

FLA Audit Profile	
Country	Sri Lanka
Factory name	12007016C
IEI#	T Group Solutions Pvt Ltd
Date(s) in facility	DECEMBER 13 - 14, 2004
PC(s)	Reebok
Number of workers	555
Product(s)	Knits
Production processes	Cut to Pack

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Findings					Remediation				Updates			
			Monitor's Findings	Documentation (If Finding Corroborated/ Verified Via Multiple Sources, List All)	Was Finding Corroborated? Yes or No	If Not Corroborated, Explain Why	Best Practice	PC Remediation Plan	Target Completion Date	Documentation Required	Factory Response (Optional)	Documentation Submitted	Company Follow Up and Verification Efforts	Documentation	
<b>1. Code Awareness</b>															
Worker/Management Awareness of Code		<b>FLA Principle of Monitoring, Obligation of Companies:</b> 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.	1) Workers interviewed not aware of code elements. 2) Managers interviewed not aware of most or all of the code elements. 3) 2 framed codes of conduct posters of Reebok were noticed. These are in the local language. One is kept on the ground next to a shoe rack near a subsidiary exit on the production floor and the other is kept on the ground in the canteen.	Interviews with workers and management; Visual inspection	No	Finding was incriminating		(1) Factory to include in its employee handbook information on Reebok's human rights standards and employees' rights under them. Factory to also include factory's policies and employee's rights and obligations under them. (2) Factory to develop and implement a plan for ongoing training of employees on Reebok's Standards and factory policies. Factory to conduct first training by end of Q2 2005.	Apr-05	Factory to submit (1) copy of employee handbook, (2) training plan, (3) training materials for first training and (4) training attendee lists for first training.				8/13/2005: Factory has submitted copy of handbook and a copy of first training on safety. 10/11/2005: Factory's training schedule has been submitted (showing training in June, September and December, 2005).	Handbook, training materials, and training schedule
<b>2. Forced Labor</b>															
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.															
Employment Records		Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision	1) No records for security guards are being maintained. 2) As stated by security guards during interviews, they have not received any appointment letters from the concerned agency.	Interviews with management and security guards	Yes			Factory to (a) have security agency to develop, if not already in place, a policy for maintaining employment records of security guards, (b) appoint an individual to be accountable for overseeing the implementation and enforcement of policies and procedures involving the maintenance of security guard employment records.	1-Mar-05	Factory to submit (a) copy of security agency's policy for employment records and (b) name of individual accountable for overseeing implementation.	Factory management secured commitment from security firm to submit copies of appointment letters of their employees; maintain 60 hour work week with 1 rest day; and submit payroll and working hour records to factory.	Factory submitted (a) letter from security agency and (b) name of individual accountable for overseeing implementation.	Reebok's monitor had a phone conversation on 03.08.05 to review copy of security agency's communication, which did not make commitment to pay premium for overtime work in 60 hour weekly work ceiling. Reebok monitor requested factory to submit agency's commitment to pay overtime premium. Reebok monitor verified names of responsible staff for overseeing the implementation of security guard employment records. Reebok monitor will continue to verify remediation by documentation review and phone consultations with factory management.	Name of individual accountable for overseeing implementation	
<b>3. Child Labor</b>															
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.															
<b>4. Harassment or Abuse</b>															
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.															
<b>5. Nondiscrimination</b>															
No person will 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.															

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<b>6. Health and Safety</b>														
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.														
Document Maintenance/ Accessibility		All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.	1) There is no MSDS in the local language posted in the chemical storage area.	Visual inspection; Interview with management	No	Finding was incriminating.		Factory must make MSDS accessible to all workers handling chemicals. (a) Factory to post MSDS in the local language in the chemical storage area. (b) Factory to develop policies and procedures for posting MSDS in the local language in all production areas. Factory to appoint an individual to be accountable for the implementation.	Mar-01-05	Factory to submit photo showing MSDS posted in chemical storage area.		Factory submitted photograph with MSDS posted.	Reebok's monitor had a phone conversation on 03.08.05 with factory management to review photograph with MSDS posted and found that factory has posted MSDS in local language in chemical storage area. 10/11/2005: Factory has (a) submitted copies of policies and procedures for MSDS postings and (b) named safety and compliance officer as individual responsible for implementation of policies and procedures.	Photograph of MSDS posted, Policies and procedures
Evacuation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	1) There are no high beam emergency lights with battery back up on exits or on evacuation routes. Few installed in production hall are tube light type. 2) Wire of pressing iron at pressing station located near cutting section running across passage. 3) 'Keep Clear' yellow boxes not marked in front of exits. 4) Aisles markings and evacuation signs faded in some areas on production floor. 5) Evacuation plans marked in English and not local language. Most of them do not match floor layout in position in which they are presently posted. 6) Aisles and evacuation signs not appropriately marked in pressing/finishing section and in packed goods store. No evacuation plans posted in these areas. 7) Aisle between pressing stations in pressing section blocked with bins.					1) Factory must ensure emergency exits clearly marked, well illuminated and fitted with emergency lights. Factory to install emergency lights with battery back up with 1.5 hour capacity and 1 foot candle intensity. 2) Factory must clear passageways leading to and from workstation, either to side or behind worker. Factory to remove wire of pressing iron from pressing station out of passageway. 3) In order to help ensure that emergency exits well marked, factory must paint a "keep clear" yellow box on floor in front of all exits. 4) Factory to clearly mark evacuation arrows by re-painting evacuation signs that have faded.	Mar-01-05	Factory to submit 1) photo showing installed emergency light, 2) photo of removal of wire of pressing iron out of passageway. 3) Factory to submit photos of painted lines on factory floors and underneath extinguishers.	1) Factory installed emergency lights with battery back up with a 1.5 hour capacity and required candle foot intensity. 2) factory submitted picture, 3) factory has submitted photos, 4) factory has submitted photos.	Factory submitted photographs with (a) emergency light installed, (b) removal of wire of pressing iron, (c) painted lines on factory floors and underneath extinguishers.	Reebok's monitor had a phone conversation on 03.08.05 with factory management to review all photographs and found that the factory has corrected all noncompliances for evacuation procedures. 10/11/2005: Factory has submitted training plan and names of accountable staff.	Photographs; Training plan
Evacuation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	8) The packed goods store has 2 exits close to each other. There is no designated emergency exit in the opposite direction. Exit that does exist used for loading and unloading and blocked with empty cartons. 9) Empty and partly packed cartons storage in section of production floor is haphazard. Aisle is blocked with cartons. 10) An electric cable of a welding machine seen crossing the exit of generator room. <b>Indicator:</b> Only 61 persons trained in use of fire fighting equipment. The closest fire station is 42 kms away.					Workers must be within 75 feet of nearest class A fire extinguisher for ordinary combustible fires, and those working with chemicals must be within 50 feet of class B extinguisher for flammable materials. Factory to investigate areas that lack fire extinguishers in order to develop a plan for meeting distribution requirements.	28-Feb-05	Factory to submit plan for fire extinguishers.	Factory submitted plan for additional fire extinguishers.	Reebok's monitor had a phone conversation on 03.08.05 with factory management to review plan for fire extinguishers and found that the factory has yet to provide evidence of installed extinguishers. Reebok monitor will continue to verify remediation by documentation review and phone consultations with factory management, as well as follow-up visits.	Plan for additional fire extinguishers	
Safety Equipment		All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	There are 38 fire extinguishers for an area of 50,000 sq. feet. Not all workers have a fire extinguisher located within a distance of 75 feet of their work area.					Workers must be within 75 feet of nearest class A fire extinguisher for ordinary combustible fires, and those working with chemicals must be within 50 feet of class B extinguisher for flammable materials. Factory to investigate areas that lack fire extinguishers in order to develop a plan for meeting distribution requirements.	28-Feb-05	Factory to submit plan for fire extinguishers.	Factory submitted plan for additional fire extinguishers.	Reebok's monitor had a phone conversation on 03.08.05 with factory management to review plan for fire extinguishers and found that the factory has yet to provide evidence of installed extinguishers. Reebok monitor will continue to verify remediation by documentation review and phone consultations with factory management, as well as follow-up visits.	Plan for additional fire extinguishers	
Ventilation/Electrical/Facility Maintenance		All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	1) No lighting provided for those engaged in documentation work in trims store. 2) Lighting at needle point on sewing machines ranges from 85 lux to 350 lux. 3) Few overhead tube lights suspended too low in passage in pressing section at about 5 feet from ground. 4) Taped joints on damaged wiring of pressing irons seen on all pressing stations located at the end of each sewing batch, also, noticed on some sewing stations.	Visual inspection	No	Finding was incriminating.		Lighting of various production tasks should be 500 to 1500 lux or higher depending on nature of task, color of materials, speed of operation and demand for accuracy. Factory to replace lighting needle point on sewing machines to meet 500 to 1500 lux range. Factory to correct damaged wiring joints on pressing irons.	28-Feb-05	Factory to submit proof of replacement of lighting needles and correction of wiring joints.	Factory submitted letter indicating replacement of lighting needles.	10/8/2005: Factory has emailed 2 photographs to document corrective actions. 03.08.05: Reebok's monitor had phone conversation with factory management to review letter of installed needle lighting and found that factory has yet to provide complete evidence of installation. Reebok monitor will continue to verify remediation by documentation review and phone consultations with factory management and follow-up audits.	Letter; Photographs	
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	1) Few sewing machines did not have pedal mats. 2) One sewing machine did not have a belt guard. 3) The exhaust pipe of the generator is not insulated.	Visual Inspection	No	Finding was incriminating.		Factory to (a) review sewing machines to identify any missing either pedal mats or belt guards, and correct problem, (b) insulate exhaust pipe of the generator, (c) assign responsibility to a health and safety manager to develop and implement system for regularly reviewing basic facilities and machines to ensure are all up to code and correct problems as they are identified.	28-Feb-05	Factory to submit photographs showing corrections to sewing machines and exhaust pipe. Factory to submit name of person assigned responsibility for developing sustainable health and safety solution.				
Sanitation in Facilities		All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	1) Waste fabric store completely disorganized with pieces of fabric strewn and piled all over room. 2) 1 gents' toilet block has no provision for hand wash. 3) No provision for hand drying (towel or blower) is available in hand wash area of one of gents' toilet blocks. 4) Cobwebs seen on overhead structures. 5) Lint accumulation seen on overhead pipes and metal structure in pressing section.	Visual Inspection	No	Finding was incriminating.	1) Factory arranges for doctor to visit factory once a week. 2) Eye camps organized by factory once a year.	(1) Factory must take steps necessary to minimize risk of fire hazards. Factory to ensure that waste fabric is placed in boxes in storage room. Factory to remove lint from overhead pipes and other metallic objects in pressing section. (2) Factory must provide adequate supply of antibacterial soap and hand towels for all toilets.	28-Feb-05	Factory to submit photographs showing waste fabric in storage room and removal of lint, as well as proper supply of antibacterial soap and hand towels in toilet areas.	03.08.2005: Factory also submitted waste/ hazardous materials disposal training plan.	03.08.2005: Factory has submitted photograph of waste fabric in sacks. Picture of overhead pipes with lint removed submitted. 10.11.2005: Factory has submitted 2 photographs of men's toilet with antibacterial soap and hand towels provided.		
<b>7. Freedom of Association and Collective Bargaining</b>														
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.														

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<b>8. Wages and Benefits</b>															
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.															
Time Recording System	Wage Board Ordinance of Sri Lanka no. 27 of 1941, 40 of 1943, 19 of 1945, 22 of 1945.	Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards.	1) Instances of mismatch between time records and manual entry made by security guards noticed. (e.g., as per manual entry made by security guards, 38 workers had come to factory on November 21, 2004, which was a rest day. However, time records for these workers reflect a weekly day off. Review of manual record maintained by security guards revealed that factory drivers had exited factory at 21:52 hours on November 4 + 5, 2004, whereas time records reflect out time as 19:00 hours on both days. In another instance, on November 21, 2004 (rest day), there is no time entry in time records, however, manual records indicate a driver was on duty from 10:30 hours up until 18:45 hours. Few documents collected from production floor also indicated factory had worked on few rest days (November 14 & 21, 2004). However, these entries were tampered with, when reviewed on day 2 of the audit.	Review of documents; Interview with management and security guards	Yes			The factory must maintain accurate and reliable payroll reports and provide workers with wage statements every pay period. Factory must ensure that all work, including overtime hours, must be recorded on the regular payroll record. Factory must not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate wages, or for any other fraudulent reason.	28-Feb-05	Factory to submit copies of payroll records.	Factory management is committed to single payroll. Driver roster to reduce working hours to 60 hours with 1 day of weekly rest.	Factory submitted handbook, sample pay slip, sample January payroll and attendance records.	Reebok's monitor had a phone conversation on 03.08.05 with factory management to review pay slips; found that factory has yet to provide complete evidence of accurate time recording system for subcontracted employees, such as these security guards. Reebok monitor will continue to verify remediation by documentation review and phone consultations with factory management as well as follow-up visits. 9/13/2005: Factory has submitted copy of working hours records and corresponding payroll records for its own workers as well as outsourced security guards for month of June 2005 and day of August 16th.	Handbook, pay slip, payroll and attendance records	
Record Maintenance		All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.	1) There is no proof of compensation paid to workers for working on rest days and extra hours which is not reflected on official time records. 2) Wage records for security guards were not available for review.	Interview with management	No	Finding was incriminating		Factory must ensure that all hourly wages, piece rate work, bonuses and other incentives will be calculated and reported accurately. (a) Factory to investigate gaps in compensation on all rest days and make back payment of wages at the time of Reebok production. (b) Factory to develop policies and procedures to have accurately maintained time records for all hours worked, including rest days. Factory to appoint an individual to be accountable for enforcement of time keeping records.	28-Feb-05	Factory to submit (a) copies of payroll records and (b) copies of policies and procedures	Factory has set up policy and procedures for time-keeping.	Factory submitted (a) copies of payroll records and (b) copies of policies and procedures	Reebok's monitor had phone conversation on 03.08.05 with factory management to review investigation report and found that investigation on actual minimum wage amounts being paid to security guards. Reebok monitor will continue to verify remediation by documentation review and phone consultations with factory management and in follow-up visits. 3/8/2005: Factory submitted copy of cash payments made on 12/10/2004 for overtime work done 11/21-22/2004 for Rs 10,089.25 (to 39 workers). 09/13/2005: Statement also submitted from management attesting these were only workers not paid on payroll. Factory submitted copy of working hour records and corresponding payroll records for its own workers as well as outsourced security guards for month of June 2005 and working hours records for day of August 16th. 10/11/2005: Factory has submitted its working hours policy and procedures and designated personnel staff.	Payroll records, policies and procedures for timekeeping, Statement from management	
Legal Benefits		Employers will provide all legally mandated benefits to all eligible workers.	Unable to confirm whether legally mandated benefits are provided to security guards and to workers who have worked on rest days as appropriate records were not provided/available for review.	Interview with management	No	Records not provided		Factory to investigate whether legally mandated benefits are provided to security guards and to workers who have worked on rest days. Factory to consult with security agency to discuss if any policies and procedures are in place to provide legally mandated benefits to workers.	28-Feb-05	Factory to submit investigation report		Factory submitted investigation report.	Reebok's monitor had phone conversation on 03.08.05 with factory management to review investigation report and found that investigation on actual minimum wage amounts being paid to security guards is pending. Reebok monitor will continue to verify remediation by documentation review and phone consultations with factory management as well as follow-up visits. 9/13/2005: Copy of security guards' working hours and payment voucher for June 2005 submitted.	Investigation report Copy of security guard payment voucher for June 2005	
Legal Compliance for Holiday/Leave		Workers will be paid for holidays and leave as required by law.	There is no proof of compensation paid to workers for working on the rest day.	Interview with management	No	Finding was incriminating		Factory to investigate whether legally mandated benefits are provided to security guards and to workers who have worked on rest days. Factory to consult with security agency to discuss if any policies and procedures are in place to provide legally mandated benefits to workers.	28-Feb-05	Factory to submit investigation report		Factory submitted investigation report.	Reebok's monitor had phone conversation on 03.08.05 with factory management to review investigation report and found investigation of actual minimum wage amounts being paid to security guards is pending. Reebok monitor will continue to verify remediation by documentation review and phone consultations with factory management, as well as follow-up audits.	Investigation report	
<b>9. Hours of Work</b>															
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.															
Positive Incentives	BOI (Board of Investments) standards on Hours of Work. Factories Ordinance Act 6 & 32 of 1984.	Positive incentives will be utilized, and known by the workers.	Noncompliance issues not reported.					Factory provides a production incentive.							
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	As stated by security guards during interviews, they work on 12-hour shifts and they need to request for a weekly day off.	Interviews with security guards and management	Yes			Factory to investigate whether security agency repeatedly requires worker hours in excess of 60 hours per week. Factory to provide security agency with advance notice on any extraordinary circumstances with respect to production cycle.	2/28/2005	Factory to submit copy of investigation report in conjunction with security agency.			Reebok's monitor had phone conversation on 03.08.05 with factory management to obtain a status report on investigation report and found that factory is still in the midst of its investigation. Reebok monitor will continue to verify remediation by documentation review and phone consultations with factory management as well as follow-up audits. 9/13/2005: Factory submitted copy of commitment from security agency, dated 2/24/2005, to limit working hours to 60 hours per week, including 1 rest day per week, as well as to pay overtime wages and other mandatory benefits, effective as of 3/1/2005.		

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<b>10. Overtime Compensation</b>														
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.														
Accurate Recording of OT Hours Worked	BOI (Board of Investments) standards on Wages and overtime payment. Factories Ordinance Act 7 & 32 of 1984.	Employees will be paid for all hours worked in a work week. Calculation of hours worked must include all time that the employer allows or requires the worker to work.	Cannot be confirmed as discrepancies seen when electronic time records cross checked with some of the manual time records kept at security gate and some of the production records maintained on the production floor. Records for security guards are not available.	Review of available records; Interviews with management and employees during the closing meeting.	No	Incomplete records		Factory must maintain accurate and reliable recording of overtime hours. Factory to (a) investigate inaccuracies in time records and if needed make back payments to workers at time of Reebok production and (b) factory to develop policies and procedures for accurately and reliably recording all hours worked, including overtime. Factory to appoint an individual to be held accountable for the implementation of the accurate and reliable timekeeping records.	28-Feb-05	Factory to submit (a) investigation report and (b) copies of policies and procedures.				Reebok's monitor had phone conversation on 03.08.05 with factory management to obtain a status report on investigation report and found that factory is still in the midst of its investigation. Reebok monitor will continue to verify remediation by documentation review and phone consultations with factory management and follow-up audits. 4/18/2005: (1) Random check with factory workers confirmed claims of factory management of cash payment to 39 workers whose overtime records not computed on 11/21-22/2004. 9/13/2005: Factory submitted copy of working hour records and corresponding payroll records for its own workers as well as outsourced security guards for the month of June 2005 and day of August 16, 10/11/2005: Factory has submitted its working hours policy and procedures and designated personnel staff.
Other			Phone calls received by workers provided following information: Workers often swipe their cards at 4:30pm and continue to work 2 to 3 hours overtime without compensation. Worked on 1 Sunday in November, additional wage not compensated. Worked an additional night in November for which no compensation has been paid.	Phone calls received by 3 female workers	NO	Information received after the audit		Factory must maintain accurate and reliable recording of overtime hours. Factory to (a) investigate inaccuracies in time records and if needed make back payments to workers at time of Reebok production and (b) factory to develop policies and procedures for accurately and reliably recording all hours worked, including overtime. Factory to appoint an individual to be held accountable for the implementation of the accurate and reliable timekeeping records.	28-Feb-05	Factory to submit (a) investigation report and (b) copies of policies and procedures			Reebok's monitor had phone conversation on 03.08.05 with factory management to obtain a status report on investigation report and found that the factory is still in the midst of its investigation. Reebok monitor will continue to verify remediation by documentation review and phone consultations with factory management as well as follow-up audits.	
<b>Miscellaneous</b>														
Unauthorized Subcontracting			Factory uses the following subcontractors ((Names of subcontractors)) other than those disclosed during the opening interview with the management.	Review of documents; Interview with management during the closing meeting.	Yes			Factory must get approval for all subcontract factories by completing the official Reebok factory approval process. Factory must disclose factory profile information for all subcontractors currently being used and that are expected to be used in the future.	2/28/2005	All factories producing for Reebok must complete a factory Welcome Kit, complete an initial audit, and be designated "Approved" for production via the Reebok Human Rights Tracking System.	2/26/2005: Factory has received production orders from ((Subcontractor name)). All subcontract documents have been submitted.	4/18/2005: Factory has submitted commitment note to only use authorized units for Reebok production.	Commitment letter.	
Other			Noncompliance issues not reported.				1) Factory has provided a library with computers for employees. 2) New year party is organized by factory where gifts for best employee, winners of cultural activities and queen are presented. 3) Factory has tied up with local distributors for furniture, electrical appliances, jewelry shops, etc., to help workers procure their requirements at discounted rates and pay in installments directly to the shops. 4) Movie shows and cultural programs are organized once a year for employees and their immediate family members.							