

FLA Audit Profile		Independent External Monitoring	
Country	Mexico	Mexico	
Name of Factory	090050584FV	090050584FV	
Independent External Monitoring Organization	ALGI	Accordia	
Date(s) in Facility	July 9-11, 2007	September 28, 2009	
FLA Affiliated Compan(ies)	Patagonia, Inc.	Patagonia, Inc.	
Number of Workers	362		
Product(s)	T-shirts, Pullovers, Vests, Jackets, Boxers		
Production Processes	Cutting, Sewing, Assembling, Packing, Warehousing and Shipping		

FLA Code/Benchmark	Compliance Status	Remediation							Status
		Description of noncompliance, risk of noncompliance or uncorroborated evidence of noncompliance	Company Internal Audit Findings (optional)	Company Remediation Plan	Target Completion Date	Factory Response (optional)	Company Follow-Up (cite date of follow-up)	Documentation	
GEN 1: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	Noncompliance	1. Company fails to provide Code to the factory.		1) Patagonia will print and provide a code of conduct poster to the factory in local language. (2) Upon Code of Conduct receipt, factory management to post Code of Conduct in prominent areas in the local language.	Dec-07	waiting for Patagonia to deliver the poster			Completed
GEN 2: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Noncompliance	2. Company fails with its obligations, workers are not informed of Company Code.		Factory management shall internalize Code of Conduct by communicating code standards in a written and verbal form. Management to include a code provision or standards education process or worker orientation, specially during the worker orientation process and after workers have been hired. Assign someone responsible for the implementation of these requirements. Factory management to create and implement a training work plan that; i) describes factory's commitment to prepare employees for their jobs by increasing their knowledge about workplace regulations; ii) defines training obligations, types of training needed (job related, workplace rules including PC's code of conduct standards) and training opportunities for employees to gain the knowledge and skills needed to do their jobs and awareness of their rights and responsibilities; iii) assign someone responsible for managing education & training implementation and obligations. Documentation to be submitted: 1) an education & training workplan; 2) training materials; 3) proposed training dates based on plan. Factory management to submit documentation to their main or regional PC representatives.	Dec-07	Factory trained employees on the FLA, this includes new employees and management.	Factory management set up a training for supervisors on the Patagonia code of conduct and workers received this training from their supervisors.	Documentation of the training on file.	Completed
GEN 3: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	Noncompliance	3. There is no anonymous mechanism to report any non-compliance directly to the company.		Included in the training of the Code of Conduct standards workers will be informed of their ability to contact the brand directly, this can be done through an email address that is located on Patagonia's Code of Conduct poster.	2007	Waiting for Patagonia to deliver the poster	The Patagonia code of conduct poster includes communication channels for workers to use to contact the corporate office directly.		Completed
F. Other	Risk of noncompliance	The factory is in compliance with the Forced Labor benchmark but workers are not aware of or have been trained on FLA or Patagonia benchmarks (including Forced Labor).		Factory management to define/enhance or create a Forced Labor policy and procedures that; i) clearly describe a commitment to prohibiting the use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise ; ii) prohibit all relevant individuals from coercing employees or unnecessarily limiting their freedom of movement.; iii) define the disciplinary procedure should such actions take place. Management to create procedures that; i) describe how the policy is communicated, deployed and monitored to effectively prohibit Forced Labor; ii) describe the how the employee behavior or performance is evaluated against existing standards to make determinations whether discipline is appropriate and if so, what type; iii) describe how employees are informed as to why disciplinary action is being taken, what type of action is taken and how they are informed of their rights to appeal; iv) describe how each type of disciplinary methods get executed; and v) create an appeal process where by an employee can challenge disciplinary decisions and how the factory investigates and reaches conclusions on appealed cases.	Oct-07				Completed

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C. Other	Risk of noncompliance	The factory is in compliance with the Child Labor benchmark but workers are not aware of or have been trained on FLA or Patagonia benchmarks (including Child Labor).		Factory management to define/enhance or create a Child Labor policy and procedures that; i) clearly describe a commitment to prohibiting the use of labor where the person employed is younger than the local legal age; ii) define the disciplinary procedure should such actions take place. Management to create procedures that; i) describe how the policy is communicated, deployed and monitored to effectively prohibit Child Labor; ii) collect and retain proof of age documentation, such as the copy of their ID cards and photos, from all potential workers prior to hiring; iii) make reasonable and good faith efforts to assess the authenticity of age documentation and make comparisons with the ID card provided by the employees; iv) interview all prospective employees prior to hiring the workers to observe and determine whether the applicants' appearances match the asserted age and written age documented on the employment application.	Oct-07				Completed
H&A. Other	Risk of noncompliance	The factory is in compliance with the Harassment or Abuse benchmark but workers are not aware of or have been trained on FLA or Patagonia benchmarks (including Harassment or Abuse).		Factory management to define/enhance or create a Harassment & Abuse policy and procedures that; i) describe a commitment that every employee shall be treated with respect and dignity; ii) that no person will be subject to any physical, sexual, psychological or verbal harassment or abuse; iii) define the disciplinary process should any violation to this policy occur. Management to create procedures that; i) describe the how facility shall maintain an escalating disciplinary policy (verbal warning, written warning, termination) which clearly defines conditions under which an employee may be reprimanded; ii) describe how employees are informed as to why disciplinary action is being taken, what type of action is taken and how they are informed of their rights to appeal and; iii) describe how each type of disciplinary methods get executed; iv) create an appeal process where by an employee can challenge disciplinary decisions and how the factory investigates and reaches conclusions on appealed cases.	Oct-07			Completed	
D. Other	Risk of noncompliance	The factory is in compliance with the Non Discrimination benchmark but workers are not aware of or have been trained on FLA or Patagonia benchmarks (including Non Discrimination).		Factory management to define/enhance or create a Non-Discrimination policy and procedures that; i) describe a commitment that no person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin; ii) define the disciplinary process should any violation to this policy occur. Management to create procedures that; i) describe the how facility shall maintain an escalating disciplinary policy (verbal warning, written warning, termination) which clearly defines conditions under which an employee may be reprimanded; ii) describe how employees are informed as to why disciplinary action is being taken, what type of action is taken and how they are informed of their rights to appeal and;	Oct-07			Completed	

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				iii) describe how each type of disciplinary methods get executed; iv) create an appeal process where by an employee can challenge disciplinary decisions and how the factory investigates and reaches conclusions on appealed cases. Management will also require; i) all hiring documents, such as an employment application or contract to include a statement affirming the applicant's understanding of facility's anti-discrimination policy which will be signed by each applicant. Copies are maintained in the employee's personnel file; ii) obtain signed statements from all managers, supervisors, and other relevant employees responsible for the hiring process, affirming their understanding of our anti-discrimination policies; iii) train all relevant individuals, including all individuals responsible for the supervision of workers and the hiring process, on our policies and procedures prohibiting all forms of discrimination; iv) explicitly prohibit mandatory pregnancy testing as a condition of employment or continued employment.						
H&S.9 Evacuation Requirements and Procedure	Noncompliance	1. Only 1 emergency exit assigned to evacuate Patagonia's 362 workers which is insufficient. 2. In Plant 6, 1 aisle was not passable. 3. Evacuation drills have not been performed since December of 2006.		1. Factory shall assign an additional exit to evacuate all of the workers. 2. Aisles shall be kept clear of objects. 3. Evacuation drills should be practiced o	Oct-07	Factory plans a fire drill in November. Last year the fire evacuation was in compliance with Mexican regulations.	Factory has emergency evacuations on a bi-annual basis and has documentation of such drills.		Completed	
H&S.10 Safety Equipment and First Aid Training	Noncompliance	1. Plant 6 (Cutting and Fabric Warehouse), one fire extinguisher was not easily accessible. 2. First aid kit was empty. 3. First aid supplies are insufficient, factory needs 2 more kits (1 for every 100 people)		1. Factory will remove any obstructions to make fire extinguisher accessible. 2&3. Factory will review all first aid kits and ensure that they are properly stocked for supplies. Also it is suggested that factory plan a bi-annual review of first aid kits to ensure they are properly stocked. It is recommended that factory management have someone accountable for safety equipment and first aid training	Oct-07	Area where fire extinguishers were located was cleaned up. Aisles have been cleared			Completed	
H&S.11 Personal Protective Equipment	Noncompliance	In Plant 1, 2 and 3, some production processes are excessively noisy. Not every worker exposed wore appropriate PPE.		If production processes cause employees to yell to hear each other then ear protection is required. Factory will assess the level of noise for their production process and provide employees ear protection and training where needed. It is recommended that factory management have someone accountable for PPE usage	Oct-07	Factory provides ear protection for employees and reduce noise on some equipment where the noise is loud.			Completed	
H&S.18 Machinery Maintenance and Worker Training	Noncompliance	20% of machines being used by Patagonia workers are missing pulley guards (approximately 50)		Factory will retrofit sewing machines so that the pulley is not exposed.	Aug-07	Factory will address the equipment that is missing the pulley guards.	Factory has retrofit sewing machine so that pulley guards are in place.		Completed	
H&S.22 Sanitation in Factory Facilities	Noncompliance	Bathrooms in Plants 4 and 6 are not kept clean and sanitary.		Factory will monitor the cleanliness of the bathrooms and assign personnel to ensure bathrooms are kept clean throughout the day. Factory may want to implement a chart that tracks who is responsible and when the bathroom was last checked.	Aug-07	Factory is now publishing on the bathroom wall a weekly clean up schedule and the name of the person responsible.			Completed	
FOA. Other	Risk of noncompliance	The factory is in compliance with the FOA benchmark but workers are not aware of or have been trained on FLA or Patagonia benchmarks (including FOA).		Factory management to define/enhance or create a Freedom of Association policy and procedures that; i) recognizes and respects the right of employees to freedom of association and collective bargaining; ii) ensure that employees will not be subject to intimidation or harassment in the exercise of their right to join or refrain from joining any organization; iii) define the disciplinary process should any violation to this policy occur. Factory management to continue communicating its freedom of association policy, so that worker awareness is increased. Policy to be enhanced by (i) defining the purpose of and the channels for two-way communication between workers and management on welfare and production issues;	Oct-07				Completed	

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				(ii) to define purpose and obligations for non-retaliation to protect employees against negative consequences for open communication; (iii) to define the conditions under which employees are able to select representatives and/or participate in factory problem-solving mechanisms; (iv) assign someone responsible for policy/procedures implementation; and (v) create an employee training plan. Documentation to be submitted: Enhanced policies and procedures on freedom of association and worker representation, including your employee training plan.						
HOW. Other	Risk of noncompliance	The factory is in compliance with the Hours of Work benchmark but workers are not aware of or have been trained on FLA or Patagonia benchmarks (including Hours of Work).		Factory management to define/enhance or create a Hours of Work policy and procedures that; i) outlines the regular hours of work expected (employees shall not be required to work more than the lesser of 48 hours per week and 12 hours overtime, or the limits on regular and overtime hours allowed by the law of the country of manufacture; ii) outlines when overtime will come into affect; iii) outlines what constitutes extraordinary business circumstances are and ensures that all overtime is performed voluntarily. Management shall create procedures that; i) describe how workers will be communicated to on their hours of work; ii) how the factory will ensure management over hours of work.	Oct-07					Completed
WBOT. Other	Risk of noncompliance	The factory is in compliance with the Wages and Benefits and OT Compensation benchmark but workers are not aware of or have been trained on FLA or Patagonia benchmarks (including Wages and Benefits and OT Compensation).		Factory management to define/enhance or create a Wages, Benefits & Overtime Compensation policy and procedures that; i) describe a commitment to pay workers at least the minimum total compensation required by local law, including mandated wages, benefits and additional payments in accordance with the terms of employment; ii) establish the frequency of payments (i.e., weekly, monthly, other and the number of days delay from period earned to pay date); iii) establish method of wage payment (i.e. cash, check, other); establish that overtime hours worked will be compensated at the legal rate as set by the legal requirements. Management to create procedures that; i) state information regarding payroll calculation will be well defined, recorded and communicated to managers in charge, supervisors and workers; ii) establish a system to insure that workers will be compensated at least, the legally mandated wage for the area and or industry; iii) for piece rate workers, the detailed piece wage calculation methodology will be recorded and workers will be trained to understand the calculation method.	Oct-07					Completed