

FLA Audit Profile	
Country	Vietnam
Name of Factory	090384588F
Independent External Monitoring Organization	Global Standards
Date(s) in Facility	June 19-20, 2007
FLA Affiliated Compan(ies)	Patagonia, Inc.; Nike, Inc.; adidas-Group
Number of Workers	918
Product(s)	Outerwear
Production Processes	Cutting, preparation, sewing, finishing, inspection

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description of noncompliance, risk of noncompliance or uncorroborated evidence of noncompliance	Updates (Cite Date of Follow-Up)		Third-Party Verification		Company Verification Follow-Up	
				Company Follow-Up	Documentation	External Verification (Date)	Documentation	Company Follow-Up (cite date of planned or follow-up visit, if appropriate)	Documentation
GEN 1: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	Noncompliance	Completed	The Company has not provided CoC to the factory.						
GEN 2: 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.	Noncompliance	Completed	CoC is not posted in the factory, oral communication was made by the factory Compliance department.						
GEN 3: 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.	Noncompliance	Completed	No secure communications channel available for workers to report noncompliance to the Company.						
F.14 Forced Overtime	Risk of noncompliance	Completed	Factory has no signed voluntary OT forms for June. These forms appear to be prepared after the fact, rather than used for voluntary OT signup in advance.						
Other	Noncompliance	Completed	Discipline measures for workers are announced publicly as a form of punishment.						
D.3 Recruitment and Employment Practices (Job Advertisements, Job Descriptions and Evaluation Policies)	Risk of noncompliance	Completed	Factory job application forms include space for information on marital status, ethnicity and religion unnecessary for recruitment and contrary to nondiscrimination principles.						
H&S.4 Worker Consultation	Risk of noncompliance	Completed	Safety Committee exchanges notes via email and does not organize & document monthly meetings as per written policy or quarterly as per local regulation.						
H&S.9 Evacuation Requirements and Procedure	Noncompliance	Ongoing	One emergency exit door on the 4th floor is made of glass and opens inward.						
H&S.11 Personal Protective Equipment	Noncompliance	Ongoing	Hearing protection PPE is not worn consistently in embroidery section, only when auditor enters the room.						

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FOA.1 General Compliance Freedom of Association	Noncompliance	Completed	Collective Bargaining Agreement has expired since May 2007 but the factory and Union have not negotiated or signed a new updated one.						
FOA.2 Right to Freely Associate	Risk of noncompliance	Completed	Union membership is not well known, understood or socialized among workers; only 610/1300 workers are currently Union members.						
FOA.22 Right to Collective Bargaining/Compliance with Collective Bargaining Agreement	Noncompliance	Ongoing	In 3 cases, workers were terminated and factory has not paid severance allowance and annual leave balance according to law and Collective Bargaining Agreement.						
FOA.26 Grievance Procedure	Risk of noncompliance	Completed	Factory and Union do not record and document handling results of worker's complaints/suggestions.						
Other	Risk of noncompliance	Completed	Communication channels need to be improved: most interviewed workers are not aware of CBA and factory's policies on harassment and abuse, discrimination, hiring, discipline, etc.						
HOW.1 General Compliance Hours of Work	Noncompliance	Completed	Workers worked excessive overtime in June 07 (15 hours per week for 2 weeks).						
HOW.2 Rest Day	Noncompliance	Completed	Workers worked one Sunday (April 15) and were paid 200% without compensating day off.						
HOW.6 Time Recording System	Risk of noncompliance	Ongoing	Electronic time recording system is not used consistently and accurately. Workers may swipe in at 7am or 7:15am but are not paid until official start of work at 7:30. Manager/supervisor keeps manual attendance, but no written record of start and end time.						
HOW.11 Extraordinary Business Circumstance/Forced Overtime	Noncompliance	Completed	Factory has no signed voluntary OT forms for June. These forms appear to be prepared after the fact, rather than used for voluntary OT signup in advance.						

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WBOT.6 Production and Incentive Schemes	Risk of noncompliance	Completed	Factory has a policy to demote/transfer/terminate if workers do not meet their quotas, however this policy has not been negotiated and agreed with workers and Union prior to implementation.						
Other	Noncompliance	Completed	Workers doing the same job receive different contract salary, e.g 600,000VND vs 750,000VND, depending on whether they sign with [company name 1] or [company name 2]. This also affects benefits such as social insurance.						