

2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Patagonia COUNTRY: Costa Rica FACTORY CODE: 09001711031

MONITOR: GMIES

AUDIT DATE: July 15 – 17, 2010 **PRODUCTS:** Jackets, Shirts, Underwear,

Shorts

PROCESSES: Receiving, Cutting, Sewing, Quality Control, Screening, Cleaning,

Packing, Exporting NUMBER OF WORKERS: 380



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^{*}Denotes a Notable Feature



Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation:

According to the Article 31 of the Code of Labor, employers who fire workers must pay them severance immediately. However, it is a very common practice of the factory to pay severance to dismissed workers within 2 or more months after the day they were fired.

Plan Of Action:

The factory shall pay severance immediately to terminated employees. Please provide a written policy showing the Labor Code will be followed. The factory shall create termination and retrenchment policy and procedures. The factory management shall create termination and retrenchment policy and procedures that:

- 1. Clearly describe the commitment to nondiscrimination, transparency and terminating/retrenching workers in a fair manner based on the local labor law.
- 2. Includes the scope and modes of termination/retrenchment, i.e., resignation, contract ending/renewing, termination with cause/fault, voluntary redundancy, layoffs, etc.
- 3. Assignment of responsibility or accountability for policy and procedures implementation.
- 4. Includes protocols for education and communication of the policy and procedures, targeting workers/supervisors and other managerial positions as well as HR/admin staff.
- 5. Identification of key performance indicators (KPIs) to measure effectiveness of the termination/retrenchment practices.

Deadline

12/01/2010

Date:

Supplier CAP: Factory says: According to the Ministry of Labor, even if it is stated in Article 31 of the Code of Labor, to pay severance within 30 days is a good procedure and allowed by the ministry. We will proceed to comply with this article and pay within the first 30 days.

Supplier CAP



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Plan No

Complete:



Wages, Benefits and Overtime Compensation: Deposit of Legally Mandated Deductions

WBOT.13 All legally mandated deductions for taxes, social insurance, or other purposes shall 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 shall not hold over any of these funds 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 shall be made before the next pay period in all cases. (S)

Noncompliance

Explanation: From payrolls review it was corroborated that factory makes delayed payments of the

social security contributions. Delays were corroborated for 65% of the period reviewed (1 year). These delays could affect the right of workers' access to health care services.

Plan Of Action:

Pay all social security contributions on time.

- 1. Please provide a reason as to why payments are late and how this issue will be corrected in written form.
- 2. Please also provide proof via a receipt showing that the next three months of payments are made on time (September November 2010).

The factory management shall create a benefits policy and procedure that:

- 1. Clearly describes the factory's commitment to nondiscrimination, transparency and providing workforce benefits based on the local labor law.
- 2. Includes the scope, types of benefits and ways to ensure full and timely provision of benefits.
- 3. Creates specific procedures that would include: management roles, types of leaves, holidays, how and when leave can be taken, entitlement of local law-based leave, steps to apply for a leave, insurance coverage, periodic review of the procedures, etc.
- 4. Assigns responsibility or accountability for policy and procedure implementation.
- 5. Includes protocols for education and communication of policy and procedures, targeting workers/supervisors and other managerial positions, as well as HR/Admin staff.
- 6. Identifies KPIs to measure effectiveness of the benefits package and its management.



Deadline 12/01/2010

Date:

Supplier CAP: Factory says: [Factory name] was in a serious economic problem due to the world

economy. For some time we had to pay a few days; we never accumulated two invoices due. Now we are up to date. The benefits to the employees are covered for three months on each payment, so the right of workers to access health care services was never put in jeopardy. Another issue is that social security drops the monthly invoice almost the day of payment. We bring the money from the US and sometimes it takes 3 days to do this. Paying social security one week later doesn't damage services to employees. We provided Patagonia with a receipt that the employees keep that shows that each months receipt is allowed to be used for up to three months.

See Appendix A.

Supplier	CAP
Date:	

Action Taken:

Plan No

Complete:



Wages, Benefits and Overtime Compensation: Employer Provided Services

WBOT.16 All workers have a right to use or not to use employer provided services, such as housing or meals. Deductions for services to workers shall not exceed the cost of the service to the employer. Employers must be able to demonstrate the accuracy or reasonableness of these charges. (P)

Notable Feature

Explanation: Factory provides low priced food for workers, who have the option to buy it.



Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation:

It was corroborated that supervisors usually work more than the normal hours of operation and do not use a time recording system; as such they do not receive overtime payment. According to management, that is because supervisors are considered "workers of trust;" yet based on Code of Labor Articles 4 and 5, such category should not apply to supervisors.

Plan Of Action:

The factory shall implement a system (i.e., issue time cards) to supervisors so they can record and be properly compensated for the overtime hours they incur.

- 1. Please provide a new written policy showing that Labor Code Articles 4 and 5 are being followed.
- 2. Please provide proof of supervisors' time worked is recorded as required by law.

Factory management shall create Hours of Work policy and procedures that include:

- 1. Clearly describing commitment to proper production planning in regards to local legal limits.
- 2. Prohibiting excessive working hours and forced overtime.
- 3. Stating that the Hours of Work policy applies to all levels and positions within the factory, including supervisory positions, and is based on local regulations.
- 4. Procedures that explain the nature of the time recording system and its basic functions, basic use of the system by employees, i.e., the requirements to ensure time records are captured and how those records will be linked to the payroll system, etc.
- 5. The assignment of responsibility or accountability for policy and procedure implementation.
- 6. Protocol for education and communication of the policy and procedures targeting workers/supervisors and other managerial positions, as well as HR/admin staff.



7. Identifying KPIs to measure the effectiveness of the hours of work system and production scheduling.

Deadline

12/01/2010

Date:

Supplier CAP: Factory claims that line supervisors are workers of trust and should not receive

overtime. The factory will send a narrative to Patagonia to explain their stance. Factory says: Please be advised that these workers are considered "trusted employees," and with conformity to Article 143 of the Code of Conduct, these employees will not

receive overtime.

Supplier CAP

Date:

Action Taken:

Plan No

Complete:

Plan

Complete



Wages, Benefits and Overtime Compensation: Payment for All Hours Worked

WBOT.7 Workers shall be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work. (S)

Noncompliance

Factory payroll system is weekly; yet gathered information shows that, frequently, **Explanation:**

factory commits mistakes while calculating the hours of work. Therefore, due to miscalculation, workers do not always receive the corresponding payment of overtime at the end of each week. In consequence, workers have to complain, and management doesn't make the right payment of overtime until the following week. This situation happens very often. Management said that is because workers do not correctly use the

time recording machine.

Plan Of Management shall implement training to all employees, both payroll clerks and Action: production staff, on proper use of the time recording machine. Employees shall be

given an opportunity to review and confirm hours worked in a work week to minimize errors. (For example, have workers sign their time cards or time sheets before payroll

is processed to verify their correct hours.)

Deadline 11/01/2010 Date:

Supplier CAP: Factory says: Factory does not commit mistakes gathering information. We will post hours for a period of 5 hours one day of the week in order for the employees to request that payroll modifies their worked hours. If this is followed, we will adjust and correct payment the same week. If for some reason this is not followed, changes will be made the following week.

See Appendix B.

Supplier CAP

Date:

Action Taken:

Plan No

Complete:

Plan

Complete Date:



Harassment or Abuse: Discipline/Progressive Discipline

H&A.2 Employers shall have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination). Any exceptions to this system (e.g., immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers. (P)

Noncompliance

Explanation: Factory does not have a written progressive discipline system, it seems, through the

application of escalating disciplinary actions.

Plan Of 1. The factory shall create and implement a written system of progressive discipline

Action: (i.e., verbal warning, written warning, suspension, termination).

2. Employer shall include this information in any new hire training and in the employee

handbooks.

3. The new policy shall be communicated verbally to employees, as well as posted in a

prominent location for further reference.

Deadline 11/01/2010 Date:

Supplier CAP: Factory says: We will include in the workers' information the progressive discipline system: verbal warning, written warning, second written warning in front of a third party, then termination if the employee commits that same issue in a period of no more than 3 months. We will post it and also communicate this to them in an assembly.

Correction almost complete

Supplier CAP Date:

Action Taken:

Plan No

Complete:



Plan
Complete
Date:

Harassment or Abuse: Discipline/Review of Disciplinary Action

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

Noncompliance

Explanation: As the factory does not have a progressive disciplinary system, there is also a lack of the possibility of workers to appeal or to have a third party present at the moment the disciplinary action is imposed.

Plan Of Action:

- 1. The factory shall develop a new progressive disciplinary system including written policies and procedures and training for current management and employees.
- 2. The new system will ensure workers are able to appeal a disciplinary action or have a third party present at the moment the action is imposed.
- 3. In addition to the above, policies and procedures will be posted in a prominent location frequented by all employees.
- 4. A written policy must also be developed to ensure new employees are informed of the new disciplinary system upon hire.
- 5. All disciplinary actions must be recorded in writing from start to resolution, and maintained for at least one year after the employee leaves the company or the legally required time requirement, whatever is greater.
- 6. Once the new system is in written form and training is complete, please submit electronic copies of the policies and procedures, along with proof of training in the form of sign-in sheets.

Deadline

11/01/2010



Supplier CAP:

Factory says: We will provide a third party as a witness during the second written warning and earlier if the employee doesn't think that is fair, in which the witness will be the party of significant the curity of the provider warning.

be the person signing the written warning.

	be the person signing the written warning.		
	Correction almost complete		
Supplier CAP Date:			
Action Taken:			
Plan Complete:	No		
Plan Complete Date:			

Harassment or Abuse: Discipline/Training of Management

H&A.7 Employers shall ensure managers and supervisors are fully familiar with the factory disciplinary system and trained in applying appropriate disciplinary practices. (P)

Noncompliance

Explanation: Based on management interview and records review, it was corroborated that both

supervisors and HR Manager are not fully familiar with the factory disciplinary system. Besides, they have not been trained in applying appropriate disciplinary practices.

Plan Of The factory shall create a comprehensive training exercise for managers and

Action: supervisors to be familiar with the disciplinary system along with training on the

appropriate disciplinary practices.

Deadline Date: 12/01/2010

Supplier CAP: They will also be notified of this procedure code and it will also be applied to them as

we are all employees of the company.

Correction almost complete



Supplier CAP Date:		
Action Taken:		
Plan Complete:	No	
Plan Complete Date:	2	

Harassment or Abuse: Discipline/Verbal Abuse

H&A.11 Employers shall not use any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline. (S)

Noncompliance

Explanation: Most of workers interviewed claimed that verbal abuse is displayed in this factory. Specifically, they said that one female supervisor of the Patagonia production lines screams at them and yells at them in a rude way. Besides, other workers said that the Plant Manager and HR Manager also used to shout at them and scold them in unkind ways. Gathered information shows that many workers feel uncomfortable because of the way these three persons (female supervisor, Plant Manager and HR Manager) demean them.



Plan Of Action:

- 1. The factory shall investigate the allegations of verbal harassment by interviewing the three named supervisors separately. The interview will glean their side of the story. It shall be emphasized in the interview that no employees will be further harassed or otherwise retaliated against in any way, shape or form for informing the FLA auditors of the problem. Should the investigation find wrongdoing, supervisors shall be disciplined under the new system previously mentioned.
- 2. The factory shall provide "supervisor sensitivity training" conducted by an outside consulting expert to all management in the factory, including upper management, all production supervisors and HR staff. The training shall also include instruction on the new progressive disciplinary system.
- 3. An anonymous, reliable, trustworthy grievance mechanism shall be implemented, where employees can report any such misconduct.
- 4. Going forward, the factory owner shall randomly interview production workers through an anonymous survey and observe the work floor for signs of verbal harassment.
- 5. Proof that the supervisor sensitivity training occurred shall be submitted to Patagonia.
- 6. The factory will be re-audited in the near future to ensure all measures have been taken and verbal harassment has ceased.

Deadline Date:	11/01/2010
Action Taken:	
Plan Complete:	No
Plan Complete	



Harassment or Abuse: Violence/Harassment/Abuse

H&A.13 Employers shall ensure that the workplace is free from any type of violence, harassment or abuse, be it physical, psychological, sexual, verbal, or otherwise. Employers shall refrain from any action - and shall take all appropriate action to ensure that all workers refrain from any action - that would result in an intimidating, hostile or offensive work environment for workers. (S)

	Noncompliance
Explanation:	Gathered information during the audit concluded that the General Manager has not taken the necessary measures to ensure that the work place is free from verbal and psychological violence. Most of workers interviewed think and feel that the work environment is hostile. It could be possible to identify the main persons as responsible of the verbal abuses: one female supervisor in the Patagonia production lines, the Plant Manager and the HR Manager.
Plan Of Action:	Same corrective action as above.
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete	



Harassment or Abuse: Punishment of Abusive Workers/Supervisors/Managers

H&A.16 Management shall discipline anyone (including managers, supervisors or fellow workers) who engages in any physical, sexual, psychological or verbal violence, harassment or abuse, regardless of whether such action was intended as a means to maintain labor discipline. Such discipline could include (combinations of) compulsory counseling, warnings, demotions and termination. (P)

Noncompliance

Explanation: From records review and management interview, it was corroborated that any

manager or supervisor has been disciplined, due to the verbal abuse that is displayed

in the factory.

Plan Of Employer must apply the new written progressive disciplinary policy to management

Action: for any harassment or abuse. Disciplinary measures may include compulsory

counseling, warnings, demotions and termination. Written proof that the

investigations were carried out, including final outcomes and disciplinary measures towards any supervisors, will be submitted to Patagonia. This issue will also be

followed up on in a re-audit.

Deadline 11/01/2010

Date:

Action Taken:

Plan No

Complete:

Plan

Complete



Non-Discrimination: General Compliance Non-Discrimination

D.1 Employers shall comply with all local laws, regulations and procedures concerning non-discrimination. (S)

Notable Feature

Explanation: It is a good practice of this factory to hire elderly people and workers with disabilities.

Non-Discrimination: Protection and Accommodation of Pregnant Workers and New Mothers

D.9 Employers shall abide by all protective provisions in local laws and regulations benefiting pregnant workers and new mothers, including maternity leave/benefits, prohibitions regarding night work, temporary reassignments away from work that pose risk to the health of women and their children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities. Where such legal protective provisions are lacking, employers to take reasonable measures to ensure the safety and health of pregnant women and their unborn children. Such measures shall be taken in a manner that shall not unreasonably affect the employment status, including wages and benefits of pregnant women. (P)

Notable Feature

Explanation: As a good practice from this factory, it could be mentioned that pregnant women are authorized to leave the facilities 5 minutes before the rest of workers, in order to avoid them being pushed while forming a line for the time tracking machine.



Non-Discrimination: Reasonable Accommodation for Health Reasons

D.13 Employers shall take measures to reasonably accommodate workers with (chronic) illnesses, including HIV/AIDS-related illnesses, which could include rearrangement of working time, the provision of special equipment, opportunities for rest breaks, time-off for medical appointments, flexible sick leave, part-time work and return-to-work arrangements. (P)

Noncompliance

Explanation: The time workers spend attending medical appointments at Social Security is deducted

> from workers' salaries; yet Article 66 of the Health Regulations for Social Security claims that it is compulsory for employers to let employees go to receive their social security services, without applying any deduction of their salaries. This situation affects all workers, including those with chronic illnesses. It was corroborated from records

review, worker interviews and management interviews.

Plan Of Action:

Employer shall compensate workers for time spent attending medical appointments as outlined in Article 66 in the Health Regulations for Social Security. Deductions for work time spent on Social Security medical appointments shall not occur. Please submit a written policy showing the law will be followed. These issues will be checked in a reaudit.

Deadline

11/01/2010

Date:

Action Taken:

Plan No

Complete:



Non-Discrimination: Other - Non-Discrimination

Other

Noncompliance

Explanation: Factory has not taken reasonable measures in order to protect elderly workers and

workers with disabilities, specifically, during leaving time. As it was mentioned before, it is a good practice to let pregnant women leave the facilities 5 minutes before the rest of employees in order to avoid their being pushed while the line is being formed. However, factory has not taken such measure with elderly workers and workers with disabilities. Despite that it is not legally compulsory, it is necessary to protect all of those workers by taking the required measures according to their special conditions. From the observation tour, it was corroborated that elderly workers and workers with

disabilities are pushed by the other employees on the line.

Plan Of Action:

Elderly and disabled workers shall be allowed to leave the facility 5 to 10 minutes before the rest of the employees to avoid being injured. The new policy shall be verbally explained to all employees in a documented meeting. Proof of the documented meeting and a new written policy shall be submitted to Patagonia.

Deadline

11/01/2010

Date:

Action Taken:

Plan No

Complete:



Code Awareness:

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

Explanation:

Company provided its code of conduct to the factory, and the factory posted it in the local language in the main building (downstairs). However, from the observation tour, the code was seen blocked by boxes full of production. Moreover, factory has neither orally informed workers about the code provisions nor undertaken any effort to educate employees about the standards.

Plan Of Action:

- 1. Factory shall move boxes away from code of conduct or relocate the code to a more visible place.
- 2. Patagonia will provide training materials for current workers and new hires by email that shall be used to train workers on our code of conduct.
- 3. Upon receipt of materials, please plan annual code of conduct trainings for current employees, implement new hire training procedures and post additional small posters for inclusion in the new training packet.
- 4. Please submit to Patagonia: A) Sign-in sheets with employee signatures proving the annual training occurred, B) An updated new hire training policy showing the Patagonia Code Training is part of the new hire training process, C) Submit a photo that shows the code poster is unblocked and that the new smaller poster is hung next to the larger code poster.

Deadline	
Date:	

11/01/2010

Action Taken:

Plan No

Complete:



Code Awareness:

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

Explanation: In the Patagonia Code, there is an email account that workers can use in order to

> contact the company directly. However, such channel is not appropriate for workers, because from the interviews it was corroborated that most part of them do not have an email account, and there is not another way that workers can use to contact the

company.

Plan Of

Patagonia will provide a smaller poster which contains our phone number and mailing Action: address, for workers to contact us directly, in addition to the dedicated email address

indicated at the bottom of the code poster. The factory shall print out the new smaller poster and hang it next to the larger code of conduct poster. Please submit a photo

showing the poster was posted as indicated.

Deadline

11/01/2010

Date:

Action Taken:

Plan No

Complete:

Plan

Complete



Health and Safety: Worker Consultation

H&S.4 The health and safety policy shall be developed and implemented in consultation with workers or their representatives. (P)

Noncompliance

Explanation: Factory neither develops nor implements its health and safety policy in consultation

with workers. According to the HR Manager, that is because "workers do not

understand such issues."

Plan Of Action:

The factory shall appoint an individual to the task of developing and implementing the health and safety policy in collaboration with the workers:

- 1. Factory must develop and implement a health and safety policy.
- 2. A worker safety committee shall be formed and meet regularly to consult with management on how to improve health and safety conditions and how to develop a program where all workers are involved in promoting safety in the factory.
- 3. An anonymous grievance system, as mentioned previously, shall be in place so workers can report safety violations to management in a confidential manner.
- 4. Regular safety training meetings shall be conducted in the factory and documented by employees signing in on a training sign-in sheet.
- 5. All supervisors, including HR staff, shall be educated on the benefits of worker input on the health and safety matters of the factory.
- 6. The factory shall submit proof of the new health and safety system to Patagonia in writing. Please submit A) the new written program and B) proof that training occurred by sending us the training sign-in sheets.

Deadline	11/01/2010
Date:	
Action Taken:	
Plan	No

Plan

Complete:

Complete Date:



Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: This noncompliance is based on the following facts:

- 1. Aisles are blocked because of boxes are full of production;
- 2. There is no sufficient space between some production lines; in the worst cases, there was 0.45 meters between each aisle;
- 3. Factory has not yet designed an evacuation plan; according to the HR Manager, they are now working on that.

These situations may be significant obstacles for workers during evacuation procedures. This was corroborated from the inspection tour.

Plan Of Action:

The factory shall appoint an individual to implement an evacuation map and procedure. This same individual shall be responsible for maintaining clearance for exit paths along with training employees in the procedures and importance of always keeping the factory prepared for an emergency.

- 1. Factory shall implement a written evacuation procedure and shall post both evacuation maps and written procedures in conspicuous places around the factory.
- 2. Factory shall verbally train all employees on evacuation procedures.
- 3. Factory shall clear all aisles of any obstructions and instruct employees to maintain clearance in all aisles at all times.
- 4. Factory shall mark doors which may be mistaken for an exit as "Not an exit" and shall paint arrows on the floor showing the evacuation path if the path is not clear.
- 5. Please submit photos showing all of the above were remediated. Please submit worker committee agenda and minutes to Patagonia.

Deadline

11/01/2010



Action Taken:	n:	
Plan	No	
Complete:		
Plan		
Complete		
Date:		

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: There are no personnel trained in first aid. Despite the fact there is a Health and Safety

Committee, its members are not trained in first aid techniques. On the other hand, there were no first aid supplies available in proximity to the work areas. Plant Manager explained that the first aid kits were being supplied on the days the audit took place,

and for that reason, there were no first aid kits in the production areas.

Plan Of The factory shall appoint an individual to ensure that all matters involving first aid are attended to.

- 1. Train members of Health and Safety Committee in first aid.
- 2. All first aid kits shall be stocked at all times.
- 3. Workers shall be made aware of the employees that are trained in first aid so they may seek assistance if needed.
- 4. Please submit evidence that the committee members were trained in first aid.

Deadline 11/01/2010 **Date:**

Action Taken:



Plan	No
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Complete:

Plan Complete Date:

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal 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 health and safety hazards, including medical waste. (S)

Noncompliance

Explanation:

Workers operating some sewing machines are exposed to high levels of noise. Some of the levels indicated through 95 - 97 decibels. One worker operating a "tiny dust cleaner" was exposed to 103 decibels. This is in considerable excess of the legal levels permitted: According to Articles 20 and 21 of the Regulations for the Control of Noise Pollution (Decree 28718 of 1975), the maximum level for industrial zones is 85 decibels. By observation tour it was corroborated that employees operating such machines were not using the respective personal protective equipment (PPE), which implies a noncompliance of Articles 7, 12 and 21 of the Regulations for the Control of Noise and Vibrations (Decree 10541-TSS of 1979).



Plan Of Action:

The factory shall appoint someone to ensure that all workers have appropriate PPE and are educated on the risks of not using PPE.

- 1. All workers shall be supplied with necessary PPE at no cost to the worker.
- 2. Provide earplugs for all sewing machine and dust cleaning workers.
- 3. Please submit photos of the workers wearing the earplugs.
- 4. Train workers in a documented meeting on the importance of wearing earplugs and how they protect their hearing.
- 5. Please have supervisors visually observe throughout the day that workers are wearing the earplugs.
- 6. Post safety signs telling employees to wear their earplugs.
- 7. Please submit photos of employees wearing the earplugs, sign-in sheets for the worker training and a photo of the posted safety sign.

Deadline

11/01/2010

Date:

Action Taken:

Plan No

Complete:

Plan

Complete



Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: 60% of the toilets in the production facilities were out of service, and all the factory's

bathrooms were dirty. It was corroborated from the inspection tour. Most of workers interviewed claimed that this is the main problem of the factory. There were only three employees in charge of the cleanliness of the whole factory (2 buildings).

Plan Of The factory shall appoint someone to be responsible for ensuring all toilets are in good working order.

1. Factory shall repair all broken toilets immediately.

2. Factory shall analyze if more toilets are needed for both the male and the female employee population (consult local law).

3. The factory shall ensure the toilets are cleaned every hour and shall employ more janitors, if necessary, to keep the bathrooms in a sanitary and stocked condition.

Deadline

12/01/2010

Date:

Action Taken:

Plan No

Complete:

Plan

Complete



Hours of Work: Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

Noncompliance

There were 10 cases found, out of a sample of 15, of employees working more than 60 **Explanation:**

hours in one week. Most of these cases are related to workers in the Patagonia production lines and correspond to the first and second weeks of June 2010.

Plan Of Action:

- 1. Patagonia will investigate if the cause for the extra hours over 60 is from our end and will take measures to ensure our sourcing decisions do not affect working hours adversely.
- 2. The factory shall report to Patagonia if overtime hours are needed to complete an order, and we shall work with the factory to keep hours under 60 per week.
- 3. For any other reason, the factory shall find the root cause of the extra hours and shall remediate the issue.
- 4. Patagonia will work with the factory owner to correct this issue directly.

11/01/2010 Date: **Action Taken:** Plan No **Complete:**

Plan Complete Date:

Deadline