

FLA Audit Profile		Company Comment: In 2006, Reebok created and delivered a new factory in order to address issues found during the original audit. In 2007 this facility was deactivated by Reebok's sourcing issues. As a result, adidas Group's Team was unable to complete the remediation plan.		
Country	Cambodia			
Factory name	120212380E			
IEM	Kenan Institute Asia			
Date(s) in facility	September 28-29, 2006			
PC(s)	Reebok, PVH			
Number of workers	702			
Product(s)	Cutting, Sewing, QC, Ironing, Packing			
Production processes	Shorts, Shirts			
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance
1. Code Awareness				
Worker/Management Awareness of Code		FLA Principle of Monitoring, Obligation of Companies: 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.	The workers don't have awareness of the Code of Conduct (CoC).	
2. Forced Labor				
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.				
Freedom of Movement		Employers are prohibited from practices that restrict a worker's ability to terminate his or her employment or freedom of movement, including physical or mental coercion, deposits, unreasonable financial penalties or recruitment fees, and access to and renewal of identity papers and/or work permits or other legal identification documents.	There are toilet permission cards provided to workers in each work line; thus, workers have to take this card when they need to go to the toilet.	

Recruitment Contracts		There can be no employment terms (including contracts, recruitment arrangements, or any other instruments) which specify that employees can be confined or be subjected to restrictions on freedom of movement; allow employers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or, in any way punish workers for terminating employment. (It is acceptable to provide bonuses to workers who stay for a term of contract and meet reasonable conditions, such as regular attendance, punctuality, good quality, etc.		Original employment contracts maintained in each personnel record. However, the employer did not provide copies of contracts to employees.
3. Child Labor				
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.				
4. Harassment or Abuse				
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.				
5. Nondiscrimination				
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.				
6. Health and Safety				
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.				
Safety Equipment	Prakas 330/00 Art 3; required staffing of infirmary depends on number of employees: 601-900: 2 nurses on duty; 1 doctor; number of hours doctor required per 8 hour shift: 3.	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 is only 1 nurse on duty and doctor visits 2 hours a day, which are under the legal requirements.

PPE	Cambodia Labor Code, Art. 229	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	1) 90% of workers did not wear cotton mouth guards during working hours.2) It was observed that cutting operator did not wear steel-mesh gloves when using cutting machine. 3) No floor mat found and used by workers in ironing section where workers have to stand work at all time. In conclusion, no training about using PPE or education records found; thus, workers are not aware of using PPE.	
Chemical Management		All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	Diesel oil containers not kept in proper storage, put in heating area near steam boiler. Some containers is spite out and contamination to environmental.	
Chemical Management for Pregnant Women and Juvenile Workers		To prevent unsafe exposure to hazardous chemicals, appropriate accommodations shall be made for pregnant women and minors as required by applicable laws in a manner that does not unreasonably disadvantage employees.		
Ventilation/Electrical/ Facility Maintenance	Prakkas 484/03	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 emergency light installed in steam boiler area. 2) Electric cables in steam boiler, male toilet, drinking water and Chinese hostel are without proper casing and switch. Moreover, it is in damp area and fuel source. Besides, no electric system inspection report revealed.	

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.		
Record Maintenance		All safety and accident reports shall be maintained for at least 1 year, or longer if required by law.		
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.		
Sanitation in Facilities	1 and 2, Prakas 052/00	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	1) Toilet area not clean and well maintained since area is wet and floods. 2) Inadequate number of western-style toilets provided to women workers as per legal limits; for every 50 women workers, should be 1 toilet. 3) No policy and procedure dealing with disposal from infirmary room, since there is used injection equipment. All disposal not separated from regular disposal.	
Sanitation in Dining Area		All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.		

Sanitation in Dormitories		All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills should also be conducted at least annually.		
7. Freedom of Association and Collective Bargaining				
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.				
8. Wages and Benefits				
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.				
Payroll Reporting		Accurate and reliable payroll reporting, including pay stubs will be provided.		
Pay Statement		Employers will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions.		

Time Recording System		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.		
Record Maintenance		All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.		
Accurate Recording of Wage Compensation		All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately.		
False Payroll Records		Employers will not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.		
9. Hours of Work				

<p>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.</p>				
Overtime Limitations	<p>Cambodia Labor Law; Art 140 and AC Award 10/04, according to overtime authorization letters issued by Ministry in charge of Labor overtime is usually limited to 2 hours per day.</p>	<p>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</p>		
Reduce Mandated OT		<p>The employer will demonstrate a commitment to reduce mandated overtime and to enact a voluntary overtime system to meet unforeseen situations</p>		
Overtime Explanation	<p>Prakas 80/99 : Employers must obtain the permission of Ministry in charge of Labor giving employees overtime work.</p>	<p>Employers shall be able to provide explanation for all periods when the extraordinary business circumstances exception has been used. Employers shall take reasonable steps to inform workers about the nature and expected duration of the circumstances</p>	<p>No OT permission from Ministry of Labor & Vocational Training disclosed, the lasted was proved since 10 November 2005 which was allowed factory to have OT for 3 months.</p>	

Voluntary OT		Overtime hours worked in excess of code standard will be voluntary		
10. Overtime Compensation				
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	Cambodia Labor Law; Art 140 and AC Award 10/04, according to overtime authorization letters issued by Ministry in charge of Labor overtime is usually limited to 2 hours per day.	Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work.	Due to off-site inspection,, disclosed factory operates OT after 18.00. Payroll ledgers and time records presented during auditing not revealed; thus, those records are falsefied, auditors unable to verify accurate recording of OT hours worked.	

OT Compensation Awareness		Workers shall be informed about overtime compensation rates, by oral and printed means.		
Miscellaneous				
Illegal subcontracting			There is no control system for overseeing subcontractor that facility utilizes for embroidery and washing.	
Other	Textile Garment and Shoe Workers Only, Minutes of Discussion of Terms of Condition of Workers-Employers of the Garment Factories in [Town name]			

ed remediation plan to this
 1st IEM visit. Yet, in March
 units due to production related
 ensure a successful

IEM Findings			
Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/ Documentation Used for Corroborating	PC Internal Audit Findings Based on First Audit by adidas Group (November 15, 2006)
		Workers interview	Most interviewed workers were not aware of and did not understand Code of Conduct. There has not been any proper training provided to the workers.
		Workers and management interview. Visual inspection.	After IEM, conducted visit in September. When PC conducted internal visit in November, it was found that factory had eliminated toilet pass policy.

		Workers and management interview	
		Doctor and nurse interview, visual inspection	1) Factory management must ensure that number of nurses and doctors is sufficient. 2) Clinic must be separated from production and have basic equipment such as washing basin. 3) Currently ventilation and hygiene conditions are poor and need improvement.

		Visual inspection and training record reviews	Most workers using mask and gloves; needle guards installed at most sewing machines. Floor mats and metal gloves have been provided to workers. Factory management still required to train workers on use of PPE on ongoing basis, as well as to include PPE training in Orientation Program.
		Visual inspection	
		Visual inspection	Electrician has never conducted any inspection around factory premises. There is lack of supervision on how electrician carry-out and finish the task; factory does not have a safety policy.

<p>Worker informed that temperature in work place will be high during summer time; inadequate fans provided.</p>	<p>Factory installed temperature meter on work floor; therefore, no records are kept.</p>	<p>Workers interview</p>	<p>High temperature in factory production is especially so in ironing section. On production lines, there is not sufficient ventilation and is lack of 'fresh air' from outside. Most fans installed to circulate inside air, which creates lots of dust around ceiling and workbench. There is a lack of proper engineering maintenance given to ventilation system.</p>
		<p>Visual inspection, nurse and doctor interview, policy/procedure reviews</p>	<p>1) Poor drainage system at toilets. Slippery and lack of regular inspection. 2) Insufficient number of female toilets according to PC H&S Standard (i.e., 6 per 150 workers. 1 toilet for additional 40 workers). However, factory still required to install 3 more female restrooms. 3) Infirmary not located in an area that ensures privacy and is separate from production lines.</p>
			<p>Drinking water results indicated 3 items that could not meet the standard, i.e., Total Plate Count, # of CFU per ml and Thermotolerant Colifor per 100 ml.</p>

			<p>1) Expatriate Dormitory is damp and has bad odor due to recent flood. 2) Architectural condition is poor. 3) Many cigarette butts found on male dorm floor. 4) Lack of usable fire extinguishers and dorm regulations. 5) Residences must hang wet clothes in room; lack of laundry service or space where workers can hang clothes to dry. 6) Lack of basic facilities such as proper closets or safe places where workers can store valuable items.</p>
Off-site inspection disclosed factory still operating after 18.00; however, no payroll records revealed when monitors conducted payroll reviews.	Off-site inspection conducted on last day of audit; thus, monitoring team not able to cross check the records with factory.	Off-site inspection and documents review	PC conducted off-site interview and observed there were workers who entered factory gate after 18:00 and verified this issue next audit day. PC investigation and cross-checking <u>did not</u> indicate double book keeping. Group of workers observed by IEM were contract workers which factory casually employed for shipping and loading goods after 18:00. Factory has been using subcontracted workers and PC issued the action plan and advised factory to stop hiring casual workers and use shift work to manage after hours loading tasks.
Due to off-site inspection,, disclosed factory operates OT after 18.00 and payroll ledgers and time records presented during auditing not revealed.	Off-site inspection conducted on last day of audit; thus, monitoring team not able to cross check the records with factory.	Off-site inspection and documents review	PC internal audit indicated all of observed group of workers (IEM identified they worked after 18:00) paid in cash. Document review indicated factory keeps copy of cash pay slip for money paid to Casual Workers. For Production workers, there are proper pay slips available.

Due to off-site inspection,, disclosed factory operates OT after 18.00 and payroll ledgers and time records presented during auditing not revealed.	Off-site inspection conducted on last day of audit; thus, monitoring team not able to cross check the records with factory.	Off-site inspection and documents review	PC internal audit indicated all of observed group of workers (who worked after 18:00) did not have any clock card to record time attendance. These casual workers came to work on night which factory requires them to upload goods into container for air freight, so they do not have routine working hours.
Off-site inspection disclosed factory still operating after 18.00; however, no records revealed when monitors conducted audit in work place.	Off-site inspection conducted on last day of audit; thus, monitoring team not able to cross check the records with factory.	Off-site inspection and documents review	PC internal audit indicated factory only maintained receipt of 'Cash Payment' for observed group of workers (whom IEM identified worked after 18:00). There is no payroll or pay slip provided to each individual worker. Whole group of workers paid whole amount of cash and they will divide total amount by themselves.
Off-site inspection disclosed factory still operating after 18.00; however, no records revealed to ensure that workers are paid accurately.	Off-site inspection conducted on last day of audit; thus, monitoring team not able to cross check the records with factory.	Off-site inspection and documents review	Group of IEM observed workers hired on temporary basis; these workers paid whole amount and do not receive any bonus. Wages not calculated based on hourly rate.
Due to off-site inspection, disclosed factory operates OT after 18.00. Payroll ledgers and time records presented during auditing not revealed; thus, those records suspected to be false.	Off-site inspection conducted on last day of audit; thus, monitoring team has no chance to come back and cross check suspicion of false records.	Off-site inspection and documents review	PC Internal finding did not indicate any multiple payrolls. Please refer to previous information in regards to this issue listed above. PC investigation reveals factory employs outside casual workers to handle shipment loading during night time (after 18:00).

1. Off-site inspection was disclosed that factory still operating after 18.00; however, no any records revealed during monitors conducted audit in work place as well as workers testimony confirmed that only OT for 2 hours a day is provided for them. 2. Security guard stated that there were some workers worked on Sunday.	Due to the Off-site inspection was conducted on the last day of audit; thus monitoring team is not able to cross check the records with the factory.	Visual inspection and Security guard interview	1. The workers whom IEM observed to work after 18:00 were the group of workers who have been hired casually from the surrounding area of the factory in order to load the goods at night. Most of the existing employees under contracts are working 2 hours maximum overtime each day. 2. PC interviewed security guards and shipping manager, investigation reveals that workers who are temporary employed for loading goods come to work on Sunday when the factory could not meet shipment dates and in the case of air-fright. Most Production worker interview indicated that factory closed on Sunday.
Off-site inspection was disclosed that factory still operating after 18.00; however, no any records revealed.	Due to the Off-site inspection was conducted on the last day of audit; thus monitoring team is not able to cross check the records with the factory.	Off-site inspection and documents review	For the existing workers who work normal Production lines, factory has a policy to work at a maximum of 2 hours per day and 12 hours per week. There is voluntary overtime system in place. Workers who have been observed to work after 18:10 are the Casual workers that has been hired for loading goods purpose. These group of Casual workers only work at night. They are not being included in the pay-roll payment system of the factory.
		Document review and management interview	PC internal audit has addressed and investigated and conducted off-site interview with workers who entered the factory gate after 18:00 and found that the group of people are not employed directly by the factory. Shipping Manager interview also indicated that factory employ temporary workers.

<p>No any records revealed that factory has OT excessive 2 hours per day during monitors conducted audit in work place as well as workers testimony confirmed that only OT for 2 hours a day is provided for them and they are voluntary to do so.</p>	<p>Off-site inspection was disclosed that factory still operating after 18.00 and no OT data sheet revealed that worker are voluntary to wok OT after this.</p>	<p>Off-site inspection, documents review and workers interview.</p>	<p>Due to non-cross check evidence by IEM, according to pervious explanation in relation to this issue, the factory does not have any excessive overtime for the existing workers who are employed by King's First.</p>
		<p>Off-site inspection and documents review</p>	<p>Due to employment of casual workers, factory has not been able to provide proper calculation of wages to PC for this group of casual workers. However, for existing production workers who sign contracts with factory, factory has set up a proper system to link time attendance and payroll together. Please refer to above explanation for corrective action factory must take in order to avoid risk of noncompliance for hiring casual workers.</p>

<p>Most workers do not know how to calculate the overtime rate.</p>	<p>However, some of them have known a fixed price per hour that factory wrote on pay slip. Monitors also found that factory has posted method for calculation on information board.</p>	<p>Workers interview and visual inspection</p>	<p>PC audit indicated some workers not clear about how to calculate overtime rate.</p>
		<p>Management interview and document reviews</p>	<p>PC observed that management has not been able to provide clear information on outside subcontractor used for embroidery and printing. Audit did not indicate there was any sewing done outside factory premises.</p>
<p>Management informed that 2 company t-shirts given to worker annually. No workers wear them.</p>	<p>Workers stated they received 2 sets of company t-shirts each year; however, quality of t-shirts not good. They did not like to wear them and preferred to wear casual dress.</p>	<p>Management and workers interview</p>	<p>PC observed that most workers have choice to wear or not to wear factory t-shirt to work. Worker interviews also did not indicate any disciplinary practice for workers who do not wear factory t-shirts.</p>

Remediation				
PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (November 15, 2006)	Documentation
1) Factory management to conduct regular training for workers to ensure all workers are aware of Code of Conduct. 2) CoC training to be included in orientation for all new workers.	31-Dec-06		1) Factory has provided training to existing workers and has included this topic in the new workers' orientation.	Training document review.
Factory management must eliminate policy and give workers free access to restrooms.	Immediately	Notice board contains announcement policy that workers have free access to restrooms at any time.	Factory management has announced policy to workers regarding free access to restrooms. In addition, announcement posted on notice board. SEA staff observed workers can go to restroom at anytime without restriction. Workers interviewed indicated factory had just eliminated policy in November.	Worker Interview, Observation and Policy Review

<p>1) Factory management must provide copy of signed contracts to workers upon hiring. 2) Factory management must provide copy of contract to all existing workers who do not have copy of such.</p>	<p>15-Jan-07</p>	<p>Factory needs to make a copy of contracts and distribute them to all workers.</p>	<p>HR has begun to distribute copy of contract to workers.</p>	<p>Document Review</p>
<p>Factory Safety Officer must ensure regular assessment of hygiene condition at clinic and ensure factory management understands importance of setting up proper clinic. Accident record, OPD records must be established.</p>	<p>6-Dec</p>	<p>Factory submitted a verification photo to PC which indicates improvement has been made for clinic hygiene condition.</p>	<p>Clinic must be located separate from production and provide washing basin. Improve ventilation and ensure patients can rest quietly.</p>	<p>Physical Inspection. Photo verification</p>

<p>1) HR Department needs to conduct regular inspections and keep educating workers/ supervisors on importance of PPE use. 2) Include PPE training in Orientation Process.</p>	<p>Dec-06</p>	<p>Factory has committed to provide ongoing education for workers on this issue.</p>	<p>PC conducted audit the following month and found that most workers were using required PPE and appear to have good understanding of PPE. Most needle guards and belt guards were used. Worker interviews indicated they have been trained how to use PPE.</p>	<p>Physical Inspection, Training Document Review and worker interview.</p>
<p>1) Factory Management needs to ensure electrician and safety officer carry out and evaluate safe electrical conditions in workplace, as well as ensure there is a proper seal for all live wires throughout factory area, including dormitory. 2) Full risk assessment needs to be conducted.</p>	<p>6-Dec</p>	<p>Factory informed PC they have obtained quotation for re-wiring project to be done by third party electrical company. The plan is to be completed by January 2007.</p>	<p>General workplace inspection indicates high risk of fire safety and poor housekeeping. Factory does not have electrical inspection report. Cables used not insulated and protected on all trailing leads. Moreover, they are not maintained in sound and properly serviceable manner.</p>	<p>Physical Inspection, document review.</p>

<p>At minimum, factory needs to install additional fans on side wall in order to draw fresh air from outside and take out hot air at the other end. Relocate small ceiling fans or consider using air-cooling system to ensure better working environment and to minimize dust around factory.</p>	<p>30-Jan-07</p>		<p>Management has agreed to install additional fans on side wall in order to improve general condition. This project is to be completed by January 2007</p>	<p>Physical Inspection.</p>
<p>1) Set up team to conduct regular inspections for factory H&S conditions. Housekeepers must have channel to report any drainage block or other issues related to poor toilet conditions. 2) Install additional female toilets which comply with SEA standards. Ensure toilets seats provided. 3) Separate clinic by installing proper roof on top in order to block noise from production lines. Install air conditioning and washing basin; set up checklist for internal inspection team to regularly monitor hygiene condition of clinic and other areas of factory. 4) Safety team must receive external training in order to work in more systematic way and be more proactive for Health Safety and Environmental Conditions of factory. 5) Safety Officer to enroll in Safety Officer Registration in order to receive proper training based on PC Safety requirements.</p>	<p>30-Dec-06</p>		<p>1) Additional cleaner has been hired. 2) Additional toilets being installed and will complete by January 30, 2007. 3) Separation of clinic completed by installing roof and air conditioning. Washing basin installed also by mid-December 2006. 4) Safety Officer to be enrolled and registered in first quarter of 2007. 5) Factory has already installed needle disposal at clinic.</p>	<p>Physical Inspection</p>
<p>Immediately change drinking water supply and ensure the new one passes test. Conduct water testing every 6 months.</p>	<p>31-Dec-06</p>	<p>Factory agrees to change the drinking water to another brand.</p>	<p>In December, factory submitted new test result of new drinking water; it has passed test.</p>	<p>Drinking water test result.</p>

Management to consider providing laundry facility and basic cleaning routine for these groups of workers. Set up dorm regulations and impose disciplinary practice. Set up designated smoking area. Install proper fire extinguishers and first aid box.	31-Jan-07	The factory has not response to PC on this issue.	No progress. To be followed up by March 2007 for remediation plan.	Observation, physical walkthrough.
Factory given information on Subcontract and Casual Worker Employment Guidelines. Recruit more workers for Shipping Department. Production and Shipping must work together to rotate pool of 'full time employed' workers for day and night shift to complete loading tasks. All workers must be directly employed by factory with proper personal files and ensure benefits and payments are in compliance with local law and adidas' standards.	30-Nov-06	Factory agreed with PC and will stop using casual workers immediately.	Factory has stopped using outside workers and has agreed to employ all workers directly.	Management Interview. Personal files for the new shift workers must be verified by PC next visit to the factory by March 2006.
Stop hiring casual workers and set up proper employment process where factory hires all workers directly. All wage payments to former "casual" workers must be in the same system as existing workers.	30-Nov-06	Factory agreed with PC and will stop using casual workers immediately.	Factory has stopped using outside workers and has agreed to employ all workers directly.	Management Interview. Cash Pay slip records.

<p>Factory advised to stop hiring this group of temporary workers. All workers who perform task must have clock in and clock out card, then link attendance records to payroll system.</p>	<p>30-Nov-06</p>	<p>Factory agreed with PC and will stop using casual workers immediately.</p>	<p>Factory has stopped using outside workers and has agreed to employ all workers directly.</p>	<p>Management Interview. Off-site worker interview.</p>
<p>Stop hiring casual workers and set up proper employment process where factory hires all workers directly. All wage payments to this group of workers must be in same system as existing workers.</p>	<p>30-Nov-06</p>	<p>Factory agreed with PC and will stop using casual workers immediately.</p>	<p>Management committed that employment of casual workers will be stopped immediately.</p>	<p>Management Interview. Payroll for the new shift workers must be verified by PC next visit to the factory by March 2006.</p>
<p>PC has advised factory to stop employing workers casually and ensure that all hours worked being compensated.</p>	<p>30-Nov-06</p>	<p>Factory management has agreed with PC recommendation and will stop hire these group of workers.</p>	<p>Management has already committed to stop hiring casual workers. Further verification is required.</p>	<p>Management interview, Action plan response to PC.</p>
<p>PC recommended factory to stop hiring these casual workers from outside. All workers must have proper employment contracts, payroll records, pay slip and under same wage/benefits provided to daytime production workers.</p>	<p>30-Nov-06</p>	<p>Factory management has agreed with PC recommendation and will stop hire these group of workers.</p>	<p>Management has already committed to stop hiring casual workers. Further verification is required.</p>	<p>Management interview, Action plan response to PC.</p>

PC has recommended factory to stop employing the temporary workers immediately.	30-Nov-06	Factory management has agreed to follow PC recommendation according to the close-meeting on the audit day.	Factory has started to implement the shift-work where workers will be rotated if they have to come to work on Sunday. Further verification by PC is required in order to ensure that factory rectifies the action plans properly.	Worker interview, Security Guard interview and Management interview.
There is no recommendation for this item on Management commitment to ensure voluntary overtime. However, PC has informed factory to stop hiring the casual workers and register all the qualified workers to be under factory's employment contract.	30-Nov-06	Factory has agreed with PC recommendation.	Further verification will be required to ensure that factory takes the action they have committed to PC.	Interview, off-site inspection.
Factory has been recommended to stop employing temporary workers immediately. All the works perform around the factory must be done by workers who sign the contracts and properly employ with the same system with all other production workers.	30-Nov-06	Factory has agreed with PC recommendation.	Further verification will be required to ensure that factory takes the action they have committed to PC.	Worker interview, management interview, physical observation.

<p>Please refer to above items explanation for the needs to eliminate the employment of casual workers.</p>	<p>30-Nov-06</p>	<p>Factory agreed with PC recommendation.</p>	<p>Further verification will be required to ensure that factory takes the action they have committed to PC.</p>	<p>Worker interview, management interview, physical observation.</p>
<p>Factory to stop using casual workers and register all workers properly.</p>	<p>30-Nov-06</p>	<p>Factory agrees with PC finding.</p>	<p>Further verification will be required to ensure factory takes action they have committed to PC.</p>	<p>Worker interview, management interview, physical observation.</p>

<p>Factory to provide training to all levels of workers and ensure they understand how to calculate overtime rate. Post overtime calculation example on notice board. Include overtime calculation training in orientation process.</p>	<p>31-Dec-06</p>	<p>Factory agrees with the finding.</p>	<p>To follow up by March if factory provides effective training.</p>	<p>Worker interview.</p>
<p>Factory must provide a list of outside embroidery and printing to PC.</p>	<p>30-Nov-06</p>	<p>Factory agrees to provide the list.</p>	<p>1) Factory has provided list of embroiderers to PC. 2) Supplier will be invited to Workplace Standard meeting to be held by adidas in April 2007 to outline importance of ensuring compliance in subcontract facility. 3) Sourcing Company is also to be invited and responsible for ensuring compliance of adidas' Code of Conduct in their subcontractors' factories.</p>	<p>Completed and ongoing</p>
<p>This is not a noncompliance item.</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>Worker Interview</p>

[Status]	Updates (Cite Date of Follow Up)		Third-Party Verification		Company Verification Follow Up	
Completed, Pending, Ongoing	Company Follow Up	Documentation	External Verification (Date)	Documentation	Company Follow Up (Cite Date of Planned or Follow-up Visit, if Appropriate)	Documentation
Completed, ongoing training is required.						
Completed						

Ongoing	In 2006, Reebok created and delivered remediation plan to this factory in order to address issues found during original IEM visit. Yet, in March 2007 this facility was deactivated by Reebok's sourcing units due to production related issues. As a result, adidas Group's Team was unable to ensure a successful completion of the remediation plan.					
Completed.						

Complete, ongoing training is required.	In 2006, Reebok created and delivered remediation plan to this factory in order to address issues found during original IEM visit. Yet, in March 2007 this facility was deactivated by Reebok's sourcing units due to production related issues. As a result, adidas Group's Team was unable to ensure a successful completion of the remediation plan.					
Pending	In 2006, Reebok created and delivered remediation plan to this factory in order to address issues found during original IEM visit. Yet, in March 2007 this facility was deactivated by Reebok's sourcing units due to production related issues. As a result, adidas Group's Team was unable to ensure a successful completion of the remediation plan.					

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1. Ongoing. 2. Pending. 3. Ongoing. 4./5. Ongoing	In 2006, Reebok created and delivered remediation plan to this factory in order to address issues found during original IEM visit. Yet, in March 2007 this facility was deactivated by Reebok's sourcing units due to production related issues. As a result, adidas Group's Team was unable to ensure a successful completion of the remediation plan.					
Complete and on-going.						

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<p>Pending, needs further verification to ensure that it's completed with support evidence.</p>	<p>In 2006, Reebok created and delivered remediation plan to this factory in order to address issues found during original IEM visit. Yet, in March 2007 this facility was deactivated by Reebok's sourcing units due to production related issues. As a result, adidas Group's Team was unable to ensure a successful completion of the remediation plan.</p>					
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