

| FLA IEM Profile      |   |
|----------------------|---|
| Country              | Bangladesh  |
| Factory Code         | 12020505B   |
| IEM                  | LIFT Standards Ltd.                                 |
| Date of audit        | April 17 - 30, 2003                                 |
| PC(s)                | Reebok International Ltd., Outdoor Cap Company Inc. |
| Number of workers    | 1367  |
| Product(s)           | Headwear  |
| Production processes | Cutting, Sewing, Embroidery, Finishing, Packing     |

**Company Comment:** Factory had a change in direction for their target product. Outdoor Cap and factory mutually decided to reduce base level product Outdoor Cap had purchased and redirect toward higher-end product. However, attempt at redirecting product did not work successfully. Factory's focus continued to be higher-end branded product. End result was that Outdoor Cap quantity declined to an annual total of 5.5 containers in 2007. Due to challenges to fill containers and continued reduction in development, Outdoor Cap removed this factory from supply base. Factory not been active for Outdoor Cap in 2008, 2009 and 2010. If company begins business again with this factory in future, it will resubmit factory to FLA IEM program as an active factory.

| FLA Code/Compliance Issue     | Benchmark or Legal Reference  | Findings  |   |               | PC Remediation Plan  | Target Completion Date | Factory Response   | Completion Date |
|-------------------------------|---|---|---|---------------|--|------------------------|--|-----------------|
|                               |   | Monitor's Findings  | Documentation   | Best Practice |  |                        |  |                 |
| <b>1. Code Awareness</b>      |   |   |   |               |  |                        |  |                 |
| <b>2. Forced Labor</b>        |   |   |   |               |  |                        |  |                 |
| <b>3. Child Labor</b>         |   |   |   |               |  |                        |  |                 |
| <b>4. Harassment or Abuse</b> |   |   |   |               |  |                        |  |                 |
| Informal Punishment           | <b>FLA Benchmark, Harassment or Abuse:</b> Employers will not unreasonably restrain freedom of movement of workers, including movement in canteen, during breaks, using toilets, accessing water, or to access necessary medical attention. | Workers were not allowed to access (factory) for 2 days as they felt sick and took rest inside the toilets.             | Time card and supervisors' attendance register record |               | <p>Factory must ensure reasonable meal and rest breaks, which, at a minimum, comply with local law. Factory must also comply with local law regarding sick leave. Factory must immediately discontinue practice of punishing workers for taking rest breaks when they feel sick. Please commit to Reebok in writing that factory will discontinue this practice immediately.</p> <p>Factory must then develop and submit to Reebok worker's handbook that details all of the factory's policies and regulations. Handbook should include new written policy on factory's hours of work, and worker's rights regarding breaks and sick leave. Handbook should be written in terms that are easy to understand by workers, and must be provided to workers and management in their local language. Handbook should also be announced to workers in an open forum. Please submit to Reebok copy of worker handbook, and please detail how factory's policies communicated to both workers and management.</p> | 15-Jun-03              | Factory ownership has informed its supervisors that they must take immediate measures to discontinue factory practices of punishing workers for sick leave and/or breaks. Factory has also developed an initial worker handbook in Bengali which details the factory's policies, and has submitted handbook to Reebok for verification. Drafting, printing, distribution and worker orientation completed the end of July 2003.                    |                 |
| Informal Punishment           | <b>FLA Benchmark, Harassment or Abuse:</b> Employers will not unreasonably restrain freedom of movement of workers, including movement in canteen, during breaks, using toilets, accessing water, or to access necessary medical attention. | Workers are punished for spending more than 10 minutes in the toilet and kept standing in the line for 5 to 10 minutes. |   |               | <p>Factory must employ disciplinary measures based upon positive incentives rather than punitive measures. Factory must immediately stop punishing workers in a way that deducts their wages. Workers should receive wages they are due for all hours worked without deductions for monetary fines or performance penalties. Please submit to Reebok a factory policy discontinuing this practice, and communicate this policy to workers in new worker handbook referenced above. In order to help create an informed workplace, factory must also detail inside the handbook the list of prohibited behaviors and roles/responsibilities of both workers and management, as well as detail the warning system/disciplinary process for violations of factory policies by workers and supervisors.</p>  | 15-Jun-03              | Factory has developed policies on toilet use, which are included in the worker handbook. Factory management has also taken immediate measures to stop monetary fine deductions for toilet use from wages. Also, on 26.6.03, factory management hired a local consultant to help them develop factory disciplinary and termination policies, as well as to assist the factory in defining appropriate roles/obligations for workers and management. |                 |
| Informal Punishment           | <b>FLA Benchmark, Harassment and Abuse:</b> Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.                                      | Workers have to do OT if they cannot achieve excessive target.  |   |               | <p>Overtime hours worked must be voluntary, and this policy must be detailed in the worker handbook referenced above, and communicated to workers. Factory must also develop a policy for ensuring that managers do not require workers to stay and work overtime against their will. Policy should also be posted, in Bengali, in a prominent place in the factory.</p>   | 15-Jun-03              | Factory has included a voluntary overtime policy inside the worker handbook.   | 25-Jun-03       |

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|                                     |   | Monitor's Findings  | Documentation  | Best Practice |  |                        |   |                 |
| Informal Punishment                 | <b>FLA Benchmark, Harassment and Abuse:</b> Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.  | OT was not allowed. It was a punishment as a consequence of being interviewed by the audit team.  | Tiffin sheet for overtime the month of April 2003 of the line. |               | Factory must develop and implement a non-retaliation policy that ensures workers will not suffer any unfair treatment as a result of expressing their views on factory conditions. Unfair treatment includes, but is not limited to, the following actions: forced overtime, loss of job, loss of opportunity, discrimination in job assignments, loss of wages, and disciplinary actions. The new policy should be communicated to all factory management and to workers in an open forum, inserted in the workers handbook, and then posted in language of the workers in a prominent location inside factory. Factory must institute - and implement - severe disciplinary measures, including dismissal from employment, against any staff guilty of retribution against workers. Please submit to Reebok a copy of the written policy.    | 09-Jun-03              | In June 2003, the factory committed to Reebok in writing its commitment to implement a new non-retaliation policy, and to take ongoing measures that permit factory workers to express their concerns about workplace conditions. Factory has developed disciplinary procedures, but is still in the process of developing a non-retaliation policy.  |                 |
| Freedom of Movement                 | <b>FLA Benchmark, Harassment or Abuse:</b> Employers will not unreasonably restrain freedom of movement of workers, including movement in canteen, during breaks, using toilets, accessing water, or to access necessary medical attention.   | Workers need to take a token from the supervisor to access toilet. A section of 35-40 workers has 1 toilet card.  |  |               | Factory must institute a policy where workers are free to go to the toilet when they have to, taking into consideration the number of needed toilet cards in respect to the total workforce. While factory can establish procedures to avoid workers congregating in the toilet, established procedures must not demean workers or restrict their individual right to go to the toilet whenever necessary. Please develop, and submit to Reebok, a policy for toilet access.   | 15-Jun-03              | In July 2003, factory developed a toilet pass system, and has submitted policy to Reebok. Orientation to workers about the new rules will be conducted as part of the worker forum on the worker handbook.  |                 |
| <b>5. Nondiscrimination</b>         |   |   |  |               |  |                        |   |                 |
| <b>6. Health and Safety</b>         |   |   |  |               |  |                        |   |                 |
| Fire Safety (Visual Inspection)     | <b>FLA Benchmark, Health and Safety:</b> 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.  | No fire blankets found inside the blanket boxes. Some fire extinguishers found to be blocked from easy access. Some fire hose boxes found without hose inside, 2 hoses found without nozzle and 1 hose pipe on 3rd floor near south side stair not connected with water source. | Photographs taken  |               | (1) Place proper fire blanket inside blanket boxes. Please submit to Reebok pictures of the blanket boxes, with a label of where it is located in the factory, once stocked.<br>(2) Inspect all fire hose boxes to ensure a proper hose is inside, that hoses are in proper functioning order, and connected to proper water source. Please submit to Reebok a list of all fire hoses, when they were inspected, and name of person who conducted the inspection. Please submit to Reebok pictures of each fire box, with a label of where it is located in the factory.<br>(3) Factory must develop and implement a policy for regular service, testing and inspection of all fire safety equipment, such as hydrants, hoses and extinguishers. Please forward to Reebok a copy of policy and name of person in charge of its implementation. | 15-Jun-03              | Factory has placed proper fire blanket inside all blanket boxes that had missing blankets. Pictures of blanket boxes, with label of where they are located in factory, have been submitted as verification. Factory has also inspected all fire hose boxes to ensure a hose is inside and functioning. Factory has also instituted 4-member committee, reporting to 1 of management personnel, to be responsible for factory fire safety. Committee dons badges, to be easily identifiable. This committee is in process of developing policies and procedures for inspection of fire hose boxes, fire blanket boxes, and fire extinguishers. Committee will then conduct inspections and report to Reebok. |                 |
| Evacuation Procedures               | <b>Country Law:</b> Minimum of at least one-fourth of the number of workers engaged separately in each section of factory should be trained in use of fire extinguishers<br><b>Factories Rules- 79/52-9. FLA Benchmark, Health and Safety:</b> 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. | When workers asked who can operate fire extinguishers, no worker or supervisor could demonstrate how to operate.  |  |               | Supervisors and workers in each production area must be trained on how to extinguish small, localized fires with appropriate equipment. Training should include actual use of equipment. Please submit to Reebok a plan for fire safety training, with timeframes for completion, and name of person who will be responsible for its implementation.   | 01-Jul-03              | The same committee, referenced above, has developed a fire safety training plan. Training for workers on proper fire safety to take place in spring of 2004.  |                 |
| Electric Safety (Visual Inspection) | <b>Country Law:</b> All the electric lines and apparatus shall be of proper size and protected (Factories Rules- 79/41). <b>FLA Benchmark, Health and Safety:</b> 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.   | 2 electric boxes with cut-off switches on X floor at west side wall of tsewing section are without proper ebonite board guarding.   |  |               | Factory must install proper ebonite board guarding to the 2 electric boxes as required by local law. Please inform Reebok of date when guard was installed and who installed it. Pictures of fixed boxes should also be submitted.   | 01-Jul-03              | On June 25, 2003, factory installed an ebonite board on electric boxes.   | 25-Jun-03       |
| Safety Equipment                    | <b>Country Law:</b> At least 1 first aid box properly stocked for every 150 workers (Factories Act- 65/44-1). <b>FLA Benchmark, Health and Safety:</b> 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.  | Only 2 first aid boxes for 400 workers exist on 3rd floor. Scissors and burn ointment not found in any of the first aid boxes throughout the floors.  |  |               | Reebok requires facilities to provide 1 first aid kit for every 100 workers. Therefore, factory must purchase additional first aid kits to ensure adequate supplies per total number of workers in factory. The new first aid kits must be placed inside factory so that they are accessible to each work area. Required and optional first aid supplies provided on page 39 of Reebok's Guide. Please submit to Reebok the following: list of each first aid kit, its location in the factory, and its supplies.  | 15-Jun-03              | Factory has installed an additional 4 first aid kits.   | 27-Jun-03       |

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|  |   | Monitor's Findings  | Documentation     | Best Practice |   |                        |  |                 |
| Fire Safety: Health and Safety Legal Compliance            | <b>Country Law:</b> A notice on the floor with name and photograph of person to be affixed and that person shall wear a badge as to facilitate identification (Factories Act-65/44-3). <b>FLA Benchmark, Health and Safety:</b> Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct contradictory, higher standards will apply. The factory will possess all legally required permits.          | Persons responsible for each of the first aid boxes are not identifiable on floor; also, their photograph and name not affixed on floor.  |                   |               | Factory must assign an individual to regularly inspect first aid kits to ensure supplies are adequate and properly stocked. The name, along with picture, of this individual, must be announced to workers and posted as required by local law. Each kit should then be labeled with a list of contents and quantities and should have a written inspection record. Please submit to Reebok a written policy for inspecting first aid kits, and who in the factory is responsible for its implementation.   | 15-Jun-03              | Factory has hired a medical officer, to assist the factory. He has been placed in charge of regular inspections of first aid kits to keep them adequately stocked. He has developed a policy for inspection of first aid kits. | 30-Jun-03       |
| Fire Safety: Health and Safety Legal Compliance            | <b>Country Law:</b> Medical room should be staffed with at least 1 qualified medical practitioner assisted by at least 1 qualified compounder and nurse/subordinate (Factories Rules- 79/56-1). <b>FLA Benchmark, Health and Safety:</b> Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct contradictory, higher standards will apply. The factory will possess all legally required permits. | Person found during inspection in medical room is in charge of issue section and his assistant (female) is an operator employed in sample section. None of them have received formal training. When the female staff asked by monitor to demonstrate how to measure blood pressure, she failed to take the reading. |                   |               | Factory must develop and implement a program to train supervisors and workers on simple first aid. It is recommended that 1% of persons present during any shift be certified in first aid, and that each work area have supervisors and workers who are professionally trained in simple first aid and blood-borne pathogens. Factory should also develop written emergency procedures for serious injuries that cannot be treated by factory staff or medical personnel. These procedures should include who takes whom where, when and how. Please submit to Reebok (1) plan for first aid training with timeframes for completion, (2) copy of developed written emergency procedures, and (3) name of person who will be responsible for their implementation. | 01-Jul-03              | Factory's new medical officer has conducted its first session on simple first aid. These sessions will be ongoing. Moreover, medical officer is currently responsible for developing written emergency procedures.             |                 |
| PPE  | <b>FLA Benchmark, Health and Safety:</b> 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.  | Workers in the 2 cutting sections (X floor and X floor) seen not using mesh gloves while operating cutting machines.  |                   |               | Although only handheld cutters, which come with a blade guard are in use, space between blade and guard can cause serious injury at an unguarded moment. Factory must ensure that all cutting workers wear appropriate metal/mesh gloves for protection.  | 15-Jun-03              | Factory has provided workers with gloves for protection, and submitted pictures to Reebok.   |                 |
| PPE  | <b>FLA Benchmark, Health and Safety:</b> 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.  | Most workers in embroidery section seen to not use hearing protection, although hearing protection is provided to them.   |                   |               | Factory should determine why workers are not utilizing PPE that was provided to them. To ensure proper use of PPE, factory should: (1) train workers on use of PPE (how to use it properly, reasons for PPE, and risks for not using PPE), (2) develop a proper disciplinary policy, where workers are disciplined for failing to use PPE, and supervisors are disciplined for failing to enforce PPE where required. This new policy should be included in the worker handbook that is referenced above. Please submit to Reebok proof of PPE training, with who conducted the training, date it was completed, and how many workers received the training.  | 01-Jul-03              | Factory has developed a policy on PPE, and submitted it to Reebok.   |                 |
| PPE  | <b>FLA Benchmark, Health and Safety:</b> 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.  | Workers using spray gun charged with spot remover (thinner) do not wear masks. Overlock machine operators also do not use masks, these machines generate a lot of fabric dust.  | Photographs taken |               | Factory must ensure that these workers are equipped with the proper PPE, and the factory must ensure they use it.   | 15-Jun-03              | Factory has equipped these workers with PPE. Factory has submitted photograph of workers donning mask and holding a spray gum with label reading "Thinner" on it.  |                 |
| Machine Safety   | <b>FLA Benchmark, Health and Safety:</b> All the production machinery and equipment shall be maintained, properly guarded and operated in safe manner.  | All single-needle plain machines without needle guards, some without pulley guard and half have broken pulley guards. 2 big stitching machines on (X) floor cartoon section without pulley guards.  | Photographs taken |               | Pulley guards and needle guards must be installed on all sewing machines.   | 01-Jul-03              | Factory has installed pulley guards.   |                 |
| Chemical Management (Visual Inspection)                    | <b>FLA Benchmark, Health and Safety:</b> 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.  | Thinner (a chemical used for removing spots from fabric) and machine oil (used for lubricating machines) kept without labels in plastic containers in stores on all floors.   |                   |               | Factory must maintain a current list of Material Safety Data Sheets (MSDS) in local language of workers; these sheets must be made available to workers. Sample MSDS forms available in Reebok's Guide on page 46. Please label these plastic containers with proper MSDS, with up-to-date information, and submit a picture of containers with posted MSDS to Reebok.  | 15-Jun-03              | Factory has labeled the plastic container with "thinner" and developed an MSDS form.   |                 |
| Sanitation   | <b>FLA Benchmark, Health and Safety:</b> All facilities including factory buildings, toilets, canteens, kitchens and clinics shall be kept clean and safe.  | 20 female toilets in 2 locations side by side not properly ventilated. Workers have to go into toilet barefoot.   |                   |               | Bathrooms must be ventilated by an adequate exhaust system.   | 01-Jul-03              | Exhaust systems installation underway.   |                 |
| <b>7. Freedom of Association and Collective Bargaining</b> |   |   |                   |               |   |                        |  |                 |

| FLA Code/Compliance Issue | Findings                     |                    |               |               | PC Remediation Plan | Target Completion Date | Factory Response | Completion Date |
|---------------------------|------------------------------|--------------------|---------------|---------------|---------------------|------------------------|------------------|-----------------|
|                           | Benchmark or Legal Reference | Monitor's Findings | Documentation | Best Practice |                     |                        |                  |                 |
| 8. Wages and Benefits     |                              |                    |               |               |                     |                        |                  |                 |

| FLA Code/Compliance Issue               | Findings   |  |   |               | PC Remediation Plan   | Target Completion Date | Factory Response   | Completion Date |
|---|--|--|---|---------------|---|------------------------|--|-----------------|
|   | Benchmark or Legal Reference   | Monitor's Findings   | Documentation   | Best Practice |   |                        |  |                 |
| Incorrect Payment of Wages              | <b>Country Law:</b> Upon completion of 2 years as Jr. Operator a worker shall be promoted as Operator- BEPZA instruction no. 2 ,part- IV. <b>FLA Benchmark Wages and Benefit:</b> Legally mandated benefits will be provided or paid in full within legally defined time periods.  | Workers found to be working as Jr. Operator for more than 2 years without promotion.   | Personnel Files and Payroll documents                             |               | Factory must recalculate gross wage of all workers and adjust for gross wage increments at rate of 10% per year of service for all workers. All arrears on workers' accounts must be reimbursed to workers on or before the next payday. Please submit to Reebok copies of pay slips as proof that proper wages were paid.  | 15-Jun-03              | Factory has readjusted, as of June, all grading on June salary.  |                 |
| Deduction for Services                  | <b>FLA Benchmark Wages and Benefit:</b> Deductions for services to employees will not exceed the cost of the service to the employer. If questioned, employers will demonstrate the reasonableness of these charges.   | Workers' wages are deducted for late arrival by the factory provided transport.  | Time Card and Payroll documents                                   |               | Monetary fines, or threats of any kind, are prohibited. Factory must immediately stop deducting wages for late arrival by the factory-provided transport. Prohibition of this deduction should be detailed as part of the worker handbook referenced above.   | 15-Jun-03              | Factory ownership has advised the factory about the prohibition, and all kinds of monetary fines have been stopped.        |                 |
| Lack of Legal Benefits                  | <b>Country Law:</b> Provident fund contribution of 8.33% by company and employee- BEPZA instruction no. 2, part IV Minimum Wages (5). <b>FLA Benchmark Wages and Benefit:</b> Legally mandated benefits will be provided or paid in full within legally defined time periods.  | Office staff, personnel up to supervisor level and embroidery machine operators are enrolled in the Provident Fund. Workers are not enrolled.  | Personnel Files, Payroll documents and Provident Fund member list |               | Factory must pay to workers all legally mandated benefits under local law. All arrears on workers' accounts must be reimbursed to workers on or before the next payday. Please submit to Reebok copies of pay slips as proof that proper benefits were paid.  | 01-Jul-03              | Factory has inserted provision of Provident Fund in Worker's Handbook, and it allows workers to join on a voluntary basis. | 10-Jul-03       |
| Lack of Legal Benefits                  | <b>Country Law:</b> 10 % annual increase over gross wages- BEPZA instruction no. 2, part IV Minimum Wages (5). <b>FLA Benchmark Wages and Benefit:</b> Legally mandated benefits will be provided or paid in full within legally defined time periods.   | Increment is given 10% of basic wages, with increment house rent goes down. 1 worker got 10% increment on basic wages and his gross wage increased only 1 Taka!                            | Personnel Files and Payroll documents                             |               | Factory must recalculate gross wage of all workers and adjust for gross wage increments at the rate of 10% per year of service for all workers. All arrears on workers' accounts must be reimbursed to workers on or before the next payday. Please submit to Reebok copies of pay slips as proof that proper wages were paid.  | 15-Jun-03              | Factory will adjust automatically once we readjust the grading.  | 10-Jul-03       |
| Workers Unclear of Wages and Benefits   | <b>FLA Benchmark Wages and Benefit:</b> Employers will communicate orally and in writing to all employees of the wages, incentive systems, benefits and bonuses entitled under the applicable law.   | Workers are not given training on wages, incentive, benefits, increment, etc., comprehension as entitled as per the BEPZA Instruction.   |   |               | As part of worker handbook, factory should include its policy on wages (both regular and overtime) and how they are calculated, incentive systems, bonuses, severance pay, and pay for various leaves. A sample pay slip is recommended. Factory must also conduct a training for workers, explaining to them factory's policies on wages. Please submit to Reebok a copy of the policy, and its training plan.   | 15-Jun-03              | Factory has included a wage policy and a formula for wages, including calculating overtime, in the worker handbook.        | 30.6.03         |
| Accurate Recording of Wage Compensation | <b>FLA Benchmark Wages and Benefit:</b> All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately.   | Voluntary OT is not documented by the factory.   |   |               | As part of the written policy on wages and the worker training referenced above, factory should include information on overtime compensation rates, and how these are calculated.   | 15-Jun-03              | Factory has included a wage policy and a formula for wages, including calculating overtime, in the worker handbook.        | 30.6.03         |
| Leave                                   | <b>FLA Benchmark, Hours of Work:</b> 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 Workers will be paid for leave as required by law. | Workers are not provided with earned leave instead the leave balance is encashed. Leave is not easily available to the workers, sometimes sick leave is granted part paid and part unpaid. |   |               | Factory must immediately discontinue practice of deducting disproportionately from wages for absence. Factory must also provide all mandated leave wages that are required by local law. Factory must investigate whether any workers were on proper leave within the last 6 months, and whether workers on leave received all benefits that are legally owed. Factory must retroactively pay back any leave pay legally owed to workers from January 2003 to present. As part of worker handbook referenced above, the factory must provide a detailed list of all leaves (annual, maternity, sick, casual, etc.) and conditions for each. The process for requesting and taking leave should be included as well. | 15-Jun-03              | Factory's handbook records details of different categories of leave and eligibility for availing these.                    | 30.6.03         |

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|                           |   | Monitor's Findings   | Documentation      | Best Practice |  |                        |  |                 |
| Other                     | <b>FLA Benchmark Wages and Benefit:</b> Employers will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions. | Pay stubs are provided to the workers in English. Most workers interviewed do not have any understanding of the wages calculation and logic. | Pay stub collected |               | Workers should receive individualized pay slips detailing all wages, how they were calculated, and should have separate deduction headings and clearly indicate each category of deduction from wages. Additionally, pay slips to workers should be in Bengali. For guidance on pay slips, please refer to page 11 of Reebok's Guide. Please submit a copy of a sample pay slip to Reebok. | 15-Jun-03              | Factory is planning to change the pay slips from English to Bengali. |                 |

| FLA Code/Compliance Issue        | Benchmark or Legal Reference  | Findings   |   |               | PC Remediation Plan   | Target Completion Date | Factory Response  | Completion Date |
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|                                  |   | Monitor's Findings   | Documentation                                     | Best Practice |   |                        |   |                 |
| <b>9. Hours of Work</b>          |   |  |   |               |   |                        |   |                 |
| Work Hours                       | <b>Country Law:</b> No adult worker shall be required or allowed to work hours exceeding 10 in any day. Factories Act <b>FLA Benchmark, Hours of Work:</b> 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.                    | Workers seen to work 60-90 hours of OT in a single month in 2003. Workers of embroidery section and cutting section work very high OT and workers in other section also seen to work excessive OT. | Payroll and Time Card for the month of March 2003 |               | Factory must develop and submit to Reebok a written working hours policy of no more than 60 hours per week, or no more than 10 hours per day. Policy should indicate how the factory intends to meet this working hours policy.   | 15-Jun-03              | Factory has submitted working hours records to Reebok's local monitor demonstrating working hours within Reebok's policies.             |                 |
| Weekly Day Off                   | <b>Country Law:</b> No worker shall be required to work for more than 10 consecutive days without a day off for whole day, Factories Act. <b>FLA Benchmark, Hours of Work:</b> 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 work from March 1-13, 2003 (X), March 27-April 13 2003 (X) and April 1-13, 2003 (X) in different sections.  | Time Card, OT Slip maintained by the supervisors  |               | Workers should have 1 day off per every 7 day period in accordance with Reebok's human rights production standards. Factory must implement this policy, and include a written policy for workers, as part of the workers handbook the factory is being asked to create. | 15-Jun-03              | Factory has developed and implement a rest day policy, and included its new written policy for workers as part of the workers handbook. |                 |
| <b>10. Overtime Compensation</b> |   |  |   |               |   |                        |   |                 |

| Remediation   |   |
|---|---|
| Documentation   | PC Follow Up and Verification   |
| Worker Handbook submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files.         | Reebok and Outdoor Cap compliance staff have been working with factory to assist them in development of appropriate rules and regulations in accordance with local law and code of conduct standards. Factory has now completed worker handbook in Bengali in order to document and inform workers of factory rules and regulations. Worker handbook includes provisions on right of workers to reasonable breaks and sick leave. Handbook submitted to Reebok and Outdoor's Cap compliance staff and determined to be satisfactory. Moreover, Reebok and Outdoor Cap monitors will follow up with factory on handbook's distribution to workers, we will continue to monitor factory to determine ongoing compliance with factory's new policy regarding rest breaks. Reebok asked factory to engage (local consultant) in comprehensive education and training program, as factory was having increasing difficulty in properly implementing Reebok's remediation plan. After repeated failures to properly implement the plan, (consultant) asked to provide factory additional guidance on how to go about institutionalizing human rights compliance with proper internal factory systems. Outdoor Cap also used its leverage to require participation in (consultant's) program. For additional information on consultant's training program, please see below. |
| Worker Handbook submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files.         | Factory management instituted policy of toilet passes, which needs further clarification. Moreover, factory developed non-harassment policy which outlines a list of prohibited behaviors, including verbal abuse. Non-harassment policy has been included in Worker Handbook. Factory also developed initial disciplinary policies, but they are still in draft form. Reebok and Outdoor Cap compliance staff continuing to work with factory to help them refine factory's rules and regulations surrounding roles/obligations, grievance handling, and discipline (not only for workers, but supervisors). As referenced above, factory asked to engage local consultant in a comprehensive education and training program. Consultant's training between July and December 2003 will also include modules on positive management techniques for discipline and "how to's" for disciplinary policy design, and will therefore also inform this process for factory management. For more information on consultant's training, please see below.  |
| Overtime Factory Policy submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files. | An overtime policy has been inserted in the worker handbook allowing workers exemption from overtime work under defined circumstances. Reebok and Outdoor Cap compliance staff will continue to monitor the factory to determine continued compliance with the new overtime policy.   |



| Remediation   |   |
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| Documentation   | PC Follow Up and Verification   |
| Draft Disciplinary Policies submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files. Copy of factory's commitment letter is also maintained in internal files. | Reebok and Outdoor Cap compliance staff continuing to work with factory to help them refine factory's non-retaliation policy, and will continue to monitor factory's implementation of its non-retaliation commitments. As referenced above, factory has engaged (consultant) in a comprehensive education and training program. (Consultant's) training on positive management techniques, and (consultant's) modules on improving staff rules for discipline are expected to assist factory in their development and implementation of a non-retaliation policy. For more information on (consultant's) training, please see below. |
| Worker Handbook submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files.   | Factory has recorded in its revised handbook its policy regarding toilet access and has removed objectionable clauses.  |
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| Pictures of committee, blanket boxes, and fire hoses have been submitted to Reebok and Outdoor Cap as verification, and are maintained in internal files.                                       | Reebok and Outdoor Cap compliance staff will continue to assist the newly formed committee in its development of internal policies and procedures for fire safety. Reebok has also requested that factory extend its engagement with consultant, as part of its overall training program for factory, to train newly formed committee on how to conduct inspections of internal fire safety equipment (extinguishers, hoses, etc.). Reebok and Outdoor Cap will continue to monitor the factory for ongoing compliance with fire safety requirements.   |
| Copy of the draft fire safety training plan has been submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files.  | Factory extended its engagement with consultant, as part of consultant's) program for factory, to train newly formed committee on how to use internal fire safety equipment to extinguish small fires. The new committee then developed a training program for workers, and is responsible for its implementation. Reebok and Outdoor Cap compliance staff will continue to provide assistance to factory as needed, and will monitor ongoing compliance with fire safety training requirements.  |
| Factory has submitted pictures of the installed ebonite boarding for the 2 electric boxes as verification.  | Factory has submitted pictures of installed ebonite boarding for the 2 electric boxes as verification. Reebok and/or Outdoor Cap compliance staff will also conduct a visual inspection to verify remediation, once other pending remediation items have been completed.  |
| 4 photographs of first aid kits submitted to Reebok and Outdoor Cap as verification, and are maintained in internal files.  | Reebok's monitor will conduct visual inspection to verify installation of all kits and their contents, once other pending remediation items have been completed.  |

| Remediation  |  |
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| Documentation  | PC Follow Up and Verification  |
| Photograph of doctor submitted to Reebok as verification, and is maintained in Reebok's internal files.  | Reebok and/or Outdoor Cap compliance staff will follow up with workers during next visit to factory, through worker interviews, to ensure that workers have been informed of new medical officer.  |
| List of workers and photographs of session with factory doctor has been submitted to Reebok and Outdoor Cap as verification, and documents are maintained in internal files. | Reebok's local monitor has requested factory extend its engagement with the consultant, as part of its overall training program, to assist factory's new medical officer in developing emergency medical care procedures. Reebok and Outdoor Cap will continue to monitor factory's ongoing compliance with health and safety requirements.  |
| Photographs of workers wearing metal mesh gloves submitted to Outdoor Cap and Reebok for verification, and are maintained in Outdoor Cap's & Reebok's internal files.        | Factory has submitted photos of workers wearing metal mesh gloves for protection. Reebok and/or Outdoor Cap compliance staff will also conduct a visual inspection to verify remediation, once other pending remediation items have been completed.  |
| Copy of PPE policy submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files.   | Factory has included PPE use in its handbook. Factory also developed a training program for workers on reasons for PPE and on their proper use. Factory chief technician is responsible for this implementation. The consultant, as part of overall training program for factory, will also help factory develop a factory safety plan inventorying activities where PPE required, and the correct type required. Reebok and Outdoor Cap will continue to monitor the factory's ongoing compliance with operational safety requirements. |
| Photographs submitted to Reebok and Outdoor Cap for verification, and are maintained in internal files.  | Reebok's monitor will go to the factory to conduct a visual inspection and worker interviews to verify proper use of PPE, once other pending remediation items have been completed.  |
| Photographs submitted to Reebok and Outdoor Cap as verification, and are maintained in internal files.   | Submitted pictures show installation of pulley guards, but not needle guards. Factory has again been requested to install the proper needle guards for protection. Reebok and/or Outdoor Cap compliance staff will then go to factory to conduct a visual inspection to verify installation, once other pending remediation items have been completed.   |
| Photograph submitted to Reebok as verification, and is maintained in Reebok's internal files.  | Labeling of plastic container with "Thinner" written on it is not a sufficient MSDS. Factory has again been asked to maintain current list of MSDS in local language of workers, and to make these sheets available to workers. Factory has submitted appropriate MSDS in local language. Reebok and/or Outdoor Cap compliance staff will then go to factory to conduct visual inspection to verify installation, once other pending remediation items have been completed.  |
| Factory has submitted photograph of 1 toilet area with open window.  | Reebok and Outdoor Cap compliance staff will continue to work with factory to determine whether factory is on track with installation, and to determine whether factory is continuing to implement its corrective action plan.   |

| Remediation   |                               |
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| Documentation | PC Follow Up and Verification |

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| Documentation   | PC Follow Up and Verification  |
| Records submitted to Reebok and Outdoor Cap as verification are maintained in internal files.             | Factory has submitted a 6-month plan for reimbursing all arrear payments. It has provided a copy of the first installment of this arrears payment (effected in September 2003).  |
| Worker Handbook submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files. | Reebok and Outdoor Cap compliance staff have been working with factory to assist them in development of appropriate rules and regulations in accordance with local law and code of conduct standards. Factory completed worker handbook in Bengali, in order to document and inform workers of factory rules and regulations. Worker handbook includes provisions on improper wage deductions. Handbook was submitted to Reebok and Outdoor Cap compliance staff and determined to be satisfactory. Reebok and Outdoor Cap compliance staff will follow up with factory on handbook's distribution to workers. Moreover, Reebok and Outdoor Cap compliance staff will continue to monitor factory to determine ongoing compliance with wage standards. |
| Worker Handbook submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files. | Factory has inserted provision of Provident Fund in Worker's Handbook and states workers allowed to join on voluntary basis. Reebok and Outdoor Cap compliance staff will continue to monitor factory to determine ongoing compliance with benefits standards.   |
| Records submitted to Reebok and Outdoor Cap as verification are maintained in internal files.             | Factory has submitted 6-month plan for reimbursing all arrear payments. It has provided copy of first installment of this arrear payment (effected in September 2003). Reebok and Outdoor Cap compliance staff will continue to work with factory to determine proper wage and benefits payments to workers and to determine ongoing compliance with wage standards.   |
| Worker Handbook submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files. | Factory's handbook does include an overtime policy and a formula for calculating overtime. Section on wages has been reworked, along with rest of Workers' Handbook. As referenced above, the factory has engaged a local consultant in a comprehensive education and training program. For more information on consultant's program, please see below.  |
| Worker Handbook submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files. | See comments in the cell above.  |
| Worker Handbook submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files. | Factory has resubmitted a new workers' handbook, which is much more comprehensive and reflective of required changes in policy. Factory leave policy has been aligned to local laws - and is compatible with code of conduct standards. Reebok and Outdoor Cap compliance staff will continue to monitor the factory to determine ongoing compliance with leave standards.   |

| Remediation  |  |
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| Documentation  | PC Follow Up and Verification  |
| Copy of Pay Slip submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files. | Factory has provided individualized pay slips (in Bengali) showing a breakdown of earned income, regular and overtime pay, hours worked, and all legal deductions. |

| Remediation   |   |
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| Documentation   | PC Follow Up and Verification   |
| Working Hours Records submitted to Reebok and are maintained in Reebok's internal files.                  | Factory's working hours records for July and August to show workers have not worked excessive hours, according to the code of conduct standards and the country's law. Reebok and Outdoor Cap compliance staff will continue to monitor the factory to determine ongoing compliance with working hours standards.   |
| Worker Handbook submitted to Reebok and Outdoor Cap as verification, and is maintained in internal files. | Reebok and Outdoor Cap compliance staff have been working with factory to assist them in their development of appropriate rules and regulations in accordance with local law and code of conduct standards. Factory has now completed a worker handbook in Bengali, in order to document and inform workers of factory rules and regulations. Worker handbook includes a rest day policy. The handbook was submitted to Reebok and Outdoor Cap compliance staff and was determined to be satisfactory. Reebok and Outdoor Cap compliance staff will follow up with factory on handbook's distribution to workers. Moreover, Reebok and Outdoor Cap compliance staff will continue to monitor factory to determine ongoing compliance with working hours and rest day standards. |