



COMPANY: The s.Oliver Group
COUNTRY: India
ASSESSMENT DATE: 12/10/12
MONITOR: ELEVATE Global Limited
PRODUCTS: Apparel
PROCESSES: Full [= full package]
NUMBER OF WORKERS: 1500
ASSESSMENT NUMBER: AA0000000160

What's Included in this Report

- Understanding this Assessment Report
- Glossary
- Score by Employment Function
- Score By Management Function
- Score Summary
- Summary of Code Violations Table
- Findings and Action Plans

Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

Glossary

De minimis: a de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of the facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

Facility performance: how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

Fair labor standards: the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

Employment life cycle: all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

Code violation: failure to meet standards outlined in the FLA Workplace Code of Conduct in the workplace implementation of employment or management functions.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

Employment functions: The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

Management functions: violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

Finding: indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

Finding type

- *Immediate action required:* discoveries or findings at the workplace that need immediate action because they not only

constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

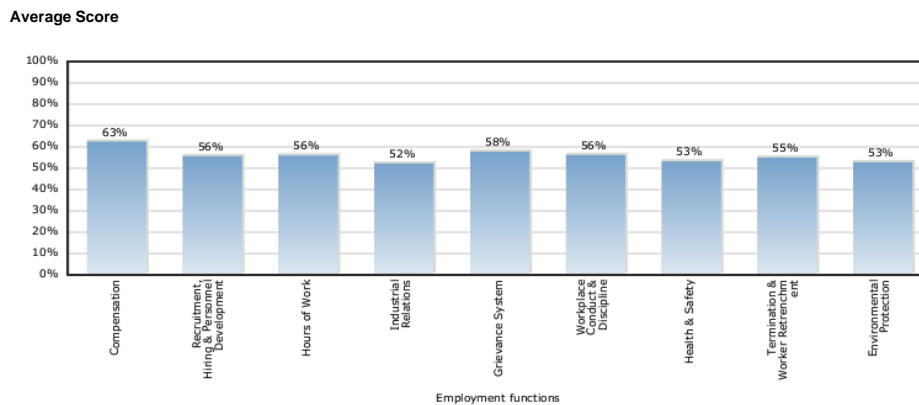
Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection, but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Uncorroborated Risk of Noncompliance: indicates a serious issue that has surfaced during the assessment, but one which the assessors were not able to corroborate through additional sources of information (e.g., allegation of retaliation against a worker by the factory management for participating in the assessment).

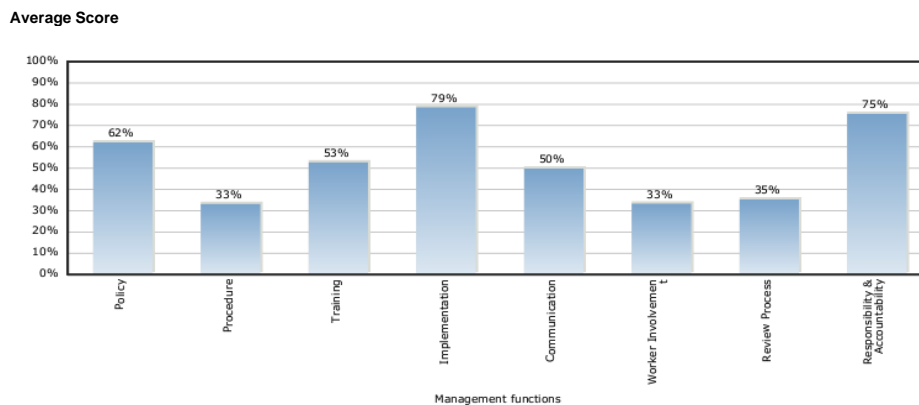
Score by Employment Function

Scores indicate a factory's performance related to a specific employment function based on an FLA assessment. A score of 100 percent indicates flawless operation of an employment function. A score of less than 100 percent indicates need for improvement.



Score by Management Function

Scores indicate a factory's performance related to a specific management function based on an FLA assessment. A score of 100 percent indicates flawless operation of a management function. A score of less than 100 percent indicates need for improvement.



Score Summary

Scores indicate the strength of management functions as they relate to different elements of the employment relationship (employment functions). For example (reading left to right), a score of 100 percent in the cell on the top left corner would indicate the existence of appropriate policies related to recruitment, hiring and personnel development.

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection
Policy	66.71%	87.5%	40%	0%	57.14%	70%	0%	83.33%	0%
Procedure	48.97%	60.47%	33.33%	15.38%	80%	50%	45.45%	4.71%	26.67%
Responsibility & Accountability	59.57%	63.4%	73.86%	63.4%	63.4%	63.4%	63.4%	69.5%	37.5%
Review Process	30%	35%	27.27%	36.36%	45.83%	35%	40%	30%	46.43%
Training	54.26%	62.12%	57.69%	54.35%	64.29%	57.14%	50%	71.42%	45%
Implementation	77.33%	84.96%	72%	80%	83.33%	87.5%	97.33%	76.51%	71.22%
Communication	0%	70%	21.43%	0%	77.78%	33.33%	71.11%	0%	20%
Worker Involvement	33.33%	N/A	N/A	100%	0%	N/A	N/A	50%	0%

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.

FLA Code Element
Compensation
Employment Relationship
Harassment and Abuse
Hours of Work
Health, Safety and Environment
Non-Discrimination

Findings and Action Plans

FINDING NO.1

BASIC NEEDS

FINDING TYPE: Uncorroborated Risk of Non Compliance

Finding Explanation

1. Based on worker interviews, their salary is not enough to cover basic needs and provide a discretionary income. (FLA Comment: The assessment methodology in use by the FLA at the time of this assessment did not involve collection of compensation data nor specific benchmarks against which to measure the adequacy of compensation received by the workers. Fair Compensation findings were based solely on worker interviews/perception and are therefore not actionable for remediation purposes. In 2015, the FLA launched its Fair Compensation Work Plan which requires the collection and benchmarking of compensation data.)

Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmark C.1.3)

Root Causes

1. The local industry does not provide compensation sufficient to cover basic needs and provide a discretionary income.
2. This issue has never been raised before during previous external audits.
3. The factory has no wage structure that would enable workers to progressively earn a wage level that meets their basic needs.

COMPANY ACTION PLANS

- | | |
|---------------------------------|---|
| Action plan status: | In Progress |
| Planned completion date: | 07/16/14 |
| Progress update: | 06/05/15 : All workers in the factory are paid as per or above the applicable minimum wage. Semi-skilled workers receive e.g. INR 9000 (minimum wage INR 7500) or highly skilled workers receive INR 12000 (minimum wage INR 9000). |

FINDING NO.2

HOURS OF WORK

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The review of the working hours between December 2011 to November 2012 revealed that 85% of the workers worked beyond the legal limit of 10 hours per day (as high as 13.5 hours per day), 60 hours per week (as high as 73 hours per week) and 50 hours of overtime per quarter (as high as 303 hours per quarter). The factory did not have permission from the local authority to work 75 hours of overtime per quarter. Overtime work in the finishing department was higher than it was the case in other departments. 2. About 30 percent of the workforce did not receive the required one day rest in a seven-day period. This resulted in some workers working up to 27 consecutive workdays without a rest day. The average number of consecutive workdays is 13.

Local Law or Code Requirement

The Factories Act 1948, Sections 51, 52, 54, & 64 (4) (i, ii & iii); FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.2)

Root Causes

- The factory does not track or monitor working hours or excessive overtime.
- There are delays in material delivery, broken equipment, and insufficient human resources in the factory. Overall, production workflow is poorly managed.
- There are no performance based incentives.

COMPANY ACTION PLANS

- | | |
|---------------------------------|--|
| Action plan status: | Completed |
| Planned completion date: | 07/16/14 |
| Progress update: | 06/05/15 : There was no weekly-off violations detected during the follow-up visit. |
| Completion date: | 07/16/14 |

2. The overtime hours were reduced to 42 % in comparison to the last quarter reviewed.

Key supporting factors are:

- The factory recruited a Manager in charge of production planning in order to avoid any excessive overtime.
- The quarterly production forecast is prepared by the Production Planning Manager and presented to the Factory Management. Factory Management compares this forecast with available budget (labour costs/working time as per legal regulations) and adjusts it if necessary.
- The factory has also started to expand to a new facility/building to meet business needs from other customers. For this new facility new workers are recruited.

- | | |
|---------------------------------|---|
| Action plan status: | In Progress |
| Planned completion date: | 07/31/15 |
| Progress update: | 06/05/15 : The overtime hours were reduced to 42 % in comparison to the last quarter reviewed. Key supporting factors are: 1) The factory recruited a Manager in charge of production planning in |

order to avoid any excessive overtime. 2) The quarterly production forecast is prepared by the Production Planning Manager and presented to the Factory Management. Factory Management compares this forecast with available budget (labour costs/working time as per legal regulations) and adjusts it if necessary. 3) The factory has also started to expand to a new facility/building to meet business needs from other customers. For this new facility new workers are recruited.

FINDING NO.3

HEALTH AND SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There were no barricades around the 15 foot-high softener tank in the boiler area or the aboveground water storage tank to prevent the risk of fall.
2. In the boiler area, a loose electrical wire was inserted into a socket without a plug .
3. Rubber mats were not provided for 1 percent of sewing machine paddles. All sewing machines are electric and workers work barefoot.
4. The aisle markings in the stitching area were faded.
5. Ten fire extinguishers were blocked by fabrics, carton, and working tables in the cutting, stitching, and packing sections.
6. Urinal partitions were not provided in one toilet block. 7. The factory does not have an ergonomic program in place and does not provide training on musculoskeletal hazards.

Local Law or Code Requirement

Factories Act 1948, Chapter III 'Health' and Chapter IV 'Safety', Section 7-A, 19, 26, 32 and 38 (1) & (2); FLA Workplace Codes (Health, Safety and Environment Benchmarks HSE.1, HSE. 5.1, HSE.7, HSE.13, HSE.17 and HSE.20)

Root Causes

1. There is a lack of systems, guidance, and commitment to health and safety management.
2. There are no regular health & safety inspections of work activities or facilities.
3. The majority of workers see safety as less of a priority than production.
4. There is no review system to check that policies and procedures are in line with the local law and the FLA Workplace Code and Benchmarks.
5. Although there are some policies and procedures on health and safety practices, there are no systems to ensure effective implementation, monitoring, review/update of policy and procedures as necessary, or training.
6. Although the factory has a health and safety procedure it does not include: a. information on risk assessment on health and safety; b. information with regard to analyzing the hazards associated with certain jobs; c. list of staff members who are responsible for coordinating the evacuation process; d. steps on how each machine is to be guarded; e. information on chemical management and occupational exposure; f. complete information on PPE; g. information on ergonomics.

Recommendations for Immediate Action

1. Make sure that necessary protection is provided around the softener tank and water storage tank to prevent the risk of fall;
2. Ensure that electrical wiring is improved in the boiler area;
3. Ensure that all machine paddles are provided with rubber mats;
4. Repaint the aisle markings in the stitching area;
5. Ensure that there is an effective monitoring system in place on the production floor to avoid any blockage of fire extinguishers.

COMPANY ACTION PLANS

1.

Action plan status:	Completed
Planned completion date:	07/16/14
Progress update:	06/05/15 : The factory has taken the necessary steps and remedied the findings. Please find supporting pictures attached. The compliance manager who attended the 2012 assessment is not with this factory anymore, therefore not for every finding a picture could be provided as evidence of the remediation.

FINDING NO.4

FACTORY STRUCTURE

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Human Resources (HR) personnel, administrative staff, and supervisors were not given training on Employment Functions such as Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, Environmental Protection, or Health & Safety. 2. Employees were not provided with orientation trainings on Recruitment, Hiring & Personnel Development, Termination & Retrenchment or Environmental Protection. Nor were the employees provided with ongoing training on Compensation or Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.15 and ER.17.1)

Root Causes

1. Management lacks awareness of the FLA Workplace Code and Benchmarks.
2. Although the factory maintains detailed records of the trainings, the outcomes were not evaluated and feedback was not received from workers. As a result, management lacks knowledge of the efficacy of the training program.
3. The training plan is not comprehensive and does not cover all Employment Functions.

COMPANY ACTION PLANS

1.

Action plan status:	Completed
Planned completion date:	07/16/14
Progress update:	06/05/15 : 1) Human Resources (HR) personnel, administrative staff and supervisors are occasionally trained on industrial relations and specific topics such as e.g. energy savings. 2) The corporate HR and Head of Department conducts a three days induction class room training for all newly joined workers covering company policy and procedures (as per company standing order). The newly joined workers will be taken for a factory and introduction tour to all units of Arvind Ltd.
Completion date:	07/16/14

FINDING NO.5

RECRUITMENT, HIRING AND PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There were no written policies on some Employment Functions.
2. The existing procedures on Termination & Retrenchment, Industrial Relations and Workplace Conduct & Discipline were incomplete. The following points were missing:
 - a. Termination & Retrenchment Procedure
 - i. Termination due to incapacity to work or death.
 - ii. Guidance on termination and retrenchment under extraordinary circumstances or financial difficulties.
 - iii. Guidance on termination/retrenchment payout.
 - b. Industrial Relations Procedure
 - i. Guidance on handling workers' right to strike.
 - ii. Procedure to respond workers' right to strike.
 - iii. A clear and transparent system of worker and management communication that enables workers to consult with and provide input to management.

- iv. Procedure on communicating, protecting, and recognizing workers' right to organize, establish and join organizations of their own choosing.
- v. Procedure on collective bargaining.
- c. Workplace Conduct and Discipline:
 - i. Appeal process
 - ii. Prohibition of monetary penalties as a form of disciplinary measure.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19.1, ER.27, ER.29, ER.30, and ER.32.1)

Root Causes

1. Management lacks knowledge of the FLA Workplace Code and Benchmarks.
2. There are no systems for monitoring or reviewing/updating policies and procedures.
3. It is not a legal requirement in India for factories to have policy and procedures on Retrenchment or Personnel Development.
4. Management reported that since they have never experienced any downsizing, they did not feel the need to develop any policies on retrenchment.
5. Until recently, there was no staff to formulate the factory policies. Management has since hired a staff member to establish the necessary policy and procedures.

COMPANY ACTION PLANS

1.

Action plan status:	Completed
Planned completion date:	07/16/14
Progress update:	06/05/15 : The policies and procedures are defined in the factory's policy and procedures as well as the standing order. It was verified that all missing policies are included.
Completion date:	07/16/14

FINDING NO.6

ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. There is no system in place to respond to environmental emergencies, such as chemical spills or gas leaks.
2. The waste collection facility was not inspected.
3. Chemical storage areas were not inspected daily.
4. There is no documentation on Environmental Protection.
5. The factory does not have policy on Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.9; Employment Relationship Benchmark ER.31)

Root Causes

1. There was no system to manage the environmental impact of the chemicals used in the factory on the factory's surroundings.
2. Existing procedures do not include environmental impact inside the factory (i.e., the management of chemicals, wastewater, inspections, or documentation).
3. Regular inspections are not carried out in the workplace to assess environmental impact.
4. The factory's training plan does not include training for employees who manage chemical storage areas or work with chemicals.
5. There is no review system for existing procedures.

COMPANY ACTION PLANS

1. 1) The factory only has cut-to-pack process. No chemicals or gas is being used for this production.
- 1-3) The factory management considers to enroll for ISO 14000 certification. The factory management is awaiting the results of an environmental audit conducted at another group facility in order to decide whether this certification will be scaled up to

include other units.

Action plan status: In Progress

Planned completion date: 07/31/15

Progress update: 06/05/15 : 1) The factory only has cut-to-pack process. No chemicals or gas is being used for this production. 1-3) The factory management considers to enroll for ISO 14000 certification. The factory management is awaiting the results of an environmental audit conducted at another group facility in order to decide whether this certification will be scaled up to include other units.