factory and inspected to understand the procedure which factory follows to compensate the rest day work. After the visit, legal opinion was given on the same and as per them the factory is complying with the local law for rest day work compensation. Enclosed the copy of legal opinion for reference. As explained, our factory falls under scenario 1.

Hence, we are meeting the law requirement by giving the compensatory off for the rest days' work. In the same context we also believe that none of our workers have any unpaid dues for rest day work.

5. Factory categorized Electricians, Mechanics, Plumbers and Carpenters as staff considering their nature of job. Since their salary was more than minimum wages and fixed on monthly basis, we were not considering them under worker category and we were not considering them for overtime compensation.

However now all the Electricians, Mechanics, Plumbers and Carpenters are considered as worker category and started paying overtime wages for these employees from December 2018 onwards. Attached the payment sheet for reference.

As the categories have been adjusted going forward, the factory will calculate and retroactively compensate workers going back to September 2018 onwards.

Regarding the back wages from January 2018 to November 2018, this is under discussion with our top management and our legal department. We will be able to give a response within 10 days from now.

6. The factory will stop appointments during such period if such situation occurs or else if appointed due to business needs, then wages will be paid for such workers instead of loss of pay. However, the factory will retroactively compensate such new workers who were underpaid in the past 12 months.

Company Action Plan Update

1. In Progress
2. Completed
3. In Progress
4. Completed
5. In Progress
6. Completed

NEW FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. The actual payment date is not recorded in the termination payout records. The date recorded in the payment records is 20 days prior to the date that the dues were debited from the factory's bank account. [ER.2, C.14, C.15]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2; Compensation Benchmarks C.14 and C.15)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility prepares the full & final settlement dues and sends to MIS department for auditing. And once the auditing is done, then it will be moved to finance department for payment. Hence it takes couple of days to pay the settlement and hence there will be a difference in payment date in payment records and debit date.

Company Action Plan Update

1. Completed

NEW FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

There is no emergency light installed above the exit in the embroidery section, the second exit in the printing section, the second exit in the home section of the sewing department, the second exit in the crèche, and the exit in the sampling department fabric storage area. [HSE.1, HSE.5]

The evacuation routes in the washing section are not marked. [HSE.1, HSE.5]

There are dust bins blocking the evacuation route in the home department cutting section. [HSE.1, HSE.5]

The work stations in the sewing department are congested, restricting workers' access to the aisle. [HSE.1, HSE.5]

The markings on the floor in the sewing department that indicate the evacuation route point away from the exit. [HSE.1, HSE.5]

The evacuation routes in the embroidery department are narrow (less than 20 inches wide) and partially blocked by tables. In addition, the aisles in the sewing section of the home department is only 24 inches wide. These conditions may restrict workers' movement during an emergency evacuation. [HSE.1, HSE.5]

The electric wires connecting the cutting machine to the main were lying on the floor close to the workers' feet. This could cause injury during an evacuation. [HSE.1, HSE.5]

There are fabric bundles obstructing the evacuation routes, the rear passage, and the view of the emergency contact information in the fabric storage area of the sampling department. [HSE.1, HSE.5]

There are cartons completely obstructing access to the fire alarm near the sampling section. [HSE.1, HSE.5]

The emergency exit doors in the embroidery section are sliding doors. [HSE.1, HSE.5]

Local Law or Code Requirement

Sec. 38, The Factories Act, Act No. 63 of 1948; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.1 and HSE.5)

Recommendations for Immediate Action

1.
Install emergency lights above all emergency exit.
2.
Mark the evacuation routes on the washing section floor.
3.
Keep all evacuation routes and aisles clear at all times.
4.
Decongest the work stations in the sewing department. Reconfigure the room if necessary.
5.
Remark the floors in the sewing department so that they arrows point toward the exit.
6.
Widen the evacuation routes in the embroidery department and the sewing section of the home

department.
7.
Relocate the electric wires away from workers' feet.
8.
Do not store fabric in the evacuation routes or rear passage of the fabric storage area in the

sampling department, or in front of emergency contact information.
9.
Do not store cartons in front of the fire alarms.
10.
Replace the sliding emergency exit doors in the embroidery section with doors that open

outwards.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility will install second emergency light in embroidery, printing, home section, crèche and sampling sections.

2. Facility will mark evacuation routes in washing sections.

3. Facility has educated all the workers and staff in Homes cutting section to keep the dust bins within yellow marking and ensure that evacuation routes are kept free from any kind of obstacles.

4. Facility has cleared the congestions/blockages in sewing section and same has been ensured on daily basis by safety officer.

5. Facility has marked the evacuation route properly showing direction towards nearest exit.

6. The aisle marking routes in embroidery section has been rectified. However regarding homes section the issue is under discussion.

7. Facility has rectified the issue by doing proper cable routings. All the cables routing is done to the tables and no wires are lying on the floor.

8. Facility has cleared the blockages and same is been monitored on regularly basis by the safety officer and welfare officers.

9. Facility has removed the carton boxes which was obstructing the access to the fire alarm and same is been ensured on daily rounds.

10. Facility will replace the sliding door with door opening outwards.

Company Action Plan Update

1. In Progress

2. Pending

3. Completed

4. Completed

5. Completed

6. In Progress

7. Completed

8. Completed

9. Completed

10. Pending

NEW FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

There is no antiseptic lotion or eye wash lotion in the first aid kits. [HSE.1, HSE.6]

There are only three workers in the crèche to care for 145 children. According to local law, there should be one crèche worker for every 20 children. [HSE.1]

The crèche staff do not wear uniforms because the factory does not provide them. [HSE.1]

There is only one glass at the drinking water station for workers to use, which is not hygienic. [HSE.1, HSE.23]

There is no soap or way to dry hands in the restrooms. [HSE.19, HSE.20]

Local Law or Code Requirement

Sec. 18 and 45, The Factories Act, Act No. 63 of 1948; Sec. 93, 95, and 104, The Karnataka Factories Rules, 1969; FLA Workplace Code (Health , Safety & Environment Benchmarks HSE.1, HSE.6, HSE.19, HSE.20, and HSE.23)

Recommendations for Immediate Action

1.
Provide enough drinking glasses so that workers do not have to share a single glass.
2.
Provide soap and a way to dry hands in all restrooms.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility has provided CIPLADINE which is an antiseptic lotion and same was explained to the auditor. However sterile water was not provided in the first aid box and will be provided for eye wash.
2. Facility has appointed 3 teachers and 3 caretakers for crèche as of now, however one more worker will be appointed to take care of children.
3. Facility has provided uniforms (a set of sarees) to all the crèche staff and every day (except Friday) they will wear these sarees as uniform and on every Friday they wear their regular sarees. So when the auditor went for factory rounds it was Friday and hence he could not see the uniforms. Same was explained to the auditor also.
4. Facility will provided more number of glasses near drinking water points.
5. Facility has provided soap and hand dryer in the rest rooms.

Company Action Plan Update

1. Completed
2. Pending
3. Completed

4. In Progress

5. Completed

NEW FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

Some of the workers in the washing and printing sections were not provided respirators. Instead, assessors observed them wearing dust masks. [HSE.7]

Most of the workers operating overlock machines and sewing machines were not wearing the dust masks that they were provided. Assessors observed fabric dust in the workers' hair, so workers are likely inhaling fabric dust. [HSE.8]

Workers in the printing department who apply ink have not been provided with latex gloves. [HSE.7]

The boiler operator has not been provided with a fire-resistant apron, safety shoes, or a helmet. [HSE.7]

There are no eye shields on the snap button machines. [HSE.1, HSE.14]

The factory does not provide loaders and unloaders with lifting belts or training on proper lifting techniques. [HSE.1, HSE.7, HSE.17]

Approximately 80% of workers with standing jobs have not been provided with anti-fatigue mats. [HSE.17]

There are no rest areas with chairs for workers with standing jobs. [HSE.1]

There are no safety instructions posted next to the laser machines and cutting machines. [HSE.14]

The needle guards on the sewing machines are not appropriate. They block the operators' view of the needle, so the sewing machine operators push the needle guards upwards, rendering them ineffective. [HSE.14]

Most of the overlock machine operators push their eye shields upwards. [HSE.1, HSE.14]

The emergency stop mechanisms on three of the fusing machines do not work. [HSE.14]

The canteen workers have not been provided with nose masks, aprons that are appropriate for preventing burns, shoes, or gloves. [HSE.7, HSE.22]

The kitchen is located next to the wall surrounding the factory. The city's main road is on the other side of the wall. The factory has not made appropriate arrangements to prevent dust and pollution from the heavy vehicular traffic from entering the kitchen. [HSE.19, HSE.22]

There is no secondary containment for the ink containers kept in the printing section. [HSE.9]

There are no spill response kits in the printing section. [HSE.6]

Local Law or Code Requirement

Sec. 34, 35, and 44, The Factories Act, Act No. 63 of 1948; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6, HSE.7, HSE.8, HSE.9, HSE.14, HSE.17, HSE.19, and HSE.22)

Recommendations for Immediate Action

1.
Provide respirators to workers in the washing and printing sections. Train workers on their use and monitor to ensure compliance.
2.
Train overlock and sewing machine operators on the use of dust masks. Monitor to ensure compliance.
3.
Provide latex gloves to the worker in the printing department who apply ink. Train workers on their use and monitor to ensure compliance.
4.
Provide a fire-resistant apron, safety shoes, and a helmet to the boiler operator. Train the boiler operator on their use and monitor to ensure compliance.
5.
Install eye shields on the snap button machines.
6.
Provide lifting belts and training on proper lifting techniques to the loaders and unloaders. Monitor

to ensure compliance.

7.
Post safety instructions next to the laser machines and cutting machines.
8.
Provide appropriate needle guards for the sewing machines. Train workers on their use and monitor to ensure compliance.
9.
Train overlock machine operator on the use of eye shields. Monitor to ensure compliance.
10.
Repair or replace the emergency stop mechanisms on the fusing machines.
11.
Provide nose masks, burn-proof aprons, shoes, and gloves to the canteen workers. Train workers on their use and monitor to ensure compliance.
12.
Make arrangements to prevent dust and pollution from the road from entering the kitchen, such as relocating or enclosing the kitchen.
13.
Provide secondary containment for the ink containers in the printing section.
14.
Provide spill response kits wherever chemicals are used or stored, including in the printing section.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility has provided appropriate PPE's (respiratory mask) for the workers in washing section.
2. Facility has provided dust mask to all the workers and same has been ensured through daily rounds by safety and welfare officers.
3. Facility has provided latex gloves for the workers who apply ink in printing department.
4. Facility will provide the appropriate i.e. heat resistant PPE's (apron, gloves, safety shoes, helmet, goggles & ear plug) for the boiler operators.
5. Facility has provided eye shields to all the snap button machines.
6. Facility will provide lifting belts for the loading/unloading workers and also training will be provided for the same.
7. Facility will provide the anti-fatigue mats for the workers who work in standing posture.
8. Facility has provided common rest area (chairs) for the workers who work in standing posture and workers can take rest whenever they feel tired. However, during the audit, few chairs were missing and hence the issue has raised. This will be taken care of in the future and the facility will ensure the same.

9. Facility has posted the safety instructions next to the laser and cutting machines.

10. Facility has provided needle guards to all the machines and same is been ensured on daily rounds by the safety/welfare officers. However facility is checking for the U-shaped needle guards which is more appropriate for sewing machines.

11. Facility has provided eye guards to all the overlock machines and same is been ensured on daily rounds by the safety officer.

12. Facility has repaired the fusing machine and now the emergency stop button works. This is ensured on a daily basis by the safety officer as per the checklist.

13. Facility has provided PPE's such as apron, gloves, hair cap and safety shoes for the canteen workers.

14. Facility has already covered the kitchen area with few sheets to avoid the dust. However few more sheets will be provided to the left out uncovered area and avoid the dust completely.

Company Action Plan Update

- 1. Completed
- 2. Completed
- 3. Completed
- 4. In Progress
- 5. Completed
- 6. Pending
- 7. Pending
- 8. Completed
- 9. Completed
- 10. Completed
- 11. Completed
- 12. Completed
- 13. Completed
- 14. In Progress

NEW FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

There is no rescue equipment available for when workers enter confined spaces. [HSE.1, HSE.7]

The factory has not implemented a lockout-tagout system by locking out equipment when needed. [HSE.13, HSE.14]

There is no rubber mat in front of the electrical panel near the entrance to Building 2. [HSE.13]

Local Law or Code Requirement

Sec. 36, The Factories Act, Act No. 63 of 1948; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.13, and HSE.14)

Recommendations for Immediate Action

1.
Provide rescue equipment for when workers enter confined spaces.
2.
Implement a lockout-tagout system by locking out equipment when not in use.
3.
Provide a rubber mat in front of the electrical panel near the entrance to Building 2.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility has ensured the Confined space permit including isolate the area at the time of work and provided the appropriate PPE's
– Fall protection with head, hand and foot protection. Also the SOP is prepared and training is given to the concerned workers.

2. Facility has implemented a LOTO system with tags to ensure that machine is isolate to do the work without any incidents for maintenance work. Training is also given to all the electricians and mechanics.

3. The facility actually had provided a rubber mat in front of the electrical panel near the entrance of building-2, but it was moved a bit towards the entrance by the house keeping staff while cleaning. Now 2 mats are provided one for electrical panel and one for entrance.

Company Action Plan Update

1. Completed

2. Completed

3. Completed