

FLA Audit Profile		EM Findings		Remediation		Status		Updates														
Country	FLA Benchmark	Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources, Documentation Used for Corroborating	Notable Features Implemented by Factory Management or Company	PC Internal Audit Finding (Optional)	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (March 29, 2007)	Documentation	Completed, Pending, Ongoing	Company Follow Up (October 16, 2007)	Documentation	Completed, Pending, Ongoing	Company Follow Up (June 11, 2009)	Documentation	Completed, Pending, Ongoing		
FLA Audit Profile Country: Sri Lanka Factory name: HIRUDAYE IEM Organization: T-Group Solutions Pvt. Ltd. Date(s) in facility: August 10 - 11, 2006 PCA: Adidas AG Number of workers: 796 Product(s): Slaves Production processes: Cutting, Sewing, Finishing, Packing, Embroidery, Printing																						
4. Code Awareness																						
Code Posting/Information	FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written Workplace Standards. Formally convey these standards to Company factories as well as to licensees, contractors and suppliers.	Old version of adidas code (standards of engagement) dated January 2001 is posted outside canteen in local language, while updated version dated November 2006 in English is posted in meeting room at office. They are not posted at any other location.	Old version of adidas code (standards of engagement) dated January 2001 is posted outside canteen in local language, while updated version dated November 2006 in English is posted in meeting room at office. They are not posted at any other location.	Finding was reoccurring.	Visual observation, management interview				1) PC is currently reissuing Workplace Standards (WIS) to factories, along with Open Letter to workers. Open Letter to workers provides overview of new adidas Workplace Standards, WIS in local language and correct information for PC's compliance team. Factory required to post Open Letter to workers. 2) Check factories receive new Workplace Standards, they are required to provide training to all workers (including supervisors and managers) on Workplace Standards.	8/31/2007	adidas' internal monitor has already explained in detail to factory management provisions of new adidas Workplace Standards, WIS in local language will be distributed as soon as it is available.		Ongoing, as WIS in local language is in process.	PC conducted training on Workplace Standards to factory September 4, 2007. Factory to conduct training on Workplace Standards to all employees by December 15, 2007.		Ongoing	Factory has posted adidas Workplace Standards in prominent places. Though factory has posted adidas Workplace Standards, no training specific to adidas workplace has been conducted.	Factory walkthrough, worker interviews, document review	Pending			
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 only 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.	adidas has not conducted any training/awareness programs for management and workers on code awareness.	adidas has not conducted any training/awareness programs for management and workers on code awareness.	Finding was reoccurring.	Worker and management interviews				1) PC is currently reissuing Workplace Standards to factories, along with Open Letter to workers and confirmed with training on Workplace Standards to factory management. 2) Check factories receive new Workplace Standards only 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.	8/31/2007	adidas' internal monitor has already completed the training for management and has requested that this information is shared with workers and document in local language is ready and training can be completed fully.		Ongoing, as WIS in local language is in process.	PC conducted training on Workplace Standards to factory September 4, 2007. Factory to conduct training on Workplace Standards to all employees by December 15, 2007.		Ongoing	Factory has posted adidas Workplace Standards in prominent places. Though factory has posted adidas Workplace Standards, no training specific to adidas workplace has been conducted.	Factory walkthrough, worker interviews, document review	Pending			
Confidential Noncompliance Reporting Channel	FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the Workplace Standards with security that they shall not be punished or prejudiced for doing so.	No confidential noncompliance reporting mechanism/channels have been established to the brand.	No confidential noncompliance reporting mechanism/channels have been established to the brand.	Finding was reoccurring.	Visual observation, worker and management interviews				1) PC is currently reissuing Workplace Standards to factories, along with Open Letter to workers. 2) Check factories receive new Workplace Standards, they are required to provide training to all workers (including supervisors and managers) on Workplace Standards. 3) PC is currently sending "Open Letter to workers" to all factories. PCs will be required to post Open Letter to workers in factory. This letter will include update on merge of this PC with another PC, information on new Workplace Standards, and will also include contact information so workers can contact PC to report grievances/noncompliances.	8/31/2007	adidas' internal monitor has taken measures to post on monitor contact details to all interviewed workers (and to share this information with co-workers) and to inform monitor of any infractions.		Ongoing	PC conducted training on Workplace Standards to factory September 4, 2007. Factory to conduct training on Workplace Standards to all employees by December 15, 2007.		Ongoing	Factory has posted adidas Workplace Standards and Open Letters in prominent places. However, factory still to conduct training on adidas Workplace Standards and Open Letters.	Factory walkthrough, document review	Pending			
Other	Legally required notices, laws and information are not posted anywhere in the factory.	Legally required notices, laws and information are not posted anywhere in the factory.	Legally required notices, laws and information are not posted anywhere in the factory.	Finding was reoccurring.	Visual observation, worker and management interviews				Factory to post notices and policies in prominent places for workers.	8/31/2007			Pending	No document as evidence submitted. Factory to post notices and policies in prominent places for workers by December 15, 2007.	Document review	Pending	Factory has posted existing policies and notices at prominent places in the factory.	Factory walkthrough	Completed			
5. Forced Labor																						
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.																						
6. 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 age for completing compulsory education in country of manufacture where such age is higher than 15.																						
7. Harassment or Abuse																						
Every employee will be treated with respect and dignity. No employee will be subjected to any physical, sexual, psychological or verbal harassment or abuse.																						
Training of Management in Disciplinary Practices	Employees will provide training to managers and supervisors in appropriate disciplinary practices.	Employees do not provide any training to managers and supervisors in appropriate disciplinary practices.	Employees do not provide any training to managers and supervisors in appropriate disciplinary practices.	Finding was reoccurring.	Manager and supervisor interviews				Factory to establish training program for managers and supervisors on policy of disciplinary measures, document approved manager. Training program to be conducted for every newly appointed manager and supervisor.				Completed	Factory to submit documentation on completed training program on disciplinary measure policy by December 15, 2007.		Ongoing	Factory has prepared policy on disciplinary procedure as per Board of Investment standards. No training has been provided to managers and supervisors on same. Factory has not included disciplinary policy in workers' handbook. Factory to conduct training program on disciplinary policy to all workers and staff; training program needs to be documented with participant names.	Document review	Pending			
Disciplinary Practices	Employees will utilize consistent written disciplinary practices that are applied fairly among all workers.	1) Factory does not have any written policy on Harassment and Abuse. 2) Factory does not have any written policy on disciplinary procedure, termination and re-employment.	1) Factory does not have any written policy on Harassment and Abuse. 2) Factory does not have any written policy on disciplinary procedure, termination and re-employment.	Finding was reoccurring.	Management interview, record review				Factory to develop written policy on: 1) Harassment and abuse and 2) Disciplinary procedure, termination and re-employment. Communicate all policies and procedures to workers and management team members (managers and supervisors). Policies should be signed by top management, accountable person is designated to monitor the implementation of policies and procedures.	8/31/2007	Factory has completed both sets of policies on 1) Harassment and Abuse and 2) Disciplinary, termination and re-employment and is in process of submitting workers about same. Policies are signed by top management and accountable person has been designated to monitor the implementation.	Copy of document is kept by field staff.	Policy handbook is complete. Worker education on same is ongoing.	Factory has submitted written policy on harassment and abuse. Factory to submit document on communication of all policies and procedures to workers and management team members by December 15, 2007.		Pending	Factory has not conducted training program to all workers and staff on detailed policy of Prevention of Harassment and Abuse. Factory to develop comprehensive policy on prevention of harassment and abuse, termination and re-employment and the same to be communicated to all workers and staff. Factory to document conducted training program with participant names and signatures.	Document review, worker interviews	Pending			
8. 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, national, political opinion, or social or ethnic origin.																						
Hiring Discrimination Practices	Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include hiring, job assignment, wages, bonuses, advances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include hiring, job assignment, wages, bonuses, advances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	Union representatives view of the opinion that workers who are not members of union are paid better bonuses.	Management disagrees with the view of union representatives.	Union member interviews				Factory to develop wage policy that defines component of wage (basic wage, benefits, bonuses, allowances, deductions). Policy should define clear criteria of each wage component and be in accordance with Non-Discrimination Policy.	8/31/2007			Pending	Reviewed documents of factory communication in 2004 on wage and benefits. Employer Federation stating wage increase and benefit provided (bonus, incentive, and allowance). No current wage policy that defines wage structure to show that the wage and benefit payment is made in accordance with Non-discrimination Policy. Factory to develop written wage policy and benefits by December 15, 2007.	Document review	Pending	Factory has only prepared increment structure and not the wage policy. Based on current wage structure, factory should develop comprehensive policy on wages and benefits in accordance with non-discrimination. Factory should also communicate wages and benefits policy to all workers and the conducted training program needs to be documented.	Document review	Pending			
Hiring Discrimination Practices	Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include hiring, job assignment, wages, bonuses, advances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	Factory does not have any written policy on Non-Discrimination.	Factory does not have any written policy on Non-Discrimination.	Finding was reoccurring.	Record review, management interviews				Factory to develop Non-Discrimination Policy in writing that ensures that all decisions on hiring and employment are based solely on worker's performance. Policy to be signed by top management and communicated to all employees.	9/30/2007			Ongoing	Factory has developed a written Non-Discrimination policy signed by top management. Worker awareness program in progress.	Copy of policy document is kept by field staff.	Ongoing	Factory has submitted document on Non-Discrimination Policy under Workplace Standards Policy. Factory to submit the documentation on policy communication to workers and management by December 15, 2007.	Document review	Pending	Factory has not communicated policy on non-discrimination to its workers and staff.	Document review	Pending
9. 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 equipment.																						
Document Maintenance/Accessibility	All documents required to be available to workers and management by appropriate time such as policies, material safety data sheets (MSDS), etc.) shall be made available in prescribed manner and in local language or language spoken by majority of the workers if different from the local language.	1) MSDS not posted in Computerized Embroidery Room where "hazard" being used and there was a strong odor of the fumes. 2) Factory does not have any written policies on health and safety.	1) MSDS not posted in Computerized Embroidery Room where "hazard" being used and there was a strong odor of the fumes. 2) Factory does not have any written policies on health and safety.	Finding was reoccurring.	Visual inspection, management interviews				1) Factory to provide MSDS of all chemicals used in local language. 2) Factory to provide MSDS for all workers in required production area. 2) Factory to develop written policy on health and safety.	9/30/2007			Ongoing	Factory is in the process of developing a full set of written policies on health and safety.	Document review	Pending	Factory has obtained MSDS of all chemicals. Factory has developed health and safety policy which is not yet comprehensive. Factory to develop detailed policy on HSE and the same to be communicated all workers and staff.	Document review	Pending			
Evacuation Procedure	All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, alarm, fire extinguishers, employee education, evacuation procedures, etc.) shall be completed with workers shall be trained in proper safety, first aid, and evacuation procedures.	1) Aisles found blocked in many areas in main stores, cutting and production halls. 2) Emergency second exits in opposite direction not provided in most work areas; not identified and marked in some areas. "Knee Clear" yellow boxes not marked in front of exits. 3) Evacuation signs and plans not posted in most areas. 4) Evacuation plans posted on meeting floor board and writing in English, not local language. Plans small in size and not prominently displayed. Most posted on meeting floor board and cutting had blocked access to passage with bins/furniture. 5) Only 20% of employees trained in the lighting procedures. 6) Production areas crowded and congested. Aisles narrow, side aisles less than 1m wide, restricting movement in emergency. 7) Passages in many work areas not marked with parallel yellow lines, resulting in workstations, bins and furniture placed here, blocking pathways. 7) Work stations located on aisle in main store. 8) Second store main exit partially blocked with materials/cargo items.	1) Aisles found blocked in many areas in main stores, cutting and production halls. 2) Emergency second exits in opposite direction not provided in most work areas; not identified and marked in some areas. "Knee Clear" yellow boxes not marked in front of exits. 3) Evacuation signs and plans not posted in most areas. 4) Evacuation plans posted on meeting floor board and writing in English, not local language. Plans small in size and not prominently displayed. Most posted on meeting floor board and cutting had blocked access to passage with bins/furniture. 5) Only 20% of employees trained in the lighting procedures. 6) Production areas crowded and congested. Aisles narrow, side aisles less than 1m wide, restricting movement in emergency. 7) Passages in many work areas not marked with parallel yellow lines, resulting in workstations, bins and furniture placed here, blocking pathways. 7) Work stations located on aisle in main store. 8) Second store main exit partially blocked with materials/cargo items.	Finding was reoccurring.	Visual inspection, management interviews				1) Factory to review layout for all areas with workstations and aisles for emergency exits, with minimum clear width of 1.1m, provide clear line marking that marks aisles and workstations; aisles should be free from obstruction. 2) Emergency exits to be provided in all areas and clearly marked. 3) Establish evacuation plan that is accurate with actual conditions, marked in local language, posted in prominent places. 4) Management must conduct at least annual trainings on the emergency training; at least 20% of staff must be trained on evacuation procedures. 5, 6, 7, 8) Factory to manage production layout and material/market storage in safe manner. a) Conduct internal monitoring on regular basis, designate accountable person for implementation. b) Aisles to be provided with minimum 1.1m width and to have unobstructed, acceptable clear area between workstations. c) Factory aisles should have yellow lines, arrow markings in white and background of arrow marking in green color.	8/31/2007	Factory is currently working on all of the non-compliance areas and has requested a further 3 months to complete all outstanding issues.		Ongoing	Per factory's document update, all to be verified at review. 1) Factory started on the 30 improvement on layout, has ensured that aisles width is 1.1m. 2) Emergency exits are provided. 3) Establish evacuation plan that is accurate with actual conditions, marked in local language and posted in prominent places. 4) Fire safety training conducted on August 2007 by the service dept (MSD). Factory has not made any fire safety arrangements, including smoke marking. Also, in some areas (e.g., sewing floor with new floor covering), aisles are less than 1.1m width. Factory to mark aisles, especially in printing area, and directional arrows with proper color code (white and green color), pointing towards exits in floor.	Document review	Ongoing	Though factory provided 1.1m aisle width at some places, same is not in line with standards at sewing floor, where new floor covering has been done. Though factory posted floor evacuation maps, same needs to be revised as per floor layout and to be posted on floor, instead of on inventory. Factory has submitted fire safety training certificate of workers from external agency. Factory has marked aisles in yellow color in most of the areas. However, in printing area, factory has not made any fire safety arrangements, including smoke marking. Also, in some areas (e.g., sewing floor with new floor covering), aisles are less than 1.1m width. Factory to mark aisles, especially in printing area, and directional arrows with proper color code (white and green color), pointing towards exits in floor.	Document review, factory walkthrough	Pending			

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	# of Findings	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources, Documentation Used for Corroborating	Notable Features Implemented by Factory Management or Company	PC Internal Audit Findings (Optional)	Remediation		Documentation	Completed, Pending, Ongoing	Updates		Completed, Pending, Ongoing	Documentation	Completed, Pending, Ongoing		
											Target Completion Date	Factory Response (Optional)			Company Follow Up (March 29, 2007)	Company Follow Up (October 16, 2007)				Company Follow Up (June 11, 2009)	
Safety Equipment		All safety and medical equipment like lighting equipment, fire kits, etc. shall be in place, maintained as prescribed and accessible to the employees.	1) List of first aid trained persons not displayed at first aid installations. First aid procedures not posted at first aid installations. No antiseptic solution, ointments for burns and pain, eye wash cup and lotion (distilled water provided in first aid boxes). 2) No fire extinguisher installed and "No Smoking" sign posted at waste (plastic/paper/ply) store. 3) No fire extinguisher installed at chemical store. 4) No source of water and appropriate medical supplies available in or near chemical store.		1	Finding was reoccurring	Visual inspection			1) Factory to establish procedure on first aid and designate accountable persons to monitor that first aid kit is properly stocked, inspected monthly, properly located, sufficient (1 unit for every 100 employees), nature and distribution of workforce should be considered, unobscured, clearly marked, with inspection tag and protected against dust and water. Provide complete first aid kit with 20 individually wrapped sterile adhesive dressings, 6 medium-sized individually wrapped sterile unmedicated wound dressings, gauze bandages, individually wrapped sterile transfer bandages, pair of scissors, safety pins, latex gloves (disposable), sterile eye pads, list of first aid trained persons to be listed on first aid kit. Number of first aiders should be sufficient (1 for 100 workers). 2, 3) Install fire extinguishers at workplace and storage areas. Post "No Smoking" sign prominently at workplace as well as storage areas. 4) Factory to provide emergency eye wash facilities that should be reachable within 5m of chemical store.	9/31/2007				Pending	No update from factory. Factory to complete the remediation by December 15, 2007.		Pending	Factory has submitted certificates of first aid trained personnel and first aid boxes now maintained by nurse. Factory has not formulated clear procedure on first aid. Though first aid boxes fully stocked, observed expired antiseptic used to treat wounds in first aid box in security room and dust accumulation in first aid boxes. Factory to maintain first aid boxes free from dust and dirt and ensure contents of first aid trained persons disposed in each first aid box for easy identification. All first aid boxes unobscured and easily accessible. 2) Though factory installed fire extinguisher in all work areas, factory needs to make sure fire extinguishers are installed in printing section. 3) Factory posted "No Smoking" signs at prominent places. 4) Factory not provided eye wash station near chemical stores.	Factory walkthrough	Pending
Personal Protective Equipment (PPE)		Workers shall wear appropriate protective equipment (gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (vibration or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	1) Sound levels in die-cutting areas ranged from 90-99 db. Only few workers seen sporting earmuffs while most were not and exposed to high sound levels. 2) Workers in glove re-cutting section have no hand protection. They were using sharp blades for manual cutting. 3) Strong fumes of "thinner" (thinner agent) could be smelled in computerized embroidery room. Appropriate masks not available to those working here. 4) Ear muffs not available at generator room. Sound level in excess of 95db when generator in use. Signage for use of PPE not posted anywhere.		1	Finding was reoccurring	Visual inspection			1) Factory to establish PPE identification area that defines specific PPE required for certain workstation based on its associated health and safety hazards (e.g. protection for areas with noise > 95 db). 2) Mesh safety gloves for cutting machine. 3) Masks for dust and solvent areas. 4) Provide PPE for identified areas as above. 5) Conduct training on PPE for workers. 4) Conduct regular monitoring on PPE usage and maintenance.	9/31/2007			Pending	No update from factory. Factory to complete the remediation by December 15, 2007.		Pending	1) Though workers wearing PPE in some areas, factory has not clearly identified areas where PPE is necessary. 2) Factory has provided ear protection devices in embroidery section, workers found wearing masks in area where thinner is used. However, provided masks not appropriate and factory to provide chemical fumes mask in area where chemicals used. Factory has not provided ear PPE such as rubber gloves and chemical fumes mask in printing section. 3) Factory has not conducted training on PPE for workers. Factory should conduct training to all workers on PPE related to specific areas such as embroidery section, chemical stores, printing section, etc. 4) Once factory identifies and implements PPE usage in all areas, factory should monitor same on regular basis.	Factory walkthrough and document review	Pending	
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.	High Speed Diesel barrels were found to be stored in the open, exposed to sun and sunlight.		1	Finding was reoccurring	Visual inspection			Factory to keep hazardous and flammable chemicals/liquids with roof for sun and sunlight protection. Containers should be labeled with clear warning signs on its hazard.	9/31/2007			Pending	No update from factory. Factory to complete the remediation by December 15, 2007.		Pending	Factory has kept hazardous and flammable chemicals/liquids with roof for sun and sunlight protection. Factory has labeled all chemicals in chemical stores with clear warning signs on its hazard.	Factory walkthrough	Completed	
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) Emergency light installed in second store partly blocked by ember, spacing provided at least 1' in all emergency exits. 2) Loose wires seen running across passage in many places in printing section, workers seen walking over wires. 3) Illuminated exits, fire extinguisher tested monthly, hydrant, alarm system checked every 3 months) keep records on monitoring result. 2, 6, 7) Conduct regular cleaning/housekeeping maintenance that includes: regular regular cleaning/housekeeping maintenance that includes: > 500 lux for manufacturing areas, storage and warehouse > 200 lux, aisle, > 50 lux, stairs, > 100 lux. 4, 5, 6) Conduct regular inspection on electrical facility (wiring, electrical panel, electrical connection) improve any poor electrical facility, including current load, outdated electrical control/instruments. 4) Install battery-powered emergency light charged permanently (number and spacing sufficient provided at least 1' in all emergency exits). 5) Install battery-powered emergency light charged permanently (number and spacing sufficient provided at least 1' in all emergency exits). 6) Inspect regular inspection on the safety facility (emergency lighting tested monthly, illuminated exits, fire extinguisher checked monthly, hydrant, alarm system checked every 3 months) and maintain records on monitoring result. 8) Factory to provide local exhaust ventilation for workstation using thruster, closed container system to be installed to reduce exposure to workers, provide more air ventilation that provides adequate ventilation. 9) Factory to provide more air ventilation in screen printing areas and die-making section to reduce high working temperature.		1	Finding was reoccurring	Visual inspection			1) Factory to conduct risk assessment on one hand operation of die machines. Develop safety guards for potential areas of accident. 2) Install safety guards for sewing machine (needle guards, pulley guards, pedals that for sewing machine). 3) All machinery with moving parts should be guarded by safety covers.	9/30/2007, 12/31/2007			Pending	Factory sent document on installed emergency light in printing section. Factory to complete the remediation by December 15, 2007.		Ongoing	1) A, 4, 5) A) Factory installed battery powered emergency light charged (number and spacing sufficient to provide at least 1' in all emergency exits and evacuation routes). Factory still needs to install emergency lights with battery back in all emergency exits. 2) Factory conducted regular inspection on the safety facility (emergency lighting tested monthly, illuminated exits, fire extinguisher checked monthly, hydrant, alarm system checked every 3 months) and maintain records on monitoring result. 3) Factory provided sufficient (i.e., 500 lux for manufacturing areas, storage and warehouse, > 20 lux, aisle, insufficient lighting in inspection area in printing section. 8) Factory provided local exhaust ventilation for workstation using thruster and installed closed container system to reduce exposure to workers. 9) Factory still not provided more air ventilation in screen printing areas and die-making section to reduce high working temperature as provided ventilation is not sufficient.	Factory walkthrough	Pending	
Machinery Maintenance		All production machinery and equipment shall be maintained properly guarded, and operated in a safe manner.	1) Most die-cut machines have 2 hands operation mechanism. However, these have been converted into single-hand operation without any provision of a safety mechanism. 2) Most sewing machines do not have needle guards, while many did not have pedal mats. Few did not have hand guards. 3) Front hand covers of few sewing machines missing, exposing internal moving parts.	Trimmers and manual cutting blades in work areas not tied with a cord to the workstation.	1	Finding was reoccurring	Visual inspection			1) Factory to conduct risk assessment on one hand operation of die machines. Develop safety guards for potential areas of accident. 2) Install safety guards for sewing machine (needle guards, pulley guards, pedals that for sewing machine). 3) All machinery with moving parts should be guarded by safety covers.	9/30/2007			Pending	Factory to complete the remediation by December 15, 2007.		Pending	1) Factory conducted risk assessment in brief and row of die-cut machines provided with 2-hand operation to reduce risk. 2) Most sewing machines observed provided with pulley guards. Pulley guards on some sewing machines still missing or full covered. 3) Factory to install pulley guards to all sewing machines. No sewing machines observed provided with pedal mats. Factory management informed us that they will review and appropriate measures. Most sewing machines observed not provided with needle guards. Factory management informed us that they have technical difficulties in providing needle guards as all sewing machines have smaller pressure foot than normal. Smaller pressure foot is smaller than normal pressure foot and because of material thickness, factory informed us it is very difficult to install needle guards on this kind of machine. Needle guards act as finger guards and protect operator's fingers from needle (spiral during sewing) operation, which is one aspect of risk assessment. Now factory has designed appropriate pressure foot to suit present condition and has currently listed them on 1 sewing line. Based on performance of new pressure foot, factory will install needle guards on all sewing machines. 3) Factory has not provided pulley guards to buffing machines in cutting section. Factory to provide covers/guards to all moving parts such as belt drive gears, etc.	Factory tour	Pending	
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) Hand wash areas have pieces of fabric for wiping/drying hands for all users. This is unhygienic. 2) Floors of toilet blocks should be wet. 3) Floors could slip and fall. 3) Some of the "flushes in ladies" and "gentle" toilet blocks were not functional. 4) No hand wash facilities provided at ladies' toilet blocks. In one instance, after using the toilet, ladies have to walk through boiler room to drink area to use the hand wash facility there. In the other instance, workers have to walk all the way to the same printing area to use the hand wash facility. 5) In one of the ladies' toilets, exit is blocked with a concrete pillar which workers have to climb or jump over.	Housekeeping standards require improvement.	1	Finding was reoccurring	Visual inspection			1) Factory to maintain housekeeping for all areas to include the facilities such as hand wash areas and toilets, including proper stock of soap and toilet paper. 2) Review and fix construction of toilet building ensure all areas are completely safe with proper drainage system to keep floor dry and not slippery. 3) Fix the flushing facilities. In the toilet units, maintain sufficient water supply to ensure flushes are functioning as all times; conduct regular monitoring system. 4) Install hand wash facilities in all women's restrooms. 5) Provide exit gate in toilet that is free from obstruction.	12/31/2007			Pending	Factory sent document on toilet improvement by providing liquid soap for each sink, paper tissue or hand drier. Factory to complete remediation by December 31, 2007.		Pending	Some toilets found to be not maintained in a clean condition. Factory to make sure that men's and women's toilets are maintained in clean condition.	Factory walkthrough	Ongoing	
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.	1) Hand wash and drinking water are common installations. Probably test report for drinking water is not available. 2) Those drinking water should be available in each building.		1	Finding was reoccurring	Visual inspection			1) Factory to conduct test on drinking water on regular basis (minimum on a quarterly basis). 2) Factory to develop procedure for food serving and handling, define personal protective equipment (PPE) for food handlers (masks, hair caps and gloves).	9/30/2007			Pending	1) Factory conducted test on November 24, 2006. No procedure to ensure test on drinking water is conducted on regular basis. 2) No procedure developed for food serving and handling. Factory to complete remediation by December 15, 2007.	Document review	Pending	1) Factory got drinking water test conducted in 2009. No procedure submitted by factory to ensure test drinking water is conducted on regular basis. 2) No procedure developed for food serving and handling; however, observed canteen workers wearing gloves and hats.	Factory walkthrough, document review	Ongoing	
Worker Participation		Workers should be involved in planning for safety, including through worker safety committees.	No Health and Safety Committee or any awareness/training programs for workers on matters of health and safety.		1	Finding was reoccurring	Worker and management interviews			1) Factory to develop Health and Safety Committee that will establish HSE System and monitoring. 2) Conduct training on health and safety awareness as well as specific procedures to related workers such as general health and safety awareness, chemical handling, fire safety, housekeeping, and machine safety.	12/31/2007			Ongoing	1) Factory to complete remediation for developing HSE Committee by December 15, 2007. 2) Some HSE training has been conducted (e.g. fire training, chemical awareness training, and fire safety). Factory to develop specific HSE procedures.	Document review	Pending	Factory conducts HSE meeting once every 3 months. Factory to define clear objectives and procedures of HSE Committee. Also, members of HSE Committee are only from management; factory to make sure that committee includes representation by workers from all departments as well.	Document review, management interview	Ongoing	
Others			1) Packed goods area at "old production hall - 1" is unhygienic. Conduct internal monitoring on regular basis and designate accountable person for implementation. 3) Factory to conduct regular housekeeping maintenance in all areas. Factory to proceed license for environment, regular water test and license for air compressor.	Factory does not have an environment license, drinking water test report and license for air compressor.	1	Finding was reoccurring	Visual inspection			1, 2) Though factory made safety arrangements on all production areas, factory has not fully materialized license in October 2006 that is valid up to October 2009 from BCI Sri Lanka. Water test conducted in October 2006. 3) Factory to conduct regular water test and license for air compressor. 4) Factory to proceed license for environment, regular water test and license for air compressor.	9/31/2007			Pending	1, 2) No update on this. 3) Factory received environment protection license in October 2006 that is valid up to October 2009 from BCI Sri Lanka. Water test conducted in October 2006. 3) Factory to conduct regular water test and license for air compressor. 4) Factory to proceed license for environment, regular water test and license for air compressor.	Document review	Pending	1, 2) Though factory made safety arrangements on all production areas, factory has not fully materialized license in October 2006 that is valid up to October 2009 from BCI Sri Lanka. Water test conducted in October 2006. 3) Factory to conduct regular water test and license for air compressor. 4) Factory to proceed license for environment, regular water test and license for air compressor.	Factory tour, document review	Ongoing	
2. Freedom of Association and Collective Bargaining																					
Employees will recognize and respect the right of employees to freedom of association and collective bargaining.																					

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	#1M Findings				Remediation				Status		Updates		Status			
					Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources, Documentation Used for Corroborating	Notable Features Implemented by Factory Management or Company	PC Internal Audit Findings (Optional)	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (March 29, 2007)	Documentation	Completed, Pending, Ongoing	Company Follow Up (October 16, 2007)	Documentation	Completed, Pending, Ongoing	Company Follow Up (June 11, 2009)	Documentation
Employer Interference/Formation of Alternative Organizations		In cases where a single union represents workers, the employer will not interfere in any way in workers' ability to form other organizations that represent workers.		Union representatives of opinion that new recruits, during probation period of 6 months, are influenced by management against joining union after probation is completed; hence, percentage of union membership is steadily declining. Also, Sr. Lankan mid-level management prevents them as much as possible from meeting CEO, who is Japanese and understands their grievances.	Management denied any such effort on their part.	Union representative interviews		PC Internal Audit Findings (Optional)	Factory to establish policy on probationary that defines: 1) Probationary period is maximum 3 months. 2) All decisions on upgrading employment status from probationary workers to regular workers made solely based on worker's performance and in accordance with factory's non-discrimination policy. 3) Factory to develop policy on Freedom of Association that respects worker's rights to join and organize associations on their own and to bargain collectively. Factory to develop procedure that allows effective communication between management, specifically between Japanese CEO and union workers.	9/30/2007				Pending	Factory has developed company policy that states commitment on Non-discrimination and Freedom of Association. However, no complete policy that covers the required points such as maximum probationary period was included. Factory to complete the remediation by December 15, 2007.		Pending	Factory maintains the same status as December 16, 2007. I.e., factory has developed company policy that states commitment to Non-Discrimination and Freedom of Association; however, no complete policy that covers required points, such as maximum probationary period, has been created. Factory probationary period is 6 months and extended to another 6 months. However, factory informed that they are committed to have 3 months as probationary period which will be implemented immediately.	Document reviews management interviews, appointment letter review	Pending

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	# M Findings	Evidence of Noncompliance (Uncorroborated)	# Not Corroborated, Explain Why	Sources, Documentation Used for Corroborating	Notable Features Implemented by Factory Management or Company	PC Internal Audit Findings (Optional)	Remediation			Documentation	Completed, Pending, Ongoing	Updates			Completed, Pending, Ongoing	Documentation	Status	
											Target Completion Date	Factory Response (Optional)	Company Follow Up (March 29, 2007)			Company Follow Up (October 16, 2007)	Company Follow Up (June 11, 2009)					
3. Wages and Benefits																						
Employees 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.																						
Record Maintenance	Factories compliance of Sri Lanka Employment of Women, Young Persons and Children Act No. 47 of 1958 (Wage Board Ordinance of Sri Lanka No. 27 of 1941, of 1943, 19 of 1945, 22 of 1946.	All legally required payroll documents, journals and reports will be available complete, accurate and up-to-date. (In United States firms this would include W-4s, I-9s, green cards, 941s (if supporting materials)		Employment records and records pertaining to wage and benefits are not maintained in facility for security guards and 16 production workers who are outsourced. Hence, compliance on these issues for these workers could not be verified.		Finding was reoccurring.		Management interviews		1) Factory to maintain accurate and reliable records of working hours records, personnel files and payroll documents for all factory employees, including outsourced workers. 2) Factory to conduct regular monitoring on employment benefits and conditions for outsourced workers to ensure compliance to regulation and PC standards.	9/30/2007			Pending	No updated status. Factory has to complete the remediation action by December 15, 2007.	Pending		Personnel files and payrolls of outsourced workers were not available for review. SEA advised factory to maintain the same in the premises. Also, outsourced workers are not provided with other benefits, such as leave.	Document review, worker interview.			
4. Hours of Work																						
Except in extraordinary business circumstances, employees will (i) not be required to work more than lesser of (a) 48 hours per week and 12 hours overtime or (b) limits on regular and overtime hours allowed by law of country of manufacture or, where laws of country will not limit hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least 1 day off in every 7 day period.																						
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) limits on regular and overtime hours allowed by law of country of manufacture or, where laws of such country will not limit hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least 1 day off in every 7 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.	1) Security guards work 12-hour shifts per day, which works out to 72 hours a week. 2) Time record review for security guards for last 3 months revealed guards have worked between 24-44 hours continuously without a break. Also, adequate rest not being given between shift changes. 3) Some workers reporting worked up to 81 hours per week in July 2006. Monthly summary time record review revealed body security guards worked up to 119 hours OT in July 2006 and 74.5 hours a week during the period. 4) Instances of production workers working for 16 days continuously, noticed in July 2006.		Finding was reoccurring.		Record review, worker and management interviews.		1) Establish company policy on work hours that: a) defines regular work hours for all departments; b) guarantees providing 1 day off in a 7-day period; c) maintains work hours within 60 hours/week or follow local regulations, whichever is higher; 2) Ensure policy is clearly communicated to all employees; 3) Establish work hours through internal monitoring on a regular basis to ensure work hours are within legal times.	8/31/2007			Pending	Factory has sent update on work hours tracking chart on a monthly basis. However, no policy on work hours that defines limit as well as communication of policy to all employees. Factory to complete remediation by December 15, 2007.	Pending	Factory still to prepare detailed policy on work hours, rest days and overtime hours. No communication has happened between factory and workers on the same. Factory has agreed to complete the remediation process which will be verified during next audit.	Management interview, record review	Pending					
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) limits on regular and overtime hours allowed by law of country of manufacture or, where laws of such country will not limit hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least 1 day off in every 7 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.	Instances of security guards working continuously for 60 hours in August 2006 noticed.		Finding was reoccurring.		Record review, security guard interviews		1) Establish company policy on work hours that: a) defines regular work hours for all departments; b) guarantees providing 1 day off in a 7-day period; c) maintains work hours within 60 hours/week or following local regulations, whichever is higher; 2) Work hours policy should be clearly communicated to all employees; 3) Establish work hours through internal monitoring on a regular basis to ensure work hours are within legal limit.	8/31/2007			Pending	Factory has sent update on work hours tracking chart on a monthly basis. However, no policy on work hours that defines limit as well as communication of policy to all employees. Factory to complete the remediation by December 15, 2007.	Pending	Factory is yet to prepare detailed policy on work hours, rest days and overtime hours. No communication has happened between factory and workers on the same. Factory has agreed to complete remediation process which will be verified during next audit.	Management interview, record review	Pending					
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary.		No system in place to ensure that overtime is voluntary.		Finding was reoccurring.	Worker and management interviews		1) Factory to develop policy on work hours to include commitment that overtime work is done on voluntary basis; 2) Develop procedure to implement voluntary overtime with worker's consent.	8/31/2007			Pending	Work hours records show statement that overtime is done on voluntary basis; however, no specific policy and procedure for ensuring voluntary overtime.	Work hours record review	Pending	Though factory says overtime is voluntary, no detailed policy found on overtime explaining clear procedures to be followed prior to performance of OT and no communication has been done with workers on the same.	Document review, worker interviews	Pending			
5. 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.																						
6. Amenities																						
Canteen									1) Factory provides 2 meals against legal requirement of 1 meal. 2) A library is provided for employees. 3) English language taught to employees who are interested. 4) Factory pays 50% of treatment costs to employees admitted to hospital for serious illness. Operations up to maximum of 6 months and to those at home undergoing treatment for serious illness. 5) Factory has made substantial financial contribution to worker welfare fund to accumulate 3 million SLR. 6) Sports meets and religious functions are organized by factory every year. 7) Once every 2 years, factory organizes an outing for a day for all employees.													