

FLA Audit Profile	
Country	Pakistan
Factory code	360057397E
JEM	LIFT Standards Ltd.
Date(s) in facility	August 23, 24 & 26, 2006
PC(s)	Puma AG
Number of workers	Total: 550 (permanent) + 37 (male) contracted daily basis (Male: 530; Female: 20); Labor agents/Subcontracted: 250 workers (daily basis)
Products	Padel Racket
Production processes	Moulding, Laying, Sanding (subcontracted); Printing/painting, Gripping, Cover Inspection, Packing/finishing.

Due to a 2010 ILO Independent External Verification of the International updates after 2006 can be found on the ILO report here.

FLA Code/ Compliance Issue	Country Level/ Legal Reference	FLA Benchmark	Non-compliance	EIM Evidence		Remediation	Target Completion Date	Company follow up (August 29 & 30, 2007)	Documentation	Status	Time Party	Verification	Company Verification Follow up
				Risk of Non-compliance	Evidence of Non-compliance (unsubstantiated)								
1. Code Awareness													
Code poster/information		FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	Insufficient code (only one English code) posted in the main entrance of the factory. No code of conduct is found in the subcontracted factory.		Visual observation	Post copies of CoC in local language at the working areas including the subcontracted factory. Provide sticker with contact information for confidential reporting of non-compliance issues. Brief employees on the code elements. Include the code elements in the training module for new employees.	11/1/2006	A copy of the Code of Conduct is posted at three different areas of the factory with sticker containing contact information for confidential reporting of non-compliance. Additional copies will be provided for posting at other areas. Factory has also its own Code of conduct similar to that of PC. This and another poster indicating the minimum wage, company benefits and the use of complaint box are posted at the gate and at the production areas. Briefing of workers on the CoC was done by either foreman or supervisor. Interviewed workers were aware of CoC	Inspection, management and workers' interview	Completed			
Workermanagement 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.	Code of conduct is not communicated to the workers and management. No training or orientation system has been imparted to the workers and management of code of conduct.		Worker interview, management interview and documentation check	Post copies of CoC in local language at the working areas including the subcontracted factory. Provide sticker with contact information for confidential reporting of non-compliance issues. Brief employees on the code elements. Include the code elements in the training module for new employees.	11/1/2006	A copy of the Code of Conduct is posted at three different areas of the factory with sticker containing contact information for confidential reporting of non-compliance. Additional copies will be provided for posting at other areas. Factory has also its own Code of conduct similar to that of PC. This and another poster indicating the minimum wage, company benefits and the use of complaint box are posted at the gate and at the production areas. Briefing of workers on the CoC was done by either foreman or supervisor. Interviewed workers were aware of CoC	Inspection, management and workers' interview	Completed			
Confidential non-compliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure reporting channel, in a format appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on non-compliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	No confidential non-compliance reporting channel has been established by the PC. PC's local representatives phone number is written on the poster but no one (worker and management) is aware about it.		Visual observation and management	Post copies of CoC in local language at the working areas including the subcontracted factory. Provide sticker with contact information for confidential reporting of non-compliance issues. Brief employees and inform them about the existence of the contact information for confidential reporting of non-compliance.	11/1/2006	A copy of the Code of Conduct is posted at three different areas of the factory with sticker containing contact information for confidential reporting of non-compliance. Additional copies will be provided for posting at other areas. Factory has also its own Code of conduct similar to that of PC. This and another poster indicating the minimum wage, company benefits and the use of complaint box are posted at the gate and at the production areas. Briefing of workers on the CoC was done by either foreman or supervisor. Interviewed workers were aware of CoC	Inspection, management and workers' interview	Completed			
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.													
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.													
Age Documentation		Employees will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.	No age proof documents and medical/fitness certificate are maintained for the workers by the factory.		Documents review and management interview	Require submission of copy of age document and check against the original copy. Keep copy in the individual employment file. When birth registration certificate is not available, require a certificate from a licensed doctor or dentist attesting to the age of the applicant. Ensure that nobody below 15 years old is hired.	11/1/2006	A list of workers' files with no copy of age documentation was generated from the computer. From the original list of 122 workers, there were still 76 workers with no age documents. Factory is still following up with workers on file. Auditor checked some workers in the latest list and found them to be adults. One showed his new ID which he said he had not yet presented to the office. Age documents required are national ID, birth certificate, the B-form or family record or school certificate. Factory's employment files have been computerized and each file shall contain all documents pertaining to worker's employment including among others personal information, age documentation, copy of company ID, disciplinary action, wage/bonus history. Information on previous applicants is also stored in the Resource Data Book (RDB).	Document review, interview, visual inspection	Pending			
Legal compliance for juvenile		Employees will comply with applicable laws that apply to young workers, i.e., those between the minimum working age and age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.	Juvenile workers are admitted by the management but no juvenile protection in practice.		Management review and record review	Keep a register to monitor young workers and ensure that the protection required by law as to working hours and allowable jobs are observed.	11/1/2006	Guidelines were formulated on the kind of work and the working hours allowable for young workers. Regular check up is also in the guidelines. No young workers were identified during the time of the audit. The two young workers who were identified during the FLA audit (Aug. 23 to 26, 2006) resigned on Dec. 2, 2006 and Jan. 26, 2007 and were paid the proper gratuity pay.	Document review, interview	Completed			
Juvenile worker Identification System		Employees will have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws.	No system of identifying juvenile workers by factory. Juvenile workers were identified by the auditors at the time of the factory visit (a worker claimed his age as 16 years and his supervisor also confirmed he was 16 years) but the factory could not provide proof of the worker as an adult as the factory doesn't have any supporting documents for age.		Documentation check and Management interview	Require submission of copy of age document and check against the original copy. Keep copy in the individual employment file. When birth registration certificate is not available, require a certificate from a licensed doctor or dentist attesting to the age of the applicant. Ensure that nobody below 15 years old is hired.	11/1/2006	A list of workers' files with no copy of age documentation was generated from the computer. From the original list of 122 workers, the number is now down to 76 workers with no age documents. Factory is still following up with workers on file. Auditor checked some workers in the latest list and found them to be adults. One showed his new ID which he said he has not yet presented to the office. Age documents required are national ID, birth certificate, the B-form or family record or school certificate.	Document review, interview, visual inspection	Pending			
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.													
Disciplinary Practices		Employees will utilize consistent written disciplinary practices that are applied fairly among all workers.	No written harassment, abuse and disciplinary policy exists. No disciplinary practice record maintained in the factory.		Documentation review and management interview	Develop a disciplinary system whereby offenses or violations of company rules are grouped/classified. There should be a progressive disciplinary system that classifies issues as per its seriousness and provide guidelines for their corresponding penalties. The disciplinary system should provide guidelines for employees' right to be heard and to appeal before any disciplinary action is imposed. Brief all employees, including managers and supervisors, on the disciplinary system. Keep record of all disciplinary actions.	11/1/2006	Progressive disciplinary system already developed but still needs improvement as to clarity of grouping of offenses and provision for other higher penalties. Penalties presently provided include verbal and written warnings and termination but these are attached to individual offenses and only few offenses are listed. Disciplinary and appeal procedures not yet formalized. No verified information on briefing regarding disciplinary system. Record of disciplinary actions found in some employment files that were checked	Document review, interview	Pending			
Training of Management in Disciplinary Practices		Employees will provide training to managers and supervisors in appropriate disciplinary practices.	No training is provided to the managers and supervisor for appropriate disciplinary practice.		Worker and management interview and documentation check	Develop a disciplinary system whereby offenses or violations of company rules are grouped/ classified as to their gravity together with their corresponding graduated penalties. The disciplinary system should provide guidelines for employees' right to be heard and to appeal before any disciplinary action is imposed. Brief all employees, including managers and supervisors, on the disciplinary system. Keep record of all disciplinary actions.	11/1/2006	Progressive disciplinary system already developed but still needs improvement as to clarity of grouping of offenses and provision for other higher penalties. Penalties presently provided include verbal and written warnings and termination but these are attached to individual offenses and only few offenses are listed. Disciplinary and appeal procedures not yet formalized. No verified information on briefing regarding disciplinary system. Record of disciplinary actions found in some employment files that were checked.	Document review, interview	Pending			
Record Maintenance		Employees will maintain written records of disciplinary actions taken.	Written record on Disciplinary procedure is not maintained. In the terminated files it is only written as terminated due to no reason to show. Cases have been identified where final settlement number is given to the employee and not directly to the workers. During the final settlement calculation, One year calculation for gratuity is wrong and one day is deducted.		Documentation review and management interview	In cases where disciplinary action shall result to termination with monetary settlement the calculation should comply with the legal requirement and must be paid directly to the employee or his duly authorized representative. A written policy should be formalized regarding this and communicated to all employees. Keep record of all disciplinary actions.	11/1/2006	No case of termination found but some record of gratuity payments. In the new proposal of settlement, Current settlement is now up to the last day of termination and based on 30 days a month. Previously, it was for a completed year and based on 20 days only. This change was among those enumerated by interviewed workers	Document review, interview	Completed			
Monetary Fines and Penalties		Employees will not use monetary fines and penalties for poor performance.	Factory pays 1 day attendance bonus if worker is present all the days of the month (including all the Sundays). -So absent on Sunday is deducted (1 day payment).		Documents review and worker interview	Revise policy to include absence on Sundays in determining employees' entitlement to the attendance bonus. Inform all workers about the new policy and post copy on the bulletin boards.	11/1/2006	Factory now uses 26 days as basis for wage calculation. Hence, Sunday is no longer included in computing attendance. This was also among the changes enumerated by interviewed workers.	Document review, interview	Completed			
5. Non-discrimination													
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													
Document Maintenance/ Accessibility		All documents required to be available to workers and management in an appropriate manner and in the local language or language spoken by majority of the workers if different from the local language.	MSDS was not posted.		Visual observation and documents review	Post a copy of the MSDS in local language for all chemicals in the areas where they are stored or used. Provide briefing on the MSDS to all employees in the applicable areas.	11/1/2006	The factory printed three pocket books: Chemical Safety, First Aid, Fire Fighting (all in local language) given to workers. Interviewed worker to workers. Aids from individual MSDS for every chemical, there is also a general MSDS as the big poster at usual work areas are thematic. Briefing on MSDS provided to workers concerned	Document review, inspection	Completed			

FLA Code/ Compliance Issue	Country/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	EM Findings (Evidence of Non-compliance (unsubstantiated))	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features (highlighted by Facility Management or Company)	PC Remediation Plan	Remediation	Target Completion Date	Company follow up (August 28 & 30, 2007)	Documentation	Report Completed, Pending, On-Going	External Verification (Date)	Documentation	Company Follow up (One case of planned or follow up visit, if appropriate)	Documentation
Evaluation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unobstructed aisles, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Evacuation plan is posted in English and not in local language. Evacuation plan is not communicated with workers. Aisles are not marked. The main exits are kept blocked with production goods (bicycles and hand tools) in the production floors. The fire extinguishers, fire alarm and cover making building do not have any second exit in the first floor and second floor. Emergency exit is narrow on the ground floor.				Visual observation and documents review	Provide evacuation plan in local language. Brief all employees about the evacuation plan and use it in conjunction with a fire drill. Provide line markings at all aisles and explain meaning to employees. Educate all employees on the importance of free and unobstructed access to all exits. Assign designated areas for materials. Provide working tables for employees where necessary.	11/1/2006	Evacuation plans are in local language with additional "you are here" information through an icon of a man. All aisles are marked. Additional exits were installed in areas where needed providing more space in the production areas. Working tables provided.	Inspection	Completed						
Evacuation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unobstructed aisles, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	The fire alarm is kept disconnected by the management. The exit light of single exit path of Pacific Transfer had was out of order. The emergency lights are not charged and do not work automatically. The sub unit "name of the unit" does not have the evacuation system and does not have any fire extinguishers. Fire drill and training on the use in filling and printing processes but no fire extinguishers are available.				Visual observation	Ensure the working connection of fire alarm system with access buttons easily seen at all working areas. Include fire alarm, exit lights and emergency lights together with all fire fighting equipments in the regular safety inspection. Provide evacuation plans and sufficient number of fire extinguishers. Ensure that all fire extinguishers are in the area on the evacuation plan and all the proper procedures in the maintenance and use of fire extinguishers are provided.	2/10/2007	Width of exit on the ground floor was increased. Exits at the same side on the upper floors were also provided. A new stairway with handrail is presently under construction and is expected to be completed by the end of August 2007.	Inspection	Completed						
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.	Workers were found not using the PPE in washing, sanding, drilling sectors. At the Sub Unit, the people in sanding and painting process were facing some problem due to frequent use of chemicals. They are not provided with proper PPE.				Visual observation	Provide PPE to workers and educate them about the importance and proper use of the equipment. Install safety signs regarding the use of protective equipments. Initiate the training sessions about the safe use and handling of chemicals and the proper use of protective equipments. Keep record of such trainings.	11/1/2006	Workers using the PPEs properly but wrong type of mask was provided in workers in printing, sanding and inorganic spraying. Safety signs are installed and training was provided. Factory has implemented systems on identification of risk in work and environmental and safety assessment.	Inspection	Completed						
Chemical Management		All chemicals and hazardous substances should be properly labelled 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.	Thinner and liquids (used for spot removing) were not labelled and lying open on several floors including painting, powder transfer and printing sections.				Visual observation and workers' interview	Provide lockboxes and danger or safety signs on chemical containers. Provide the appropriate protective equipments to workers involved in the handling or use of chemicals. Initiate the training sessions about the safe use and handling of chemicals and the proper use of protective equipments. Keep record of such trainings.	11/1/2006	Lifelines and danger or safety signs are provided on chemical containers and chemicals.	Inspection	Completed						
Chemical Management for Pregnant women and juveniles		To prevent undue exposure to hazardous chemicals, appropriate accommodations shall be made for pregnant women and those as required by applicable laws in a manner that does not unreasonably disadvantage employees.	Young workers were found working with chemicals. The age of the juvenile workers could not be verified as factory did not have any age proof and age recording system.				Visual observation and records review	Formulate a policy that no juvenile worker will be assigned to jobs involving handling and use of chemicals.	11/1/2006	According to the factory, to assure against child workers, they set hiring age at 18 years which is the age that a person can work for IT. This, there will be no more juvenile workers.	Interview	Completed						
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	The drilling machines used in manufacturing of racksets also pose threat, do not have any hand protection. Missing section on 07/01/2006, a worker "name of the worker" lost his finger in one of these moulding machines.				Visual observation and workers' interview	Provide safety instructions in the handling and use of the machines. Brief concerned workers on the instructions. Post copy at or near the machines. Install safety devices on the machines and provide the appropriate protective equipments.	11/1/2006	Old drilling machine was replaced with another one that has emergency stop mechanism. According to factory, the accident was due to overheating. A timer system has been attached to the machine.	Inspection	Completed						
2. Freedom of Association and Collective Bargaining																		
Right to Freely Associate		Workers will have the right to establish and subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment.	Workers are not aware about the concept of Freedom of Association and Collective Bargaining. No sign of workers representation approach exists.				Worker interview and management interview	Formulate policy on freedom of association and inform all employees about the same. Organize a committee to collect a platform for the workers to voice their concerns. The members of the committee should be chosen directly by the workers.	2/10/2007	A Workers Welfare Committee was formed in July 2007. Initially, the members were chosen through a random selection by computer using the following criteria: 1) at least one year service; 2) Not supervisor/foreman; 3) with regular attendance. Actual election is intended to be held in January 2008 to give time for workers to familiarize with the concept of their own representation as the previous initial attempt showed that they tended to vote for their supervisors or foremen. Interviewed workers were aware of the committee but did not yet have a complete understanding of its purpose.	Document review, interview	Pending						
3. Wages and Benefits																		
Minimum Wage		Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.	The new minimum wages 4000 Rs. month which is effective from July/06 is not paid to the workers, still the old minimum wages of Rs.3000 is paid to the workers.				Documentation review and worker interview	Apply the new minimum wage set by the law. Any change in minimum wage in the future should be implemented according to the date of effectivity as indicated in the law. All workers should be paid not lower than the minimum wage. Arrange payment of back wages. Post copy of the new minimum wage order at the working areas.	11/1/2006	The hand book on welfare and rights of workers is being developed and is expected to be completed in a few weeks time. The minimum wage of Rs4,000 which took effect in July 2006 was implemented in October 2006. The new minimum wage of Rs 4,600 which took effect in July 2007 was implemented as scheduled. The latest minimum wage is posted at the production areas. Interviewed workers were very pleased with the improvements in wages and benefits.	Document review, interview	Completed						
Wage Benefits Awareness		Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law.	Workers are not well aware about the wages and benefits as there is no formal training for workers like new recruits orientation and existing employee training.				Worker interview and documents review	Provide briefing to the workers about the wages, wage and overtime computations and other benefits required under the labor law. Post these information on the bulletin boards. Include these topics in the orientation module for new employees.	11/1/2006	Interviewed workers were aware of the new wage, benefits and overtime pay.	Workers' interview	Completed						
Wage and Benefits Posting		All notices that are legally required to be posted in the factory work areas will be posted. All legally required documents, such as copies of legal codes or law, will be kept at the factory and available for inspection.	No notices like summary of legal law are posted in the factory.				Visual observation	Provide briefing to the workers about the wages, wage and overtime computations and other benefits required under the labor law. Post these information on the bulletin boards. Include these topics in the orientation module for new employees.	11/1/2006	Interviewed workers were aware of the new minimum wage, benefits and overtime pay. Posters on wage and benefits are installed at working areas.	Workers' interview, inspection	Completed						
Payroll Reporting		Accurate and reliable payroll reporting, including pay stubs will be provided.	No payroll is prepared for the contracted workers who work daily basis for 9 years in the factory. Pay stub is not in local language.				Documents review and worker and supervisor interview	Prepare payroll for all workers in the factory. Payroll should show information on regular and overtime hours worked and details of earnings and deductions. Ensure mathematical accuracy of payroll computations including the hours worked. Keep payroll records on file. Provide pay stub in local language with details as in the payroll.	11/1/2006	Payroll for workers under sub-contractor was prepared but showed only gross piece rate wages. Some workers under sub-contractors were randomly asked on the floor and confirmed improvement in wages and benefits. Other workers interviewed privately also showed awareness of improved wages of sub-contractors' workers. Pay slip is in local language and copy is provided to workers.	Document review, workers' interview	Completed						
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.	Pay stub do not categorize OT hours and OT rates clearly.				Documents review	Pay slip should show information on regular and overtime hours worked and details of earnings and deductions.	2/10/2007	Pay slip includes details of worked hours, earnings and deductions.	Document review	Completed						
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.	Out of total 954 workers only 250 workers have functional swipe card and record is maintained properly. Rest workers do not have any time recording card maintained by the section in charge and security. Workers engaged under contractor does not have any working hour recording system.				Documents review and management interview	Update the software that all employees workers in the factory and in the sub-contracted facilities swipe their cards to record their attendance.	11/1/2006	Recording of attendance are either done through swipe cards or thumb print system and use of one system excludes the other at any one time. The process of swiping was observed by auditor during knock off time. There were separate lines for those who had the swipe cards and those who forgot the cards. Failing to swipe/thumb prints is captured by the system when one swipes/thumb prints out. However, attendance of sub-contractors' workers is still done manually but will be included in the system before end of 2007.	Inspection, review	Completed						
Legal benefits		Employers will provide all legally mandated benefits to all eligible workers.	OT calculation is not correct (OT during the regular day is paid at the rate of 1.5 times the wages but need to pay Double the wages). Social security contribution is not deposited for all the workers (Out of 504 permanent workers only 245 workers are paid social security). Contracted workers are not covered under social security (ECBA, PESS). Daily workers (working for three years) with subcontractors are neither enrolled in the Social Security. No social security card for workers, old age benefit card is obtained for workers.				Documents review and worker interview	Review company regulations to include payment of the correct overtime at the legal rate. Inform all employees about the new regulation. Include this topic in the orientation module for new workers. Arrange coverage for social security including old age benefits to all workers as required by law.	11/1/2006	Poster on benefits and rights of workers includes OT payment at double the rate. Interviewed workers are aware of this. Payroll records also reflect the same rate of overtime. Some workers still not covered by EOI and social security.	Document review, interview	Completed						
Payment of Legal Benefits		Legally mandated benefits will be provided or paid in full within legally defined time periods.	Payment date is not mentioned in the payroll.				Documents review	The payment date is indicated on the top right corner of every payroll slip.										
Legal Compliance for holiday/leave		Workers will be paid for holidays and leave as required by law.	There are no categories of leave for workers approved by the factory (except sick leave). Workers are not compensated with a day off for Sunday work. Sunday work is paid as OT.				Documents review and worker interview and management interview	Formulate policies regarding payment of leaves required by law such as annual, casual, sick, etc. leaves. Inform all employees, particularly personnel and payroll staff, about the policy and post copy on the bulletin boards. Include in the training module for new employees. Prepare a specific plan of action on how to eliminate work on rest days. Should work on rest day cannot be avoided because of emergency, a compensating day off should be arranged immediately during the following work rest day.	11/01/2006 01/01/2007	Workers low energy benefits on annual, sick and maternity leaves. These are posted at the working areas and workers are aware of these. Work on rest day already stopped. Factory added one shift and also implemented "work-in-stock" system on two lines. Interviewed workers informed that work on Sunday was stopped some months ago and that it is now as they "lost their" rest day. They confirmed addition of one shift. Auditor found semi processed items on stock with production dates Apr. 7 and July 22 confirming the implementation of "work-in-stock".	Document review, interview, inspection	Completed						
Accurate recording of wage compensation		All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately.	OT hours is considerable after fulfilling the total monthly working hour ceiling (240-264 hours). Total overtime hours of the month is deducted as informal punishment from total OT hours and rest is paid as OT.				Records review, worker interview and management interview	Formulate a policy that overtime hours shall be determined on a daily basis, that is, in excess of eight hours work in a day.	11/1/2006	The old practice was stopped in April 2007. New practice of tracking overtime is on a daily basis.	Document review, interview	Completed						
Minimum wage/ Overtime		Workers paid on the basis of overtime wages will be paid not less than the minimum or prevailing wage, whichever is higher.	Some daily basis workers are paid less than minimum wages (100 Rs./day) make 2600 Rs/month which is less than minimum wages.				Supervisor interview and worker interview	Apply the new minimum wage set by the law. Any change in minimum wage in the future should be implemented according to the date of effectivity as indicated in the law. Post copy of the new minimum wage order at the working areas. All workers should be paid not lower than the minimum wage. Arrange payment of back wages.	11/1/2006	No worker receives less than the new minimum wage of Rs 4,600 a month. Workers are aware of the new minimum wage as information is posted at their work areas.	Document review, interview	Completed						

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					Evidence of Non-compliance (unsubstantiated)	If not corroborated, explain why	Compliance (unsubstantiated)												
Accurate benefit compensation		All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled.	Total absent hours of a month is deducted from the overtime hours to fulfil the total monthly working hour limit (200x240 hours). Gratuity calculation for one year completion is not correct (one day is considered less in the year calculation).				Documents review and management interview		Formulate a policy that overtime hours shall be determined on a daily basis, that is, in excess of eight hours work in a day. Calculation of gratuity pay should conform with the legal requirements.		11/1/2006	Both the overtime tracking, which should be what is in excess of 8 hours a day, and gratuity payment now conform with the legal requirements.	Document review, interview	Completed					
B. Hours of Work																			
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.																			
Forced overtime		Under extraordinary business circumstances, employers will make extensive efforts to secure voluntary overtime work prior to mandating involuntary overtime.	No system exists, recording OT as voluntary work. Workers cannot refuse OT. Subcontractor's workers' "no name" are not allowed to refuse OT. Worker has to do OT (excessive OT and night work) and they cannot deny it. Case identified where worker faced consequences of temporary termination as he denied to do OT (consecutive night work).				Management interview and documentation check. Worker interview affected person interviewed and co-workers interviewed and records reviewed		Formulate policy on voluntary overtime. Policy shall indicate among others that no one will be subjected to disciplinary action for refusing to work overtime. Devise a voluntary overtime form to be filled up by employees when working overtime. Brief all employees on the overtime policy and the voluntary overtime form.		11/1/2006	The voluntary overtime, maximum OT limit, and correct overtime rate are posted at working areas. A new "OT Waiver/Sign Form" is being implemented. Interviewed workers mentioned change in supervisors' attitude and behavior including on the matter of overtime. They said they can now refuse to work overtime.	Document review, interview	Completed					
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.	Continuous 36 hours of work identified for workers. Workers monthly OT identified more than 80 hours a month. No weekly day off allowed workers have to work on all the sundays of the month. Daily OT hour record is observed 5 to 6 hours per day (10 to 11 pm).				Records review, management interview and workers interview		Formulate policy on the limits of overtime. Inform all employees about the new policy. Prepare an action plan on how to eliminate excessive overtime. Train supervisors, section heads and production manager how to monitor production status and coordination with other sections so as to control overtime.		11/1/2006	Limit on overtime is set at five hours a day as indicated on the factory's own Code of Conduct which is posted at the production areas. Another shift was added and "work-in stock" is implemented to minimize overtime on peak periods.	Document review, interview						
Overtime Explanation		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 circumstance.	No explanation/reason recording system for excessive OT.				Management interview		Prepare an action plan on how to eliminate excessive overtime. Train supervisors, section heads and production manager how to monitor production status and coordination with other sections so as to control overtime.		1st January 2007	Another shift was added and "work-in stock" is implemented to minimize overtime on peak periods.	Document review, interview	Completed					
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary.	No system in place to ensure OT as voluntary work.				Worker and management interview		Formulate policy on voluntary overtime. Policy shall indicate among others that no one will be subjected to disciplinary action for refusing to work overtime. Devise a voluntary overtime form to be filled up by employees when working overtime. Brief all employees on the overtime policy and the voluntary overtime form.		11/1/2006	The voluntary overtime, maximum OT limit, and correct overtime rate are posted at working areas. A new "OT Waiver/Sign Form" is being implemented. Interviewed workers mentioned change in supervisors' attitude and behavior including on the matter of overtime. They said they can now refuse to work overtime.	Document review, interview	Completed					
B. 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		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.	OT hours is considered/eligible after fulfilling the total monthly working hour ceiling (240=8x8 hours). Total absent hours of the month is deducted from total OT hours and rest is paid as OT.				Documents review and management interview and workers interview		Formulate a policy that overtime hours shall be determined on a daily basis, that is, in excess of eight hours work in a day. Calculation of gratuity pay should conform with the legal requirements.		11/1/2006	Both the overtime tracking, which should be what is in excess of 8 hours a day, and gratuity payment now conform with the legal requirements.	Document review, interview	Completed					
OT Compensation		The factory shall comply with applicable law for premium rates for overtime compensation.	OT rate is not calculated properly (paid 1.5 times of wages for regular days OT and 2 times of wages for OT on Sunday).				Documents review and management interview and workers interview		Revise company regulations to include payment of the correct overtime at twice the regular wage rate. Inform all employees about the new regulation. Include this topic in the orientation module for new workers.		11/1/2006	Poster on benefits and rights of workers include OT payment at double the rate. Interviewed workers are aware of this. Payroll records also reflect the same rate of overtime.	Document review, interview, inspection	Completed					
Other			Consecutive shifting duty (identified 2 shifts). Continuous 36 hours duty in the factory identified (producing section and finishing section do the maximum OT).				Documents review and worker interview		Formulate policy on the limits of overtime. Inform all employees about the new policy. Post copy of the bulletin board.		11/1/2006	Limit on overtime is set at two hours a day, as indicated on the factory's own Code of Conduct which is posted at the production areas. Interviewed workers know they cannot work more than two hours overtime in a day.	Document review, interview, inspection	Completed					
Miscellaneous																			
Illegal subcontracting			The standing and filling process of the production is subcontracted which is not approved by the Brand.				Visual observation and management interview		Secure approval of Plans for subcontract work. Sign agreement with subcontractors that they will comply with the standards as set forth in the code of conduct. Designate a person who will monitor the sub-contractors' compliance with the code.		11/1/2006	Sub-contract work is done inside the facility and is covered by the monitoring process.	Document review, interview, inspection	Completed					
Possible homework					Worker interview	Possible homework for the subcontracted standing and piling process could not be verified because of less production pressure during the audit period.		The process could not be verified because of less production pressure during the audit period.	Formulate policy prohibiting homework of any production operation. Include in the policy sanctions to those who will violate it. Brief all employees particularly managers and supervisors about the policy.		11/1/2006	No homework being done due to nature of products which are paddle rackets and hockey sticks.	Management interview	Completed					