

<b>FLA Audit Profile</b>	
<b>Country</b>	Turkey
<b>Factory name</b>	09007653D
<b>IEM</b>	Bureau Veritas
<b>Date(s) in facility</b>	November 14, 2005
<b>PC(s)</b>	Patagonia
<b>Number of workers</b>	84
<b>Product(s)</b>	T-Shirts, Sweatshirts, Jogging Pants, Under
<b>Production processes</b>	Warehouse, Cutting, Sewing, Ironing, Packi
<b>FLA Code/Compliance Issue</b>	<b>Country Law/Legal Reference</b>
<b>1. Code Awareness</b>	
Code Posting/Information	
Worker/Management Awareness of Code	

Confidential Noncompliance Reporting Channel	
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**2. Forced Labor**  
 There will not be any use of forced labor, whether in the form of prison labor, indentured

Employment Terms	As per Turkish Labor Law 4857, Article 41, factory shall receive written overtime permission from workers every year.
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Recruitment Contracts	As per Turkish Labor Law 4857, Article 8, there shall be a contract between the employee and employer.
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**3. Child Labor**  
 No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture where such a

**4. Harassment or Abuse**

Every employee will be treated with respect and dignity. No employee will be subject harassment of abuse.

Disciplinary Practices

Record Maintenance

Verbal Abuse	
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Monetary Fines and Penalties	
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**5.Nondiscrimination**  
No person will be subject to any discrimination in employment, including hiring, salary, retirement, on the basis of gender, race, religion, age, disability, sexual orientation, n

Pregnancy Risk	According to regulation issued July 14, 2004 on Official Newspaper related with Turkish Labor Law 4857, Article 10, the pregnant female worker shall work maximum 7 hours and 30 minutes per day.
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## 6. Health and Safety

Employers will provide a safe and healthy working environment to prevent accidents occurring in the course of work or as a result of the operation of employer facilities.

Fire Safety: Health and Safety Legal Compliance

According to December 16, 2003 dated Official Newspaper related with Turkish Labor Law Article 81, the factories with 50 or more workers shall have at least 1 doctor and 1 nurse in health unit.

Fire Safety Health and Safety legal compliance

According to Turkish Occupational Health & Safety Regulation (7/7583) Article 210 of Turkish Labor Law 4857, the heating boiler shall be operated by a person who has a license issued by government or local authorities.

Evacuation Procedure

As per Turkish Occupational Health & Safety Regulation (7/7583) Article 113 of Turkish Labor Law 4857, the facility shall have all exit doors opened outwards for emergency cases.

Safety Equipment

As per Turkish Occupational Health & Safety Regulation (7/7583) Article 123 of Turkish Labor Law 4857, the facility shall provide suitable conditions for have access to fire extinguishers. According to Turkish Occupational Health & Safety Regulation (7/7583) Article 113 of Turkish Labor Law 4857, aisles, exits and stairwells shall be kept clear at all times during working hours.

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PPE	As per Turkish Occupational Health & Safety Regulation (7/7583) Article 2 of Turkish Labor Law 4857, necessary precautions must be taken by the employer for workers' occupational health and safety at the workplace.
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Ventilation/Electrical/Facility Maintenance	

Sanitation in Facilities	
Other: H&S.13 Chemical Management and Training	
Other: H&S.5 Health and Safety Management System	
Other	According to Turkish Occupational Health & Safety Regulation (7/7583) Article 213 of Turkish Labor Law 4857, the heating boiler shall be located in separate room.

**7. Freedom of Association and Collective Bargaining**  
Employers will recognize and respect the right of employees to freedom of associatio

Other	
Other	
FOA.1 General Compliance Freedom of Association	
<b>8. Wages and Benefits</b>	
Employers recognize that wages are essential to meeting employees' basic needs. E minimum wage required by local law or the prevailing industry wage, whichever is hig	
Wage and Benefits Posting	
Pay Statement	As per Turkish Labor Law 4857, Article 37, each worker shall be provided with a payroll copy at the end of each pay period.

WBOT.1 General Compliance  
Wages, Benefits and Overtime  
Compensation

**9. Hours of Work**

Except in extraordinary business circumstances, employees will (i) not be required to work more than 12 hours overtime or (b) the limits on regular and overtime hours allowed by the laws of such country will not limit the hours of work, the regular work week in such country shall include at least one day off in every seven day period.

Forced Overtime

As per Turkish Labor Law 4857, Article 41,  
overtime working is voluntary.

Overtime Limitations	
Overtime Limitations	As per Turkish Labor Law 4857, Article 46, workers shall be provided with one day off in every seven day period.
Legal Compliance with Protected Workers	According to regulation issued July 14, 2004 on Official Newspaper related with Turkish Labor Law 4857, Article 10, the pregnant female worker shall work maximum 7 hours and 30 minutes per day.

Other	According to Turkish Labor Law 4857, Article 63, daily working hours (regular + overtime) shall not exceed 11 hours.
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Other:: HOW.14 Annual Leave	
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**10. Overtime Compensation**  
 In addition to their compensation for regular hours of work, employees will be compensated as legally required in the country of manufacture or, in those countries where such laws exist, at the applicable hourly compensation rate.

Accurate Recording of OT Hours Worked	
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<b>Miscellaneous</b>	
Unauthorized Subcontracting	

Unauthorized Subcontracting	
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**FLA Principle of Monitoring, Obligation of Companies:** Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

red labor, bonded labor or otherwise.

Employment terms shall be those to which the worker has voluntarily agreed.

No written permission was taken from workers.

There can be no employment terms (including contracts, recruitment arrangements, or any other instruments) which specify that employees can be confined or be subjected to restrictions on freedom of movement; allow employers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or, in any way punish workers for terminating employment. (It is acceptable to provide bonuses to workers who stay for a term of contract and meet reasonable conditions, such as regular attendance, punctuality, good quality, etc.)

There weren't employment contracts between workers and employer in [Subcontractor name 1] and [Subcontractor name 2], which are subcontractors.

country of manufacture allows) or younger than the age is higher than 15.

to any physical, sexual, psychological or verbal

Employers will utilize consistent written disciplinary practices that are applied fairly among all workers.

There was no written procedure.

Employers will maintain written records of disciplinary actions taken.

Factory applies verbal and written warnings, but they are not documented.

<p>Employers will prohibit screaming, threatening, or demeaning verbal language.</p>	<p>As per a few workers, supervisors yell and shout at workers if they do mistake while working.</p>
<p>Employers will not use monetary fines and penalties for poor performance.</p>	<p>Supervisors have told that there are monetary fines up to 2 days salary cut for not coming unannounced to work for 1 day.</p>
<p>/, benefits, advancement, discipline, termination or ationality, political opinion, or social or ethnic origin.</p>	
<p>Employers will ensure that pregnant women are not engaged in work that creates substantial risk to the health of the pregnant woman.</p>	<p>Pregnant workers were working 9 hours a day.</p>

and injury to health arising out of, linked with, or	
Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.	Factory does not have a nurse.
Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.	The worker who is running steam boiler does not have a license.
All applicable legally required or recommended elements of safe evacuation (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.	2 emergency exit doors were opening inwards.
All safety and medical equipment (fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	There were 3 plastic bags and 1 trolley on the emergency exit routes in cutting section.

<p>All safety and medical equipment (fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.</p>	<p>There were boxes in front of the fire exit signs and 1 fire extinguisher in first quality control section.</p>
<p>All safety and medical equipment (fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.</p>	<p>The emergency exit door in the canteen was opening outwards, but following door was opening inwards at laboratory section.</p>
<p>All safety and medical equipment (fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.</p>	<p>4 fire extinguishers at sewing section and 1 fire extinguisher in first Quality Control Section were blocked by boxes.</p>
<p>All safety and medical equipment (fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees</p>	<p>Factory does not have a fire sprinkler system in the factory.</p>

<p>Workers shall wear appropriate protective equipment (gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.</p>	<p>The workers were not using steel mesh gloves at cutting section.</p>
<p>Workers shall wear appropriate protective equipment (gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.</p>	<p>The workers were not using goggles and gloves at stain removal section. Mask was being used but is inappropriate type (only for dust).</p>
<p>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.</p>	

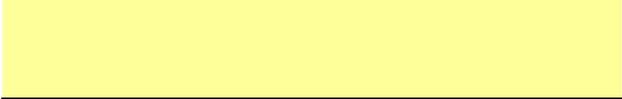
<p>All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.</p>	<p>There weren't drying units in toilets.</p>
<p>in and collective bargaining.</p>	

	There isn't a written factory policy on independent worker representation.
	Workers are only represented in Health & Safety Committee for H&S related topics.
employers will pay employees, as a base, at least the her, and will provide legally mandated benefits.	
All notices that are legally required to be posted in the factory work areas will be posted. All legally required documents, such as copies of legal code or law, will be kept at the factory and available for inspection.	The facility did not post local laws for workers.
Employers will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions.	Workers are not provided with payroll copies at the end of the month.

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work more than the lesser of (a) 48 hours per week law of the country of manufacture or, where the laws plus 12 hours overtime; and (ii) be entitled to at



Under extraordinary business circumstances, employers will make extensive efforts to secure voluntary overtime work prior to mandating involuntary overtime.

Articles indicating mandatory overtime working in employee contracts.

<p>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.</p>	<p>Workers have worked 10 times 60 hours or over per week.</p>
<p>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.</p>	<p>Workers have worked consecutive 12 days without having 1 day off and some workers have worked consecutive 17 days without having 1 day off in October.</p>
<p>The factory will comply with all applicable laws governing work hours, including those regulating or limiting the nature and volume of work performed by women or workers under the age of 18.</p>	<p>According to timecards records, pregnant workers are working regularly 9 hours per day.</p>

	<p>According to timecard records, combined working hours exceed 11 hours daily (regular + overtime),</p>
<p>nsated for overtime hours at such premium rate as is will not exist, at a rate at least equal to their regular</p>	
<p>Employees will 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.</p>	
	<p>There are 3 subcontractors which are not approved by Patagonia.</p>

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<b>FLA Audit Profile</b>
<b>Turkey</b>
<b>09007653DV</b>
<b>Evre Kaynak</b>
<b>July 14-15, 2010</b>

Findings	Remediation	
Risk of Noncompliance	PC Remediation Plan	Factory Response (Optional)
	Patagonia will provide the factory its code of conduct in Turkish. Management will be responsible for posting the code.	Received code of conduct from Patagonia and already posted it in our factory and our subcontractors.
	Factory Management will post the required labor law and health and safety regulations for workers to view.	Our hiring contract with employees includes the summary of those laws and regulations and it is signed by new employees. Now it will be posted.

<p>Factory has wish and suggestion box and workers are free to use it without mentioning their names or signing the complaint letters. But no records were seen and several interviewed workers stated that this system is not working efficiently, they do not feel comfortable using it and they do not believe in this system for solving problems.</p>	<p>Factory Management will review procedure for suggestions and complaints and ensure that workers see this as a secure method for communicating issues to management.</p>	<p>Factory has wish and suggestion box and workers are free to use it without mentioning their names or signing the complaint letters. But, no records were seen and several interviewed workers stated that this system is not working efficiently. Workers do not feel comfortable using it and they do not believe in this system for solving problems.</p>
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	<p>Factory to ensure that employment terms will be voluntary. Factory will note this in their hiring policy.</p>	<p>Our hiring policy will be revised accordingly.</p>
	<p>Factory management will ensure that there are contracts between workers and employers for any subcontracting facilities.</p>	<p>There are hiring contracts between the workers and [Factory name]/its subcontractors.</p>



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	Factory will develop a policy for disciplinary practices. Factory will train and communicate workers on this policy.	Will review this issue. A disciplinary committee will be founded.
	Factory management will maintain written records of disciplinary actions.	We keep the written records of disciplinary actions.

	<p>1. Factory management will develop a policy preventing verbal abuse.</p> <p>2. Factory management will communicate and train supervisors and employees on this policy.</p>	<p>There have already been some warnings to our supervisions. We will issue a policy for this issue and it will be declared to our supervisions and subcontractors.</p>
	<p>Factory management will develop a disciplinary practice that does not include the use of monetary fine or penalties.</p>	<p>We will add this issue to our hiring contract.</p>

	<p>Factory management will ensure that pregnant workers work the legal limit of 7 hours and 30 minutes a day maximum.</p>	<p>We are reviewing the Turkish laws and we will take the necessary precautions.</p>
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	Employer will comply with applicable health and safety laws and regulations. Factory will provide access to a health care worker for employees at factory.	Our doctor is coming 5 days a week. Since our company is less than 50 people, there is no need to employ full time doctor/nurse. Also, our factory is very close (5 minutes) to some hospitals. Also, there are some first aid trained workers.
	The worker who runs the steam boiler will obtain the appropriate license to operate the boiler.	We are looking some training courses to get this license.
	Factory management will make the appropriate adjustments to the emergency exit doors to ensure that they open outwards.	OK
	Factory will ensure that all emergency exit routes are kept clear of debris.	OK

	Factory will ensure that all emergency signage and fire extinguishers are accessible to employees at all times in case of emergency.	OK
	Factory management will make the appropriate adjustments to the emergency exit doors to ensure that they open outwards.	OK
	Factory will ensure that all fire extinguishers are accessible to employees at all times in case of emergency.	OK
	Factory will ensure that the appropriate precautions have been taken to ensure safe extinction of fire in case there is a fire in the factory.	There are smoke detectors and alarm system in case of fire. We have an advisor for those issues and he is coming regularly to check. Also there are fire hoses in all floors.

	<p>Factory will provide workers the appropriate PPE. Factory management is also responsible for the training of employees on safe usage of PPE and its requirements.</p>	<p>Those steels gloves are provided and there are some instruction in working place. We will train the workers regarding those issues again.</p>
	<p>Factory will provide workers with appropriate PPE. Factory management is also responsible for the training of employees on safe PPE usage and its requirements.</p>	<p>A new appropriate mask has already been provided.</p>
	<p>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.</p>	<p>We will review the Turkish regulations/laws for this issue. We do not think our ventilation system is not enough.</p>

	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws. Factory will provide drying units or towels for each of the toilets.	Drying units for toilets have already been set.
Factory has first aid team trained by company doctor. Factory shall have at least 1 certified first aid trained worker for every 20 workers effective from April 2006.	Factory shall have at least 1 certified first aid trained worker for every 20 workers effective from April 2006.	OK
The boiler is very close to ironing machines and protection is not properly provided.	Factory will adhere to Turkish local law and contain the boiler.	OK




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Factory management will develop a written policy on independent worker representation.	Factory management will develop a written policy on independent worker representation.	

	Factory management will post local laws for workers to view.	
	Workers are to be provided copies of their payroll at the end of each month.	

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	Factory management will adjust employee contracts to ensure that overtime is voluntary.	
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	<p>Hours of work shall be kept to a maximum of 60 hours per week. Only in extraordinary circumstances should employees be required to work over that amount.</p>	
	<p>Factory management will make necessary adjustments so that employees are entitled to at least 1 day off in every 7 day period.</p>	
	<p>Factory will comply with all applicable laws governing work hours, including those regulating or limiting the nature and volume of work performed by pregnant women.</p>	

	Factory management will ensure that work hours are in compliance with Turkish law and hours limited to 60 hours a week.	

The overtime hours could not be checked before May because the computer was said to be out of order, and the time card records were not seen for the same period.	Factory Management will provide PC with the OT hours documentation during follow-up visit for verification.	
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	All subcontracting shall be approved by Patagonia before business occurs.	
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	All subcontracting shall be approved by Patagonia before business occurs.	
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## Third-Party Verification

### External Verification (July 13-14, 2010)

**Completed:** Patagonia Code is posted on the wall at the entrance of the cafeteria, where all workers can easily see and read it.

**Completed:** Workers know about Patagonia and their code requirements. Additionally, there are booklets on the local laws for workers' information in reading room located on production floor.

**Ongoing:** Workers are not provided with any direct channels with which they can raise a complaint to Patagonia confidentially. See below (Misc.) for subcontractors.

**Completed:** Workers sign the document declaring their willingness to work overtime each year. Workers who are not willing do not sign the papers and there are no sanctions for doing so.

**Completed:** All workers, including in-house subcontractor employees, have signed contracts.

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**Ongoing:** There aren't any written disciplinary procedures.

**Ongoing:** Although there are some written warnings and notes of verbal warnings, these are not recorded properly.

**Ongoing:** Despite the fact that there is a written policy banning harassment and abuse, workers reported that one of the supervisors at the cutting unit bullies workers occasionally, which case might indicate lack of effective management training on factory policies.

**Completed:** There are no monetary fines on any issues.

**Pending:** Pregnant workers are working the same regular hours with other workers, and work overtime.



**Completed:** Factory has a contracted physician and the requirement for a nurse is removed from the local law.

**Completed:** Steam boiler is being used by a licensed worker.

**Pending:** Two of the emergency exits (ground floor backside of the building, and 2nd floor) are opening inwards.

**Completed:** Emergency exits were not blocked at the cutting section.

**Completed:** The fire exit sign and fire extinguishers were visible and not blocked at the quality control section.

**Completed:** The exits in the canteen are opening outwards.

**Completed:** Fire extinguishers at sewing and quality control were not blocked.

**Completed:** There is a fire sprinkler system at the factory.

**Completed:** Workers at the cutting section are using steel mesh gloves.

**Ongoing:** Worker at stain removal section does not use goggles, and is not aware of the risks of not using them.

**New Finding:** Ventilation is insufficient. The level of heat in summer season is pretty high, and is pretty low in winter.

**Completed:** All facilities were kept in good conditions.

**New Finding:** Problems with chemical safety and management. Material Safety Data Sheets (MSDS) not available at spot removal. Training for chemical safety is insufficient. On date of audit, were 2 more workers who came to factory from another subcontractor for spot removal. MSDS documents are not posted at spot removal. One of the chemicals was in an inappropriate container and auditor found an explosive chemical on a very hot surface. Factory physician does not have records of hazardous substances at workplace, nor does he know the hazardous substances being used.

**New Finding:** Factory has health and safety policy and very detailed H&S procedures in writing. However, there are several gaps in the implementation of policies which may cause fire safety risks like blocked extinguishers, blocked exits and aisles, cramped work areas, open moving parts of machines, non-accessible fire hoses, etc.

**Completed:** The boiler is located in a separate room.

**Completed:** There is a workers' committee with written policies and procedures.

**Completed:** There are 3 worker representatives in the workers' committee.

**New Finding:** Procedures for worker representation and worker committees are not strong. Policy on regular elections not implemented. There are problems with worker communication with representatives and with feedback mechanism to workers. New recruits are not being introduced to worker representatives.

**Completed:** Local laws are easily accessible to workers and necessary information on wages and benefits are posted.

**Completed:** Workers are provided with payroll documents.

**New Finding:** There is double bookkeeping at [Subcontractor 1]. Overtime pay is not indicated on official pay slips, thus is not calculated within social security benefits. There is double bookkeeping at [Subcontractor 2]. Wage on official pay slips is minimum wage, while workers receive more than minimum wage. Overtime premiums on official pay slips are also calculated as per minimum wage hourly rates.

**Completed:** There are no articles that may lead to any risk of mandatory overtime in contracts. The content of the contracts are in compliance with the local laws.

**Ongoing:** 3 workers at [Factory name] have exceeded 270 hours of OT (annual maximum limit according to local law) in first 6 months of 2010 (all 3 workers are from warehouse department).

One worker at [Factory name] has already worked 227 hours, 1 worker at [Subcontractor name] has already worked 224 hours OT in first 6 months of 2010.

**Ongoing:** 15 workers at [Subcontractor name] have worked 18 consecutive days with no rest in April 2010. 8 workers at [Subcontractor name] have worked 13 consecutive days with no rest in June 2010.

**Pending:** Pregnant workers work regular hours (more than 7.5 hours a day), and work overtime.

**Completed:** Working hours per day do not exceed 11 hours a day.

**New Finding:** There is no Annual Leave Committee at factory monitoring annual leaves, as required by local law. One of the supervisors at [Subcontractor name] received monetary payment instead of annual leave in 2009, which is against Labor Law 4857 Article 53.

**New Finding:** .OT hours at [Subcontractor name] are not recorded accurately. Hours recorded manually, and some manual records (2 records in randomly selected 17) do not match with electronic card records.

**Ongoing:** There is no auditing system concerning subcontractors at moment. One of the subcontractors visited on date of audit has had no fire extinguishers at work place.

New Finding: In 2010, 4 subcontractors, 2 of which are outside of [Factory name] produced for Patagonia. It was reported that these 4 factories are technically approved by Patagonia. One of subcontractors outside factory has very good quality, while other one outside actory has got flatlock machines. Management also added that Patagonia requires them to do all Patagonia production only in-house, if possible using only one (in-house) subcontractor. Therefore, Egedeniz bought 3 flatlock machines and management plans to do Patagonia production only in house from now on.

**Updates (Cite Date of Follow Up)**

**Company Follow Up (Patagonia CAP 2010)**

N/A

N/A

1) Patagonia will supply Code of Conduct postings, which contain email, phone number and mailing address so workers may contact us confidentially. 2) Factory will conduct trainings on Patagonia's Code of Conduct as a whole, specifically addressing the grievance system.

N/A

N/A

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1) Factory shall develop new progressive disciplinary system including written policies and procedures and 2) Factory will provide training for current management and employees. New system will ensure workers are able to appeal a disciplinary action or have 3rd party present 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) Written policy must also be developed to ensure new employees are informed of new disciplinary system upon hire. 5) All disciplinary actions must be recorded in writing from start to resolution and maintained for at least 1 year after employee leaves company or the legally required time requirement, whatever is greater. 6) Once new system is in written form and training is complete, please submit electronic copies of policies and procedures and proof of training in the form of sign-in sheets.

1) All disciplinary actions must be recorded in writing from start to resolution and maintained for at least 1 year after employee leaves company or the legally required time requirement, whatever is greater. 2) Once new system is in written form and training is complete, please submit electronic copies of policies and procedures and proof of training in the form of sign-in sheets.

1) Factory shall investigate allegations of verbal harassment by interviewing the 3 named supervisors separately. Interviews will allow them to tell their side of story. It shall be emphasized in interview that no employees will be further harassed or otherwise retaliated against in any way, shape or form for informing FLA auditors of problem. Should the investigation find wrong doing, supervisors shall be disciplined under new progressive disciplinary procedure. 2) Factory shall provide "supervisor sensitivity training" conducted by an outside consulting expert to all management in factory, including upper management, all production supervisors and HR staff. Training shall also include instruction on new progressive disciplinary system. 3) An anonymous, reliable, trustworthy grievance mechanism shall be implemented where employees can report any such misconduct. 4) Going forward, factory owner shall randomly interview production workers through an anonymous survey and observe workforce for signs of verbal harassment. 5) Proof that supervisor sensitivity training occurred shall be submitted to Patagonia. 6) Factory management shall communicate to and train supervisors and employees on this policy. 7) Factory will be reaudited in near future to ensure all measures have been taken and verbal harassment has ceased.

N/A

Factory management will ensure that pregnant workers work the legal limit of 7 hours and 30 minutes a day maximum. This policy shall be written and posted in a prominent location frequented by all employees. New hires shall be made aware of this law as well.



N/A

N/A

Factory management will make the appropriate adjustments to the emergency exit doors to ensure that they open outwards.

N/A

N/A

N/A

N/A

N/A

N/A

1) Factory will provide workers with appropriate PPE. 2) Factory management shall conduct regular trainings for employees on safe PPE usage and its necessity.

1) (a) To start, create temporary heat relief plan for workers, which includes an extra 5 minute water break; provide cold water; monitor and track building temperatures at least 2x per day during hot period to determine when these extra measures should be implemented (30°C?); train line supervisors and employees in preventing heat exhaustion; consider having designated water employees who bring cold water to workers at their workstations during hot periods. Install fans, water cooler or other device to ensure this area does not get too hot. (b) Create new comprehensive management system around heat exhaustion prevention for all buildings, which includes a new bold mechanical and non-mechanical cooling system design for factory and includes all points mentioned in (a) above. 2) Ensure windows are open to allow for cross ventilation, especially at night when it is cooler, if it does not pose a security risk. Opening windows at night will allow buildings to cool down. To go a step further, exhaust fans can be installed to assist in night cooling.

N/A

1) Provide MSDS anywhere chemicals are used. 2) Provide training for all employees on chemical management, safety, and first aid procedures. 3) Please document trainings given to employees by having them sign in to each training. 4) Ensure all chemicals are properly stored, within secondary containment and away from heat sources. 5) Implement procedure for factory physician to record use of hazardous substances list.

Factory shall strengthen health and safety policy to ensure that there are no gaps in implementation. 1) Assign someone to do H&S checks on a daily or weekly basis. 2) Create checklist that can be used to check each H&S issue, including fire extinguishers. 3) Assign numbers to fire extinguishers, fire hoses, exits, first aid kits, etc., so that each numbered station can be checked and accounted for.

N/A

N/A

N/A

1) Please supply English copy of Worker's Committee policy and procedures document. 2) Factory shall assist in creating a schedule for regular elections for Worker's Committee. 3) Photos and names of worker representatives will be posted on bulletin board in a central location for all to view. 4) Upon hire and in all company meetings, factory shall conduct overview with worker representation options and grievance procedures.

N/A

N/A

1) [Factory name] will investigate further into admission of double books. The representatives that visited us had no knowledge of this. Once corroborated, factory shall cease the utilization of multiple sets of payment records. 2) Factory shall work on policy to consolidate all payroll records into an electronic time keeping system. Manual timekeeping is not encouraged. 3) Patagonia will set up a payroll-specific engagement to ensure systems are set up properly to have 1 set of payroll records going forward.

N/A

Factory management shall create Hours of Work policy and procedures that includes: 1) Clearly describing commitment to proper production planning with regards to local legal limits. 2) Prohibiting excessive working hours, forced overtime. 3) Stating that Hours of Work policy applies to all levels and positions within 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 system by employees, i.e., requirements to ensure time records are captured and how those records will be linked to payroll system, etc. 5) The assignment of responsibility or accountability for policy and procedures implementation. 6) Protocol for education and communication of policy and procedures targeting workers/supervisors and other managerial positions as well as HR/admin staff. 7) Identifying KPIs to measure effectiveness of hours of work system and production scheduling.

Same as above.

Factory management will ensure that pregnant workers work legal limit of 7 hours and 30 minutes a day maximum. This policy shall be written and posted in a prominent location frequented by all employees. New hires shall be made aware of this law as well.

N/A

Factory shall create an Annual Leave Committee, which will ensure all applicable employees receive annual leave. Factory shall ensure that employees are not working instead of taking their annual leave.

The factory shall cease the utilization of multiple sets of payment records. Factory shall work on a policy to consolidate all payroll records into one.

Going forward, factory shall ensure all subcontractors are aware of and will adhere to Patagonia Code of Conduct. We recommend factory assign someone to follow up on compliance of subcontractor. Bringing a checklist for critical issues will be best way to keep track of and improve areas that are at risk of noncompliance. Patagonia will expect [Factory name] to hold their subcontractors to the same high standards we hold [Factory name].

Factory will provide detailed list of all subcontractors used in Patagonia production. This list shall include name, address, type of work, contact name and method. Patagonia must be made aware of current and future subcontracting relationships.

**Company Verification Follow Up**

**Company Follow up (Cite Date of Planned or Follow-up Visit,  
if Appropriate)**

N/A

N/A

**March 24, 2011:** It appears that facility has proper grievance procedures in place as complaints and/or suggestions written by employees were provided and it appears that facility implemented proper procedures to address these issues. Management team stated that they implemented a system to check the suggestion/complaint boxes once a month and address all complaints immediately.

N/A

N/A

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**March 24, 2011:** Facility did prepare disciplinary procedures towards the end of December 2010. The procedures appear to be detailed.

March 24, 2011: According to documentation provided, 1 employee received written warning on November 26, 2010 for being absent without giving notice and another employee received written warning on December 30, 2010 for being careless and making mistakes in counting. Management team stated that they started to record warnings properly after previous audit.

**March 24, 2011:** During employee interviews, there were no reports of any abuse practice. All employees reported being treated respectfully.

N/A

**March 24, 2011:** There were no pregnant employees since August 2010; therefore, it was not possible to check whether this was corrected or not.



N/A

N/A

**March 24, 2011:** It was noted that 1 door's direction has been changed to open outwards. Ground floor's exit still opens inward; however, management team stated that they always keep that door open.

N/A

N/A

N/A

N/A

N/A

N/A

**March 24, 2011:** During walkthrough, it was noted that PPE is used by stain removal employee. There were also training records of employees who are working in stain removal section explaining the risks. It was also noted that MSDS sheets were also posted in that section.

**March 24, 2011:** It appears to be sufficient at this time.

N/A

**March 24, 2011:** During STR walkthrough, it was noted that PPE is used by stain removal employee. There were also training records of the employees who are working in stain removal section explaining the risks. It was also noted that MSDS sheets were also posted in that section.

Factory agreed with outside contractor named [Contractor name] and provided 5 S trainings to all employees, including subcontractors September 15, 2010, according to documents provided. The aim of training was to inform employees regarding risks on work floors and on providing a safer environment. Facility's Health & Safety Committee held meetings with company doctor, management team and worker representatives each month according to documentation provided. During walkthrough, only thing noted was that 11 lower and 6 upper pulley guards are missing in sewing machines. Management team was recommended to make sure that pulley guards are implemented to all sewing machines as per H&S Regulations (1974), No. 14765, Art. 158.

N/A

N/A

N/A

March 24, 2011: [Factory name] has 3 worker representatives, in-house subcontractor [Subcontractor name 1] has 2 worker representatives and [Subcontractor name 2] has 2 worker representatives. According to documentation provided and 2 employee interviews conducted with worker representatives, worker representatives and factory management meet each month to discuss the working environment.

N/A

N/A

**March 24, 2011:** See payroll assessment report conducted February 11, 2011.

N/A

**March 24, 2011:** At this time, detailed analysis of hours worked was conducted. Time records of August 2010 to January 2011 were provided by management team. It was noted that 2 employees working in [Subcontractor name 1] and 6 employees working in [Subcontractor name 2] exceeded 270 hours of overtime since August 2010, which is legal limit for 1 year. Management team was advised to make sure that overtime hours do not exceed 270 hours per year as per Turkish Labor Law (2003), No. 4857, Article 41. It was also noted that facility's regular working hours are 8:00am to 5:15pm Monday to Friday with 45 minutes meal break and 2 additional 15 minutes tea breaks; 8:00am to 1:00pm on Saturdays. When employees work overtime after 8:45pm, including 30 minutes additional meal break, total working hours exceed 11 hours per day. Management team was advised to make sure that total working hours do not exceed 11 hours per day as per Turkish Labor Law (2003), No. 4857, Article 63.

**March 24, 2011:** At this time, it was noted that 7th day rest is guaranteed to all selected employees according to their time records provided. There were no reports of working 7 days per week during private interviews either.

**March 24, 2011:** There were no pregnant employees since August 2010, therefore it was not possible to check whether this was corrected or not.

N/A

**March 24, 2011:** At this time, all employees interviewed reported using their annual leaves on time and they do not get cash payments.

**March 24, 2011:** At this time, it was noted that the hours reported by employees were consistent with time records provided.

**March 24, 2011:** At this time, it was noted that [Factory name's] personnel manager, [Employee name] keeps all in-house subcontractor documentation. He also stated that they do conduct internal audits each month on the in-house subcontractors to improve their working conditions.

**March 24, 2011:** At this time, management team stated that they do all Patagonia production within their premises and do not use any subcontractors outside the facility.