FLA Audit Profile	
Country	Brazil
Factory name	010009320E
IEM	Certint S.A.C.
Date(s) in facility	August 3-4, 2006
PC(s)	adidas AG
Number of workers	220
Product(s)	Sporting Footwear
Production processes	Cutting, Preparation, Sole Preparation, Assembly, Finishing, Inspection,

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings: Noncompliance	IEM Findings: Risk of Noncompliance	IEM Findings: Evidence of Noncompliance (Uncorroborated)	IEM Findings: If Not Corroborated, Explain Why	IEM Findings: Sources/ Documentation	IEM Findings: Notable Features
1. Code Awareness								
Worker/Management Awareness of Code		**FLA Principle of Monitoring, Obligation of Companies:** Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Workers do not have a clear knowledge of the code of conduct (COC) elements.				Worker interviews	
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 communications channel has been put in this factory to enable workers to report confidentially to PC.				Visual inspection; manager and worker interviews	
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.								
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 of abuse.								
Verbal Abuse		Employers will prohibit screaming, threatening, or demeaning verbal language.	Workers complained that supervisors harass them verbally. However, they do not insult or offend them, just raise their voices sometimes.				Worker interviews	
Other				Facility does not have a written policy on Harassment or Abuse.			Manager interview, record review	
5. Nondiscrimination								
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.								
6. Health and Safety								
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.								
Evacuation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	1) Facility did not show auditors evidence of having held emergency evacuation drills during last 12 months.	2. Facility has not posted first aid procedures.			1) Manager interviews, record review, 2) Visual inspection	
Personal Protective Equipment (PPE)		Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Worker in charge of chemical products warehouse was not wearing a respiratory mask when performing duties in the warehouse.				Visual inspection	
Other	Brasilian Law Decreto Lei 5452: Consolidacao das Leis do Trabalho, Title II, Capitulo V, Secao XV, Art. 200. It is the duty of labor authority to establish additional rules to norms dealt with in this Chapter, bearing in mind peculiarities of each activity or type of job, especially on: VII.- hygiene in the workplace, as per requirements, clean [stalls], with separation of ladies and gentlemen, showers, lavatories, dressing rooms and individual lockers, comfortable dining area to have meals, drinking water supply, clean workplace with suitable means, industrial waste		Seating capacity of 2 dining rooms is about 120; head count at time of inspection was 220. Even when some workers do not use dining areas, capacity is insufficient, bearing in mind the lunch period is common to all workers.				Visual inspection, worker interviews	
7. Freedom of Association and Collective Bargaining								
Employers will recognize and respect the right of employees to freedom of association and collective bargaining								
8. Wages and Benefits								
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits								
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 code or law, will be kept at the factory and available for inspection.	Local labor law has not been posted for workers to view.				Visual inspection, worker interviews	
9. 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								
10. Overtime Compensation								
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.								
Miscellaneous								
Illegal Subcontracting				1) No written adidas authorization for subcontractors was shown to auditors. 2) No formal subcontracting contracts available for auditors' review.			Manager interviews, record review	

FLA Code/Compliance Issue	Remediation: PC Remediation Plan	Remediation: Target Completion Date	Remediation: Company Follow Up (May 23, 2007)	Remediation: Documentation	[Status] Completed, Ongoing, Pending
1. Code Awareness					
Worker/Management Awareness of Code	Management to create and implement a training work plan that; a) describes factory's commitment to prepare employees for their jobs by increasing their knowledge about workplace regulations and PC's workplace standards; b) defines training obligations, types of training needed (job related, workplace rules including PC's COC standards) and training opportunities for employees to gain knowledge and skills needed to do their jobs and awareness of their rights and responsibilities; c) assigns someone responsible for managing education and training implementation and obligations. ***Documentation to be submitted:*** *1) an education and training work plan; 2) training materials; 3) proposed training dates based on plan. Factory management to submit documentation to their main or regional PC representatives*	6/20/2007	Employee manual updated and meetings regarding manual held, but no specific education and training work plan has been prepared.		Pending
Confidential Noncompliance Reporting Channel	Currently SEA Team is working on creating a global third party mechanism hotline, [which will allow workers] to directly contact PC's compliance staff to report a grievance and/or noncompliance. Also, PC compliance staff provides workers with business cards and contact information during work interviews. PC will continue to [monitor] this issue during the next update.	6/20/2007	1) A separate adidas suggestion/communication box has been set up at factory to be opened by adidas personnel only. PC will also require factory to post an "open letter" to workers, which has been drafted by PC to workers and contains PC's contact information along with an explanation of PC's workplace standards. 2) Also, factory currently has an "open door" policy and suggestion boxes for workers to use in the case they need to file a grievance/complaint to factory senior management. All workers have been trained on these 2 systems.	Photos	Ongoing
2. Forced Labor					
3. Child Labor					
4. Harassment or Abuse					
Verbal Abuse	1) Management to create training program for supervisor on leadership/ proper management of workers. Training should also include information on limits supervisors have to discipline workers, as well as consequences for going beyond those limits. 2) [Factory should] assign someone responsible for the implementation of the training process. 3) Please ensure to document any leadership or policy training provided to all workers and supervisors.	6/20/2007			Pending
Other	1) Management to create a non-harassment policy that would: a) define purpose of policy, types of harassment or abuse (verbal, psychological, physical or sexual) and consequences for violating policy; b) describe the commitment to prevent harassment in all employment practices and to promote a work environment free of harassment or abuse, and c) assign someone responsible for implementation and/or enforcement of policy. 2) Management must create appropriate procedures that: a) describe how management includes protections in procedures for recruitment, employment conditions, performance management, education and training, exits and termination, communication and representation, b) describe how employees and management may use grievance system for complaints, investigation and resolution of harassment-related concerns; c) describe how decisions announced and consequences (if any) implemented; d) explain how non-harassment policies and procedures communicated and promoted to relevant parties; e) explain who is responsible for each step in process and; f) define how harassment policy and procedures are to be analyzed to i) identify if non-harassment/abuse environment exists, ii) whether employee protections achieving desired results, and iii) to	6/20/2007	1) Factory policy on harassment established in employee manual and posted in factory locations. Policy includes: a) types of abuse and its disciplinary consequences; b) factory held meetings with all supervisors regarding prevention of harassment in workplace; c) HR department responsible for policy and enforcement. 2) a) Ongoing; b) HR department is used for complaints, investigation and resolution accessible by any affected parties; c) HR department is responsible for all decisions communicated directly to employee; d) Policies and procedures communicated via employee manual; and e) HR department, factory health and safety manager responsible for all steps in process.	Employee manual	Ongoing
5. Nondiscrimination					
6. Health and Safety					
Evacuation Procedure	1) Management to perform a minimum of 2 fire and evacuation drills per year (at least 2 of them should be unannounced) and drills performed with power shutdown. 2) Factory should record time of execution and discuss how to improve evacuation procedures with supervisors. 3) Management must post first aid procedures in areas accessible to workers, and ensure that 1 worker for every 100 workers has received first aid training by Red Cross or adequate agency/person.	5/20/2007	1) Factory drills performed. Last drill performed September 2006. 2) Last drill recorded and report completed. 3) First aid and emergency procedures posted. 10 employees trained in emergency first aid in factory. PC will continue to ensure that fire drills are conducted twice a year.	Drill report attached.	Completed
Personal Protective Equipment (PPE)	1) Management to create and enforce a PPE policy and procedure. 2) Management must provide all PPE required by MSDS of chemicals in use. 3) Management must train all employees on PPE policy, as well as chemical management at least twice per year. 4) Post PPE signs where appropriate and assign someone responsible for policy and procedure implementation.	5/20/2007	1) Factory has PPE policy included in employee manual. Policy enforced. 2) PPE provided by factory. 3) Training in chemical management not provided. 4) PPE signs posted, [name] assigned by factory to implement PPE policy. September 2006	Photos attached.	Ongoing (chemical training)
Other	1) Management to consider adding 100 individual worker seats and necessary tables to accommodate a total of 220 workers. 2) Management to communicate plan and timetable.	6/20/2007	1) Management remodeled eating area and added 30 more seats for a total of 150. Many workers eat at home or out of factory or by choice. Factory will ensure that seating arrangements are sufficient based on need and use. 2) Completed December 2006.	Photos attached.	Completed
7. Freedom of Association and Collective Bargaining					
8. Wages and Benefits					
Wage and Benefits Posting	Management to post internal regulations in a prominent area. ***Documentation to be submitted****: Picture of posted regulations.*	5/20/2007	Posters featuring local social security and pension benefits monthly contributions information have been posted. Labor law manual and collective bargaining agreement available in open area of factory. All completed September 2006.	Photos attached.	Completed
9. Hours of Work					
10. Overtime Compensation					
Miscellaneous					
Illegal Subcontracting	Please note that factory currently provides a list of all subcontractors to PC as required by master service agreement between PC and factory. As a result, PC is aware of factory's subcontractors of adidas product. 1) Management must designate person to ensure all subcontractors are in compliance with local law through regular inspections. 2) If any subcontractors produce for PC, management must provide periodic trainings on PC's COC and ensure subcontractors meet PC's standards. 3) Factory must document all training and monitoring activities conducted at subcontractors' facilities.	5/20/2007	Subcontractor authorization completed by adidas LO in August 2006. 1) Factory has designated [name] to ensure that the subcontractors operate in compliance with local law. 2) adidas' COC posted at all subcontractors' facilities. Subcontractors preparing employee manuals and training based upon factory manual in order to meet adidas standards. 3) Subcontractor monitoring documented.	Copy attached of authorization; subcontractor audits.	Ongoing (training)

FLA Code/Compliance Issue	Updates: Company Follow Up (September 19, 2007)	Updates: Documentation	[Status] Completed, Ongoing, Pending	Updates: Company Follow Up (July 2008)	Updates: Documentation	[Status] Completed, Ongoing, Pending	Updates: Company Follow Up (March 2009)	Updates: Documentation	[Status] Completed, Ongoing, Pending
1. Code Awareness									
Worker/Management Awareness of Code	Per adidas' audit, training delivered by factory, new employee orientation materials completed and in use (modeled on adidas' template). There is a signed workers' list acknowledging they received the training.	Documentation available at factory and local SEA office (Brazil).	Completed						
Confidential Noncompliance Reporting Channel	1) Suggestion box is in use, regular management review and feedback mechanisms are in place. Open letter to workers is posted which provides workers with PC's contact information. Verified by adidas Group's SEA Team.	Documentation available at the factory and local SEA office (Brazil).	Completed						
2. Forced Labor									
3. Child Labor									
4. Harassment or Abuse									
Verbal Abuse	A 3rd party professional was retained in July to build a training program. Actual training is scheduled to be delivered before 2007 year end. Information verified by SEA team during factory visit of September 19.	Documentation available at the factory and local SEA office (Brazil).	Ongoing	1) Management interview and documents' review, 3 training meetings on leadership and proper management of workers conducted in December 2007. This program will continue through mid 2008. 2) Factory psychologist is responsible for management of this training.	Training program and pictures of training meetings. Documentation available at the factory and local SEA office (Brazil).	Completed			
Other	Policy and implementation of policy verified during SEA Team's internal audit.	Documentation available at the factory and local SEA office (Brazil).	Completed						
5. Nondiscrimination									
6. Health and Safety									
Evacuation Procedure									
Personal Protective Equipment (PPE)	Training on chemical management provided July 12, 2007. Training was given by chemical supplier (UNA) for all workers that work with chemicals.	Documentation available at the factory and local SEA office (Brazil).	Completed						
Other									
7. Freedom of Association and Collective Bargaining									
8. Wages and Benefits									
Wage and Benefits Posting									
9. Hours of Work									
10. Overtime Compensation									
Miscellaneous									
Illegal Subcontracting	Person responsible for subcontractors conducts ongoing audits and is in regular communication with subcontractors to ensure they are in compliance with local law. Subcontractor's workers' manuals are being developed based on [Main Factory's] workers' manual.	Documentation available at the factory, local adidas Sourcing and SEA offices (Brazil).	Ongoing	HR department developed program to continuously visit subcontractors and assure they are following all legal standards. 6 of 7 subcontractors have manual workbooks in place. Management will work with the one supplier to develop manual.	Documentation available at the factory, local adidas Sourcing and SEA offices (Brazil).	Pending	Factory was visited February 17. All active subcontractors have workbook. Subcontractors have been regularly visited by factory to ensure they are following legal standards.	Documentation available at the factory, local adidas Sourcing and SEA offices (Brazil).	Completed

FLA Code/Compliance Issue	Third-Party Verification: External Verification (Date)	Third-Party Verification: Documentation	Company Verification Follow Up: Company Follow Up	Company Verification Follow Up: Documentation	[Status] Completed, Ongoing, Pending
1. Code Awareness					
Worker/Management Awareness of Code					
Confidential Noncompliance Reporting Channel					
2. Forced Labor					
3. Child Labor					
4. Harassment or Abuse					
Verbal Abuse					
Other					
5. Nondiscrimination					
6. Health and Safety					
Evacuation Procedure					
Personal Protective Equipment (PPE)					
Other					
7. Freedom of Association and Collective Bargaining					
8. Wages and Benefits					
Wage and Benefits Posting					
9. Hours of Work					
10. Overtime Compensation					
Miscellaneous					
Illegal Subcontracting					