

FLA Audit Profile		FLA IEV
Country	Bangladesh	Bangladesh
Factory name	12000559C	12000559CV
IEM	LIFT Standards Limited	PHULKI
Date(s) in facility	November 4, 6, 9 & 11, 2004	November 6, 2007
PC(s)	Reebok International Ltd.	adidas-Group AG
Number of workers	3300	3300
Product(s)	Woven and Knitting	Woven and Knitting
Production processes	Cutting, Sewing, Finishing	Cutting, Sewing, Finishing

Findings					
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings: Noncompliance, Indicator or Risk	Documentation	Best Practice
1. Code Awareness					
Code Posting/Information	Code of Conduct (CoC) needs to be posted at the factory floor in local language.	FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	Only 1 Reebok CoC posted on main notice board (ground floor) and another 1 inside conference room, but none on production floor.		
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.	Only new recruit training is arranged by factory, but no poster and policy related to code is posted. Capacity building of the internal compliance monitoring team needs to be enhanced.		
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 or abuse.					
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.					

Findings					
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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.	Factory has an inappropriate plan for evacuation of workers.		
Safety Equipment		All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	Insufficient number of fire extinguishers and fire fighting equipment like fire blanket, hook, mask, etc.		
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Needle guard in the overlock machines, mask and pulley guard in old machines are not used.		

Findings					
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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.	Toilets are not clean and adequate.		
7. Freedom of Association and Collective Bargaining					
Employers will recognize and respect the right of employees to freedom of association and collective bargaining					
Right to Freely Associate		Workers will have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment.			Workers are aware about rights to organize through the worker's forum.
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					
Minimum Wage	Monthly salary and overtime payments are to be paid together by 10th of each month.	Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.	Increment not given to workers whose salary raised up to 2000 taka; as a result, they leave the factory.		
Timely Payment of Benefits		All legally mandated deductions for taxes, social insurance, or other purposes will be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc. The employer will not hold any of these funds over from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g., monthly deposits, weekly pay). If the law does not specify, then deposits will be made before the next pay period in all cases.	Salary and OT is paid by 10th of the month, but production bonus and Eid bonus paid separately.		
9. Hours of Work					

Findings					
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings: Noncompliance, Indicator or Risk	Documentation	Best Practice
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					
Weekly Day Off	Country Law: No worker shall be required to work for more than 10 consecutive days without a day off for whole day- Factories Act.	FLA Benchmark, 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. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts			
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.					
Other					Actual overtime carried paid to workers.
Miscellaneous					
Others	Maternity leave permissible for 6 weeks before and 6 weeks after delivery with payment. No worker will be terminated due to pregnancy.				Maternity leave given and payment of total 6 weeks paid in advance before proceeding for leave. In addition, necessary medical assistance given to workers during ante-natal and post-natal phases.

Note: In 2004 and 2007, the adidas-Group Social and Environmental Affairs Team created and delivered plans to address the noncompliances identified by the IEM and IEV. However, in the spring/summer of 2009, the sourcing groups using this factory ceased using this factory. Therefore, this CAP and CAP updates reflect efforts made while this factory was active for this PC. A final remediation was not completed due to the end of the relationship between the adidas-Group and this factory.

Remediation					Updates	
PC Remediation Plan	Target Completion Date	Documentation Required	Factory Response (Optional)	Documentation Submitted	Company Follow up and Verification Efforts (October 1, 2005)	Documentation
Factory must post the Reebok Human Rights Production Standards (RHRPS) in a prominent location on the production floor.	15-Dec-04	Factory to submit photos of posted posters. Please indicate where on the production floor they were posted	Factory will take initiative to post 2 CoCs in the exits, 5 on production floors and 1 in the dining hall.	Factory submitted 8 photos of Reebok posters to Reebok monitor.	Reebok's monitor obtained documentation on 01.10.05 verifying posters have been placed throughout production floor in prominent locations. Reebok will verify code postings during next factory visit with a visual inspection.	Photos
(a) While communication of Reebok Standards to new employees during orientation is in place, and indeed a good practice, existing employees must receive written and verbal communications on RHRPS on an ongoing basis. One way to provide ongoing written communications, is through worker handbook, which outlines RHRPS, factory policies and worker rights & obligations under them. (b) Factory to provide ongoing training, internally or with an external provider, to internal compliance staff on RHRPS, and local and international labor law & human rights standards.	15-Dec-04	Factory to submit (a) plan for ongoing training of workers, (b) copy of its worker handbook and (c) a plan for training compliance staff.	(a) Factory has supplied handbook to all the workers which includes factory policies. These have also been posted on notice boards located in exit gate, 5 on the production floors and 1 in the dining hall. (b) We have planned to send our internal compliance monitoring team to the ILO office for training. In addition, to improve their understanding of compliance issues, we plan to send them to visit some factories with good compliance records.	Factory submitted worker handbook.	Reebok's monitor obtained a copy of worker handbook to verify compliance. Moreover, they will continue to work with factory to oversee training of workers and internal compliance team.	Worker Handbook

Remediation					Updates	
PC Remediation Plan	Target Completion Date	Documentation Required	Factory Response (Optional)	Documentation Submitted	Company Follow up and Verification Efforts (October 1, 2005)	Documentation
According to audit instrument, IEM reports "only 1 evacuation plan per floor is posted, which is insufficient in number according to the floor space." Moreover, IEM reports factory only conducts fire drills "twice a year." Factory must plan for emergency action by worker training and ensuring sufficient evacuation routes so workers respond quickly and responsibly in case of fire. (a) Factory posted evacuation diagram for each evacuation route from each area on production floor. Evacuation diagram to include evacuation routes, gathering areas outside, fire extinguisher locations, alarm pull box locations, locations of fire safety equipment. (b) Reebok requires (to account for worker turnover) minimum of 4 fire drills per year, with at least 2 unannounced, and with all drills performed with power shutdown to test emergency lights and alarm. Factory must maintain evacuation drill log for each drill. See Reebok's guide for sample. (c) Factory to assign individual to be responsible for fire safety and its policies and procedures for ongoing planning, implementation and enforcement. If these policies and procedures are not currently available, please develop them and submit them to Reebok. Please be sure to include fire safety equipment (see below) as part of fire safety program.	(a) January 15, 2004 (b) Factory to conduct to more drills by the end of the year, in accordance with Reebok's requirement. (c) February 15, 2005	Factory to submit (a) pictures of all posted evacuation procedures (and indicate where they are located) as well as (b) copies of 2 fire drill logs. (c) Factory to submit name of individual responsible for fire safety and copies of its fire safety policies and procedures.	Factory conducted 2 fire drills on January and August 2004. Factory conducted 2 more fire drills on November 28 and December 30, 2004.	Factory submitted copies of (a) fire evacuation drill records, including signatures (b) photographs of installed fire evacuation plan (c) fire safety plan.	Reebok's monitor obtained documentation on November 1, 2005 verifying evacuation procedures have been placed throughout production floor in prominent locations. Reebok will verify evacuation procedures postings during next factory visit with visual inspection.	Fire evacuation drill records, photographs, fire safety plan
Factory must comply with all applicable fire safety laws and regulations. (a) Factory must submit to Reebok's monitor an inventory of all fire safety equipment (including extinguishers, fire hoses, etc.), its locations, and their distance from employees. (b) Once inventory completed, factory must then determine how much additional equipment is necessary, how much, and where. (c) Purchase as necessary.	(1) December 7, 20004 (b & c) January 31, 2005	Please submit (a) inventory, (b) copies of invoices of purchases.	We have 86 fire extinguishers (84 for floors, 1 for boiler, 1 for generator room). Our factory's measurement is 89943 sq ft (3 floors). So as per requirement, we have shortage of 6 extinguishers. We will install these very soon. Factory will purchase and install required fire extinguishers, fire blanket, gas mask, fire hook and smoke detectors.	Factory submitted copies of (a) inventory and (b) a calculation of requirement per local fire brigade authority.	Reebok's monitor obtained documentation on November 1, 2005 verifying safety equipment needed. Reebok will verify purchase of safety equipment during next factory visit with visual inspection and documentation review.	Inventory, Calculation of requirement per local fire brigade authority
(a) Factory must inspect all sewing machines (old and new) to determine whether safety devices are present and operational. (b) Factory to then install or repair any missing or non-working order. (c) Factory to assign an individual for the ongoing inspection and maintenance of all factory equipment. Policies and procedures for this should be developed and submitted to Reebok.	(a) 12/31/2004 (b & c) January 31, 2005	Factory to submit (a) record of inspection, (b) maintenance record and/or any invoices demonstrating any purchases of safety devices, (c) name of individual responsible for ongoing implementation & enforcement, and (d) copies of ongoing maintenance policies and procedures.		Factory has submitted copy of a safety training manual on use of safety equipment.	Reebok's monitor obtained documentation on November 1, 2005 and found factory is yet to deliver safety training to all workers, including on use of needle guards. Reebok will verify delivery of trainings during next factory visit with visual inspection and documentation review.	Safety Training Manual

Remediation					Updates	
PC Remediation Plan	Target Completion Date	Documentation Required	Factory Response (Optional)	Documentation Submitted	Company Follow up and Verification Efforts (October 1, 2005)	Documentation
(a) Factory must provide sufficient number of toilets located within the factory building. (b) Factory must have a plan to maintain cleanliness of toilets.	31-Dec-04		Factory cleans toilets on a 2 hour basis daily and maintains cleaning chart duly checked and signed by our compliance officer. We already have sufficient toilets for workers. We are reconstructing and renovating existing toilets. After completion of work, we will have 124 toilets. Among them, 104 for female workers, 13 for male workers and 7 for staff and security. The reconstruction work of toilets is going on.			
Factory must (a) pay its workers wages that are comparable with local industry practice. Factory must back pay increments to applicable workers. (b) Factory must develop and document its wage and increment policy.	31-Dec-04	Factory to submit a copy of promotion policy including language on increments.	Factory has given many workers and staff promotions and increments in 2004. Among them, some persons promoted; higher number of persons given increment. Factory has done it by assessing individual skill and performance. We are giving salary to workers as per prevailing law of country.	Factory has submitted listing of workers given increments.	Reebok's monitor obtained documentation November 1, 2005 and found that factory has given increments and promotions from December 2004. Reebok will verify payment on next factory visit with interviews with workers and management.	Listing of workers given increment
Factory to pay all legally mandated bonuses in a full and timely manner. Factory to inspect payroll to raise efficiency for bonus payments (b) Factory to develop policies and procedures for the ongoing timely payment for all bonuses. (c) Factory to assign an individual for the ongoing inspection and maintenance of all factory equipment.	(a) 12/15/2004 (b & c) January 31, 2005	Factory to submit (a) record of inspection, (b) copies of bonus policies and procedures and (c) name of individual responsible for ongoing implementation & enforcement.	Factory treats salary and OT production bonus and Eid bonus as separate issues. Factory pays Eid bonus in separate sheet. Factory to issue individual pay slip for bonus, as well from coming Eid-ul-Azha to ensure. Production bonus given to encourage workers. This bonus given as per internal rules of factory and payable amount distributed as per definite ratio on separate sheet by timekeepers under supervision of administration.	Factory has been requested to submit its inspection record as verification, as well as other documentation on systems.	Reebok's monitor will conduct follow-up visit to verify timely payment of bonuses through documentation review and worker interviews. Documentation on policies and procedures still pending.	

Remediation					Updates	
PC Remediation Plan	Target Completion Date	Documentation Required	Factory Response (Optional)	Documentation Submitted	Company Follow up and Verification Efforts (October 1, 2005)	Documentation

Independent External Verification			
Independent External Verification (November 6, 2007)	Documentation	PC Remediation Plan	Target Completion Date
Factory has posted 2 Reebok posters on each floor with contact address of Reebok representative and local NGO representative. A total of 6 posters posted in prominent place. Reebok was bought by adidas and recently adidas sent new CoC poster through email for posting. At present, factory processing enlargement of CoC poster. They informed the monitoring team it will be posted within very short time.	Worker and management interview, production/factory floor visit including dining room.	1) PC has re-issued Workplace Standards to factories, along with open letter to workers. 2) Factory are required to post open letter and to provide training to all workers (including supervisors and managers) on workplace standards.	31-Dec-08
The CoC training provided to workers on regular basis. Factory handbook has been distributed among all workers. Training was conducted on International CoC for all floor level management (i.e., Supervisors, Quality Inspectors, Line QCs) and it was conducted by a local NGO. This training was also attended by compliance team. Admin Manager received 4 days training on "A Partnership Approach to Improving Labor Relations and Working Conditions in the Bangladesh Garment Industry," which was organized by ILO. One compliance officer already visited some good compliance recorded factories in [Town name] and [Town name].	Focus group discussions, worker, management and compliance team and interview.	1) PC has re-issued Workplace Standards to factories, along with open letter to workers. 2) Factory are required to post open letter and to provide training to all workers (including supervisors and managers) on workplace standards.	31-Dec-08

Independent External Verification			
Independent External Verification (November 6, 2007)	Documentation	PC Remediation Plan	Target Completion Date
The factory posted 2 evacuation diagrams on each floor, i.e., total of 6 diagrams posted in the factory. Evacuation routes, fire extinguisher locations alarm pull box location, fire safety equipment location included in evacuation diagram. At present, factory is doing fire drill on quarterly basis and record of fire drill placed to monitoring team.	Management and worker interview, factory floor visit including dining room.	Factory has completed remediation for evacuation diagrams posting and completion; fire drill has been conducted on regular basis. No further action is required.	
In meantime, factory bought 23 new fire extinguishers. At present, total number of fire extinguishers is 109 and are located in different sections, i.e., sample, sewing, cutting, generator room, boiler room, fabric store, maintain section, dining room. Number of other fire fighting equipment like fire blanket, hook, mask, etc., comply with local labor law.	Review safety equipment inventory, visit production floor and observation the location of fire fighting equipment.	Factory has provided sufficient fire safety equipment; no further action required.	
All machines have appropriate safe guards. The compliance team regularly inspected them and kept record in register with their signature.	Visit all sewing machines and interview management personnel.	Factory has provided machine safe guards as required and conducted regular inspection; no further action required.	

Independent External Verification			
Independent External Verification (November 6, 2007)	Documentation	PC Remediation Plan	Target Completion Date
Number of female toilets does not comply with local law, but number of male toilets does. All the toilets were clean; soap and sandals were available for use.	Visit toilet, discussion with management, review toilet cleaning schedule.	Factory to conduct review on number of toilets for male and female workers based on existing number of employees; to comply with both local law and SEA requirement (6 units for [Number] employees and 1 additional unit for each additional 40 employees); provide additional units as needed.	31-Dec-08
WWC meeting held in last week of each month on regular basis. All factory workers are aware of activities of WWC.	WWC members, general workers and management interview. Review meeting minutes and attendance register.		
According to factory increments and promotions policy, yearly increment given to all types of eligible workers.	Worker and management interview, review increment sheet, workers personnel file and payroll sheets.	Based on documentation and IEV audit, increments and promotions given from December 2004. Factory to keep implementing policy; no further action required.	
Salary and OT paid by 10th of following month. Please note that factory paid last festival bonus (Eid bonus) 3/4 days before festival day. They also paid part salary of current month (current working days) along with festival bonus and rest that month's salary paid as usual on 10th of the following month. At present, factory management has changed their policy regarding production bonus. According to new policy, workers are not entitled to production bonus, so it is not given to workers.	Worker and management interview, review payroll sheets, bonus sheet, pay slips, cash book and other payment related documents.	Factory to pay all legally mandated bonuses in a full and timely manner. a) Factory to develop policies and procedures for ongoing timely payment for all bonuses. (b) Factory to assign an individual for ongoing inspection and maintenance of all factory equipment.	31-Dec-08

Independent External Verification			
Independent External Verification (November 6, 2007)	Documentation	PC Remediation Plan	Target Completion Date
<p>New Finding: Workers worked on last 2 weekly days off (October 30, November 6, 2007). Time record for those days not recorded in worker's time card and was marked as weekly holidays (W.H.D). Management informed that workers worked on those days against advance replaced holidays on August 29 and 31, 2007 (as per written request from workers). In time cards those advance replaced holidays also marked as R.H.D. Found that workers working continuously from October 24-November 6, 2007; management informed it will be continued until November 12, 2007. They consecutively worked for 20 days (October 24-November 12, 2007); not compliant with local law.</p>	<p>Worker and management interview, interview time executive, visit floor, review time recording system, reviewed time cards and salary sheet.</p>	<p>1) Establish company policy on working hours that: A) defines regular working hours for all departments; B) Guarantees providing 1 day off in 7 day period; C) A policy for self recording time in & time out for each worker individually; working hours should be within 60 hours/week or following local regulation, whichever is lower. 2) Working hours policy should be clearly communicated to all employees. 3) Establish working hours internal monitoring on regular basis to ensure working hours within legal limit.</p>	31-Dec-08
<p>Workers are getting actual overtime benefit according to law and factory policy.</p>	<p>Worker and time executive interview, visit floor, review time recording system, reviewed time cards and payroll sheet.</p>		
<p>According to last amended local law, 112 days maternity leave and benefits given to all eligible workers. Payment made in advance before proceeding for leave. Necessary medical assistance also given to workers during ante-natal and post-natal phases.</p>	<p>Worker and management interviews. Review maternity leave policy, worker handbooks, maternity leave benefit register, medical register and payment documents.</p>		