FLA Audit Profile		Independent External Verification	
Country	Pakistan	**Country**	Pakistan
Factory code	360057397E	**Factory code**	360057397EV
IEM	LIFT Standards Ltd.	**IEM**	Evre Kayrak
Date(s) in facility	August 23, 24 & 26, 2006	**Date(s) in facility**	August 8, 2010
PC(s)	Puma AG	**PC(s)**	Puma AG
Number of workers	Total: 550 (permanent) + 37 (male) contracted daily basis (Male: 530; Female: 20); Labor agent/Subcontracted: 250 workers (daily basis)	**Number of workers**	
Product(s)	Paddle Rackets	**Product(s)**	
Production processes	Molding, Laying, Sanding (subcontracted); Printing/painting, Gripping, Cover inspection, Packing/finishing,	**Production processes**	

FLA Comment: This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company. The FLA has not yet received a response from the company. Therefore, the report is posted in its current state and will be updated once a finalized report has been received.

			IEM Findings						Remediation				[Status]	Third-Party Verification			Company Verification Follow Up	
FLA Code/Compliance Issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Noncompliance**	**Risk of Noncompliance**	**Evidence of Noncompliance (Uncorroborated)**	**If Not Corroborated, Explain Why**	**Sources/ Documentation Used for Corroborating**	**Notable Features**	**PC Remediation Plan**	**Target Completion Date**	**Company Follow Up (August 29-30, 2007)**	**Documentation**	**Completed, Pending, Ongoing**	**External Verification (August 8, 2010)**	**Factory's Response**	**Documentation**	**Company Follow up (Cite Date of Planned or Follow-up Visit, if Appropriate)**	**Documentation**
1. Code Awareness																		
Code Posting/Information		**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.	Insufficient code (only 1 English code) posting in main entrance of factory. No code of conduct (COC) found in subcontracted factory.				Visual observation		Post copies of COC in local language at work areas including subcontracted factory. Provide sticker with contact information for confidential reporting of noncompliance issues. Brief employees on code elements. Include code elements in training module for new employees.	11/1/2006	A copy of COC is posted at 3 different areas of factory with sticker containing contact information for confidential reporting of noncompliance. Additional copies will be provided for posting at other areas. Factory has also its own COC similar to that of PC. This and another poster indicating minimum wage, company benefits and use of complaint box are posted at gate and at production areas. Briefing of workers on COC was done by either foreman or supervisor. Interviewed workers were aware of COC.	Inspection; worker and management interviews	Pending Completed	**Completed:** COC is posted at entrance of each production building.				
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.	COC is not communicated to workers and management. No training or orientation system has been imparted to workers and management on COC.				Document check; worker and management interviews		Post copies of COC in local language at work areas including subcontracted factory. Provide sticker with contact information for confidential reporting of noncompliance issues. Brief employees on code elements. Include code elements in training module for new employees.	11/1/2006	A copy of COC is posted at 3 different areas of factory with sticker containing contact information for confidential reporting of noncompliance. Additional copies will be provided for posting at other areas. Factory has also its own COC similar to that of PC. This and another poster indicating minimum wage, company benefits and use of complaint box are posted at gate and at production areas. Briefing of workers on COC was done by either foreman or supervisor. Interviewed workers were aware of COC.	Inspection; worker and management interviews	Pending Completed	**Ongoing:** Half of the workers interviewed did not know COC. COC is covered in factory's orientation booklet and posted. However, considering the low level of literacy amongst workers, these are not the best channels for communicating COC with workers.	We have chalked out a program of providing verbal orientation on COC to workers. Orientation will be provided in easily intelligible local language so that workers may easily assimilate the content of the sessions.			
Confidential Noncompliance Reporting Channel		**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.	No confidential noncompliance reporting channel has been established by PC. PC's local representative's phone number is written on poster, but no one (worker and management) is aware of it.				Visual observation; worker and management interviews		Post copies of COC in local language at work areas including subcontracted factory. Provide sticker with contact information for confidential reporting of noncompliance issues. Brief employees and inform them about the existence of contact information for confidential reporting of noncompliances.	11/1/2006	A copy of COC is posted at 3 different areas of factory with sticker containing contact information for confidential reporting of noncompliance. Additional copies will be provided for posting at other areas. Factory has also its own COC similar to that of PC. This and another poster indicating minimum wage, company benefits and use of complaint box are posted at gate and at production areas. Briefing of workers on COC was done by either foreman or supervisor. Interviewed workers were aware of COC.	Inspection; worker and management interviews	Pending Completed	**Completed**: Workers who are aware of COC also know confidential noncompliance reporting channel.				
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 age for completing compulsory education in country of manufacture where such age is higher than 15.																		
Age Documentation		Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.	No age proof documents and medical fitness certificates are maintained for workers by the factory.				Document review, management interviews		Require submission of copy of age documents and check against original copy. Keep copy in individual employment file. When birth registration certificate is not available, require a certificate from a licensed doctor or dentist attesting to age of applicant. Ensure that nobody below 15 years old is hired.	11/1/2006	List of workers' files with no copy of age documentation generated from computer. From original list of 122 workers, there were still 76 with no age documents. Factory is still following up with workers on this. Auditor checked some workers on latest list and found them to be adults. One showed his new ID, which he said he had not yet presented to office. Age documents required are national ID, birth certificate, 8-form, family record or school certificate. Factory's employment files are computerized; each file shall contain all documents pertaining to worker's employment, including among others, personal information, age documentation, copy of company ID, disciplinary action, wage/bonus history. Information on previous applicants is also stored in Resource Data Book (RBD).	Document review, interview; visual inspection	Pending	**Completed**: All workers have a personnel file. Files involve age proof documents, as well as medical fitness certificates.				
Legal Compliance for Juvenile Workers		Employers will comply with applicable laws that apply to young workers, i.e., those between minimum working age and age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.	Juvenile workers are admitted by management, but no juvenile protection in practice.				Record review, management interviews		Keep a register to monitor young workers and ensure that protections required by law as to work hours and allowable jobs are observed.	11/1/2006	Guidelines were formulated on kind of work and work hours allowable for young workers. Regular check up is also in guidelines. No young workers identified during time of audit. 2 young workers who were identified during the FLA audit (August 23-26, 2006) resigned December 2, 2006, and January 26, 2007, and were paid proper gratuity pay.	Document review, interview	Completed	**Ongoing**: There are 5 juvenile workers in the stitching unit. The work hours of juvenile workers is the same as adults, which are 8 hours a day.	It shall be ensured in future that work time required by law for these workers is followed strictly.		Puma advised factory to formulate clear policies on young workers based on legal requirements and to ensure that these policies are known to all and strictly observed.	
Juvenile Worker Identification System		Employers will have a system for identifying workstations and operations that are inappropriate for young workers according to applicable laws.	No system of identifying juvenile workers by factory. Juvenile workers were identified by auditors at time of factory visit (a worker claimed his age as 16 years; his supervisor also confirmed/supported his age as 16 years), but factory could not provide proof of worker as an adult, as factory did not have any supporting documents for age.				Document check, management interview		Require submission of copy of age document and check against original copy. Keep copy in individual employment file. When birth registration certificate is not available, require a certificate from licensed doctor or dentist attesting to age of applicant. Ensure that nobody below 15 years old is hired.	11/1/2006	List of workers with no copy of age documentation generated from computer. From original list of 122 workers, number is now down to 76 with no age documents. Factory is still following up with workers on this. Auditor checked some workers on latest list and found them to be adults. One showed his new ID, which he said he has not yet presented to office. Age documents required are national ID, birth certificate, 8-form, family record or school certificate.	Document review, interview, visual inspection	Pending	**Completed**: Factory maintains a list of juvenile workers.				
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 of abuse.																		
Disciplinary Practices		Employers will utilize consistent written disciplinary practices that are applied fairly among all workers.	No written harassment, abuse and disciplinary policy exists. No disciplinary practice record maintained in the factory.				Document review, management interview		Develop a disciplinary system whereby offenses or violations of company rules are grouped/classified. There should be progressive disciplinary system that classifies issues per seriousness and provides guidelines for corresponding penalties. Disciplinary system should provide guidelines for employees' right to be heard and to appeal before any disciplinary action is imposed. Brief all employees, including managers and supervisors, on disciplinary system. Keep record of all disciplinary actions.	11/1/2006	Progressive disciplinary system already developed, but still needs improvement as to clarity of grouping of offenses and provision for other higher penalties. Penalties presently provided include verbal/written warnings and termination, but they are attached to individual offenses and only few offenses are listed. Disciplinary and appeal procedures not yet formulated. No verified information on briefing regarding disciplinary system. Record of disciplinary actions found in some employment files that were checked.	Document review, interview	Pending	**Completed**: Factory has written disciplinary procedures; however, practices are not exactly the same as the written procedures. As practices are also in compliance with local law, all disciplinary measures should be mentioned in the written procedures.				
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices.	No training is provided to managers and supervisors for appropriate disciplinary practices.				Document review; worker and management interviews		Develop a disciplinary system whereby offenses or violations of company rules are grouped/classified in gravity, together with corresponding graduated penalties. Disciplinary system should provide guidelines for employees' right to be heard and to appeal before any disciplinary action is imposed. Brief all employees, including managers and supervisors, on disciplinary system. Keep record of all disciplinary actions.	11/1/2006	Progressive disciplinary system already developed, but still needs improvement as to clarity of grouping of offenses and provision for other higher penalties. Penalties presently provided include verbal/written warnings and termination, but they are attached to individual offenses and only few offenses are listed. Disciplinary and appeal procedures not yet formulated. No verified information on briefing regarding disciplinary system. Record of disciplinary actions found in some employment files that were checked.	Document review, interview	Pending	**Completed**: Workers and supervisors are aware of disciplinary practices.				
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	Written record on disciplinary procedure is not maintained. In the terminated files it is only written as terminated, but no reason is shown. Cases have been identified where final settlement money is given to the in-charge, not directly to workers. During final settlement calculation: 1 year calculation for gratuity is wrong and 1 day is deducted.				Document review, management interview		In cases where disciplinary action shall result in termination with monetary settlement, calculation shall comply with legal requirements, and be paid directly to employee or their duly authorized representative. A written policy should be formulated regarding this and communicated to all employees. Keep record of all disciplinary actions.	11/1/2006	No case of termination found, but some record of gratuity payments showed they were properly computed. Gratuity payment is now up to the last day of employment and based on 30 days a month. Previously, it was for a completed year and based on 20 days only. This change was among those enumerated by interviewed workers.	Document review, interview	Completed	**Completed**: Written records are kept for workers terminated due to disciplinary measures.				
Monetary Fines and Penalties		Employers will not use monetary fines and penalties for poor performance.	Factory pays 1 day attendance bonus if worker is present for all days of the month (including all Sundays). Worker's absent on Sundays are deducted 1 day's payment.				Document review, worker interviews		Revise policy to exclude absence on Sundays in determining employees' entitlement to attendance bonus. Inform all workers about new policy and post copy on bulletin boards.	11/1/2006	Factory now uses 26 days as basis for wage calculation. Hence, Sunday is no longer included in computing attendance. This was also among the changes enumerated by interviewed workers.	Document review, interview	Completed	**Ongoing**: There is no Sunday work at factory; thus, no Sunday pay is being deducted. Factory deducts double rate of hourly wage in late comings.	Practice of considering Sundays as work days had been discontinued right after first FLA audit. We consider 26 work days a month and our all calculations are based on 26 days. Now there are not any deductions whatsoever. Practice of double deduction has been completely stopped just after recent FLA audit.			
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.																		
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.											Factory printed 3 pocket books given to workers: Chemical Safety; First Aid; Fire Fighting (all in local languages) When shown copies, workers recognized them. Factory working on ISO 14001 and OHSAS 18001 certification.							
Document Maintenance/ Accessibility		All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.	MSDS was not posted.				Visual observation, document review		Post a copy of MSDS in local language for all chemicals in areas where they are stored or used. Provide briefing on MSDS to all employees in applicable areas.	11/1/2006	Aside from individual MSDS for every chemical, there is also a general MSDS in big posters in areas where there are chemicals. Briefing on MSDS provided to workers concerned.	Document review, inspection	Completed	**Ongoing**: At several areas where chemicals are being used, relevant MSDS is not present.	Copies of MSDS for each chemical displayed. Presently, there is no place in company where a chemical is being used and its MSDS sheet is not available there. January 4, 2011, we provided PPE and chemical-handling training to printing and screen making workers.			

			IEM Findings						Remediation					Status1	Third-Party Verification			Company Verification Follow Up	
FLA Code/Compliance Issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Noncompliance**	**Risk of Noncompliance**	**Evidence of Noncompliance (Uncorroborated)**	**If Not Corroborated, Explain Why**	**Sources/ Documentation Used for Corroborating**	**Notable Features**	**PC Remediation Plan**	**Target Completion Date**	**Company Follow Up (August 29-30, 2007)**	**Documentation**	**Completed, Pending, Ongoing**	**External Verification (August 8, 2010)**	**Factory's Response**	**Documentation**	**Company Follow up (Cite Date of Planned or Follow-up Visit, if Appropriate)**	**Documentation**
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.	Evacuation plan posted in English, not local language. Evacuation plan not communicated with workers. Aisles not marked. Main exits kept blocked with production goods (workers found working scattered in production floor). Finishing, drilling and cover-making building does not have a second exit on first and second floors. Emergency exit is narrow on ground floor.				Visual observation, document review		Provide evacuation plan in local language. Brief all employees on evacuation plan and use it in conjunction with fire drill. Provide line markings at all aisles and explain meaning to employees. Educate all employees on importance of free and unblocked access to all exits. Assign designated areas for materials. Provide work tables for employees where necessary.	11/1/2006	Evacuation plans are in local language with additional "You are here" information through an icon of a man. All aisles are marked. Additional racks installed in areas where needed; thus, providing more space in production areas. Work tables provided.	Inspection	Completed	**Completed**: Evacuation plans are in local language.				
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.	Finishing, drilling and cover-making building does not have a second exit in first and second floors. Emergency exit is narrow on ground floor.				Visual observation		Provide alternative exits at least 1.1 meters wide on each floor. The doors of exits should swing outward. Stairs at these exits should have at least the same width as stairs.	2/1/2007	Width of exit on ground floor was increased. Exits at same side on upper floors also provided. A new stairway with a handrail is presently under construction and expected to be completed by end of August 2007.	Inspection		**Ongoing**: Section at rear of hockey packing and loading units does not have a second exit. Boxes at packing unit are piled up so high that they might fall down on workers or block only exit for workers. One emergency exit found locked during walkthough.	Only building with 2 floors that constitutes operations of drilling and cover-making is yellow building. Evacuation exit and staircase specifically constructed at this building after first FLA audit. This building must have been referred to by mistake. Furthermore, this building is now under renovation and being converted to an office building.			
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.	Fire alarm is kept disconnected by management. Exit light of single exit path of paddle transfer hall out of order. Emergency lights not charged and do not light automatically. [Sub unit name] does not have fire evacuation system or any fire extinguishers. Several chemicals are used there in filling and printing processes, but no fire extinguishers are available.				Visual observation		Ensure working connection of fire alarm system with access buttons easily seen at all work areas. Include fire alarm, exit lights and emergency lights together with all fire fighting equipment in regular safety inspection. Provide evacuation plans and sufficient number of fire extinguisher units at [Unit name]. Brief all employees in area on evacuation plan and proper procedures in maintenance and use of fire extinguishers.	11/1/2006	Auditor requested that fire alarm be tried, to which factory agreed, and said it would be a chance to have unannounced fire drill. Immediately all workers came out, some still with PPE, and converged at designated area. Fire fighting equipment has record of inspection. Evacuation plans and fire extinguishers sufficient in number provided at all work areas. Fire drill and training on use of fire extinguishers provided.	Document review, interview, inspection	Completed	**Completed**: Fire alarm and lighting systems are maintained properly.				
PPE		Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Workers found not using PPE in washing, sanding, drilling section. At sub unit, people in sanding and painting process were facing skin problems due to frequent use of chemicals. They are not provided with proper PPE.				Visual inspection		Provide PPE to workers and educate them on importance and proper use of equipment. Install safety signs regarding use of PPE. Initiate training sessions on safe use and handling of chemicals and proper use of PPE. Keep record of such trainings.	11/1/2006	Workers using PPE properly, but wrong type of mask was provided to workers in printing, painting and lacquer spraying. Safety signs installed and trainings provided. Factory has implemented systems on identification of risk in work and environmental and safety assessment.	Inspection	Completed	**Ongoing**: In most areas, workers provided with proper PPE. However, most workers interviewed had no idea about risk of not using it. Several workers identified wearing gloves when hand holding product, but not the one being exposed to the chemical. Workers use ovens for drying paint to heat their lunch.	On January 4, 2011, factory conducted training on PPE and chemical handling to printing and screen-making workers.		PUMA advised factory to give emphasis to dangers of chemicals and importance on proper use of PPE to minimize ill effects of chemicals on one's health.	
Chemical Management		All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	Thinners and liquors (used for spot removing) not labeled and were lying open on several floors, including painting, paddle transfer and printing sections.				Visual observation, worker interviews		Provide lids/covers and danger/safety signs on chemical containers. Provide appropriate PPE to workers involved in handling or use of chemicals. Initiate training sessions on safe use and handling of chemicals and proper use of PPE. Keep record of such trainings.	11/1/2006	Lids/covers and danger/safety signs provided on chemical containers. Please see above rows regarding PPE and chemicals.	Inspection	Completed	**Completed**: All chemicals were labeled and kept in proper condition.				
Chemical Management for Pregnant Women and Juvenile Workers		To prevent unsafe exposure to hazardous chemicals, appropriate accommodations shall be made for pregnant women and minors as required by applicable laws in manner that does not unreasonably disadvantage employees.			Young workers found working with chemicals.	Age of juvenile workers could not be verified, as factory did not have any age proof and recording system.			Formulate a policy that no juvenile worker will be assigned to jobs involving handling and use of chemicals.	11/1/2006	According to factory, to ensure against child workers, they set hiring age at 18 years, which is age that a person can apply for ID. Thus, there will be no more juvenile workers.	Interview	Completed					
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Drilling machines used in manufacturing of rackets also pose threat, as they do not have any hand protection. In molding section on 07/01/2006, [Worker name] lost his finger in one of these molding machines.				Visual observation, record review, worker interview		Provide safety instructions in handling and use of machines. Brief concerned workers on instructions. Post copy at or near machines. Install safety devices on machines and provide PPE.	11/1/2006	Old drilling machine replaced with another one that has emergency stop mechanism. According to factory, accident was due to overheating. Timer system has been attached to machine.	Inspection	Completed	**Completed**: Moving parts of machines are covered. Workers are trained on use of machines and safety measures.				
2. 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 not aware of the concepts of Freedom of Association and Collective Bargaining. No sign of worker representation approach exists.				Worker and management interviews		Formulate policy on freedom of association and inform all employees about new policy. Organize worker committee to build up platform for workers to voice their concerns. Members of committee should be chosen directly by workers.	2/1/2007	Workers Welfare Committee formed in July 2007. Initially, members chosen through random selection by computer using following criteria: 1) at least 1 year service, 2) not supervisors/foremen, 3) regular attendance. Actual election intended to be held in January 2008 to give time for workers to familiarize themselves with concept of their own representation, as previous initial attempt showed they tended to vote for their supervisors or foremen. Interviewed workers were aware of committee, but did not yet have complete understanding of its purpose.	Document review, interview	Pending	**Ongoing**: Half of workers interviewed did not know about worker representation system or of who their worker representative is.	We have integrated into our recruitment training process briefing of workers on social benefits, COC plus freedom of association and collective bargaining. We have posted picture of each worker representative in each hall with description and purpose of WWC (workers welfare committee). We conduct orientations in which we explain functions of WWC and collective bargaining.		PUMA advised factory to formulate guidelines on selection process of worker representatives to WWC. Representatives must be selected by workers themselves.	
3. 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.											Handbook on welfare and rights of workers being developed and expected to be completed in few weeks time.								
Minimum Wage		Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.	New minimum wages 4000 Rs./month, which is effective from July 2006, not paid to workers. Old minimum wages of Rs.3000 still paid to workers.				Document review, worker interview		Apply new minimum wage set by law. Any change in minimum wage in future should be implemented according to date of effectivity as indicated in law. All workers should be paid not lower than minimum wage. Arrange payment of back wages. Post copy of new minimum wage order at work areas.	11/1/2006	Minimum wage of Rs 4,000 which took effect in July 2006 was implemented in November 2006. New minimum wage of Rs 4,600, which took effect in July 2007, implemented as scheduled. Latest minimum wage is posted at production areas. Interviewed workers were very pleased with improvements in wages and benefits.	Document review, interview		**Completed**: All workers, including piece rate workers, are receiving at least minimum wage.				
Wage Benefits Awareness		Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law.	Workers are not well aware informed of wages and benefits, as there is no formal training for workers (like new recruits orientation and existing employee training).				Document review, worker interview		Provide briefing to workers on wages, wage/OT computations and other benefits required under labor law. Post this information on bulletin boards. Include these topics in orientation module for new employees.	11/1/2006	Interviewed workers were aware of new wage, benefits and overtime pay.	Worker interviews	Completed	**Completed**: Workers are aware of their wages and how they are being calculated.				
Wage and Benefits Posting		All notices that are legally required to be posted in factory work areas will be posted. All legally required documents, such as copies of legal code or law, will be kept at factory and available for inspection.	No notices like summary of legal law are posted in factory.				Visual observation		Provide briefing to workers on wages, wage/OT computations and other benefits required under labor law. Post this information on bulletin boards. Include these topics in orientation module for new employees.	11/1/2006	Interviewed workers were aware of new minimum wage, benefits and OT pay. Posters on wage and benefits are installed at work areas.	Worker interviews, inspection	Completed	**Completed**: Information about labor law and minimum wage is posted on notice boards.				
Payroll Reporting		Accurate and reliable payroll reporting, including pay stubs, will be provided.	No payroll is prepared for contracted workers who work on a daily basis for 5 years in factory. Pay stub not in local language.				Document review; worker and supervisor interviews		Prepare payroll for all workers in factory. Payroll should show information on regular and OT hours worked and details of earnings and deductions. Ensure mathematical accuracy of payroll computations, including hours worked. Keep payroll records on file. Provide pay stub in local language with details as in payroll.	11/1/2006	Payroll for workers under subcontractor prepared, but showed only gross piece rate wages. Some workers under subcontractors were randomly asked on floor and confirmed improvement in wages and benefits. Other workers interviewed privately showed awareness of improved wages of subcontractors' workers. Pay slip is in local language and copy is provided to workers.	Document review, worker interviews	Completed	**Completed**: All workers receive pay slips.				
Pay Statement		Employers will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions.	Pay stubs do not categorize OT hours and OT rates clearly.				Document review		Pay slip should show information on regular and OT hours worked and details of earnings and deductions.	2/1/2007	Pay slip include details of worked hours, earnings and deductions.	Document review	Completed	**Completed**: OT hours and OT rates are clearly indicated on pay slips.				
Time Recording System		Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems, such as electronic swipe cards.	Out of total 558 workers, only 250 workers have functional swipe cards; records are maintained properly. Rest workers do not have any time recording cards (record maintained by section in charge and security). Workers engaged under contractor do not have any work hour recording system.				Document review, management interview		Update software that all employees/workers in factory and in subcontracted facilities use to swipe their cards to record their attendance.	11/1/2006	Recording of attendance either done through swipe cards or thumbprint system; use of one system excludes other at any one time. Process of swiping observed by auditor during knock off time. There were separate lines for those who had swipe cards and those who forgot cards. Failing to swipe/ thumb in captured by system when one swipes/thumbs out. However, attendance of subcontractors' workers still done manually, but will be included in system before end of 2007.	Inspection, interview	Completed Pending	**Completed**: There is a robust timekeeping system for all workers, both through fingerprint and swipe cards.				
Legal Benefits		Employers will provide all legally mandated benefits to all eligible workers.	OT calculation is not correct (OT during regular day paid at rate of 1.5 times the wages, but need to pay double the wages). Social security contribution not deposited for all workers (Of 558 permanent workers, only 245 paid social security). Contracted workers not covered under social security (EOBA, PESSI). Daily workers (working for 3 years) with subcontractors are not enrolled in Social Security. No social security card for workers; old age benefit card is obtained for workers.				Document review, worker interview		Revise company regulations to include payment of correct OT at twice regular wage rate. Inform all employees about new regulation. Include this topic in orientation module for new workers. Arrange coverage for social security, including old age benefits for all workers, as required by law.	11/1/2006	Poster on benefits and rights of workers includes OT payment at double the rate. Interviewed workers are aware of this. Payroll records also reflect same rate of OT Some workers still not covered by EOBI and social security.	Document review, interview	Completed Pending	**Completed**: Workers being paid correct amounts and premiums for all hours worked, including OT. All benefits including EOBI, social security, and group insurance for regular workers being paid.				
Payment of Legal Benefits		Legally mandated benefits will be provided or paid in full within legally defined time periods.	Payment date is not mentioned in the payroll.				Document review				The payment date is indicated on the top right corner of every payroll page.	Document review, interview	Completed	**Completed**: Workers are being paid on time, and the time is indicated on documents.				
Legal Compliance for Holiday/ Leave		Workers will be paid for holidays and leave as required by law.	There are no categories of leave for workers approved by factory (except sick leave). Workers not compensated with a day off for Sunday work; Sunday work is paid as OT.				Document review; worker and management interviews		Formulate policies regarding payment of leave required by law, such as annual, casual, sick, etc. leave. Inform all employees, particularly personnel and payroll staff, about policy and post copy on bulletin boards. Include in training module for new employees. Prepare specific plan of action on how to eliminate work on rest days. If work on rest day cannot be avoided because of exigency, a compensating day off should be arranged immediately during following week.	11/01/2006 01/01/2007	Workers now enjoy benefits on annual, sick and maternity leave. They are posted at work areas and workers are aware of them. Work on rest day already stopped. Factory added 1 shift and also implemented "work-in-stock" system on 2 items. Interviewed workers informed that work on Sunday stopped some months ago, and that now, it is as they say, "forbidden." They confirmed addition of 1 shift. Auditor found semi-processed items on stock with production dates April 7 and July 22 confirming implementation of "work-in-stock."	Document review, interview, inspection	Completed	**Completed**: Workers benefit from 3 types of leave include annual leave, casual leave and sick leave.				
Accurate Recording of Wage Compensation		All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately.	OT hours considered/eligible after fulfilling total monthly work hour ceiling (248 =30 x 8 hours). Total absent hours of month deducted as informal punishment from total OT hours and rest is paid as OT.				Document review; worker and mid-level management interviews		Formulate policy that OT hours shall be determined on daily basis, that is, in excess of 8 hours work in a day.	11/1/2006	The old practice was stopped in April 2007. New practice of tracking OT is on a daily basis.	Document review, interview	Completed	**Completed**: OT calculation is based on every extra work after shift ends.				
Minimum Wage/Quotas		Workers paid on the basis of incentive quotas will be paid not less than minimum or prevailing wage, whichever is higher.	Some daily basis workers paid less than minimum wage (100 Rs./day) make 2600 Rs/month, which is less than minimum wage.				Worker and supervisor interviews		Apply new minimum wage set by law. Any change in minimum wage in future should be implemented according to date of effectivity as indicated in law. Post copy of new minimum wage order at work areas. All workers should be paid no lower than minimum wage. Arrange payment of back wages.	11/1/2006	No worker receives less than new minimum wage of Rs 4,600 a month. Workers are aware of new minimum wage, as information is posted at many work areas.	Document review, interview	Completed	**Completed**: There are not any daily workers at the factory.				

			IEM Findings						Remediation				!Status1	Third-Party Verification			Company Verification Follow Up	
FLA Code/Compliance Issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Noncompliance**	**Risk of Noncompliance**	**Evidence of Noncompliance (Uncorroborated)**	**If Not Corroborated, Explain Why**	**Sources/ Documentation Used for Corroborating**	**Notable Features**	**PC Remediation Plan**	**Target Completion Date**	**Company Follow Up (August 29-30, 2007)**	**Documentation**	**Completed, Pending, Ongoing**	**External Verification (August 8, 2010)**	**Factory's Response**	**Documentation**	**Company Follow up (Cite Date of Planned or Follow-up Visit, if Appropriate)**	**Documentation**
Accurate Benefit Compensation		All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine benefits to which workers are entitled.	Total absent hours of a month deducted from OT hours to fulfill total monthly work hour limit (30x8=240 hours). Gratuity calculation for 1 year completion not correct (1 day considered less in year calculation).				Document review, management interview		Formulate policy that OT hours shall be determined on daily basis, that is, in excess of 8 hours work a day. Calculation of gratuity pay should conform with legal requirements.	11/1/2006	Both OT tracking, which should be what is in excess of 8 hours a day, and gratuity payment now conform with legal requirements.	Document review, interview	Completed	**Completed**: There are no deductions on OT hours or pay.				
9. 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.																		
Forced Overtime		Under extraordinary business circumstances, employers will make extensive efforts to secure voluntary overtime work prior to mandating involuntary overtime.	No system exists, recording OT as voluntary work. Workers cannot refuse OT. Subcontractor's workers not allowed to refuse OT. Workers have to do OT (excessive OT and night work) and they cannot deny it. Case identified where worker faced consequences of temporary termination as he denied to do OT (consecutive night work).				Document review; worker and management interviews (affected person and co-workers interviewed); records reviewed		Formulate policy on voluntary OT. Policy shall indicate among others that no one will be subjected to disciplinary action for refusing to work OT. Devise a voluntary OT form to be filled up by employees when working OT. Brief all employees on OT policy and voluntary OT form.	11/1/2006	Voluntary OT, maximum OT limit, and correct OT rate posted at work areas. A new "OT Willingness Form" is being implemented. Interviewed workers mentioned change in supervisors' attitude and behavior including on matter of OT. They said they can now refuse to work overtime.	Document review, interview	Completed	**Completed**: There is a written system declaring that all OT work is voluntary.				
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than lesser of (a) 48 hours per week and 12 hours overtime or (b) limits on regular and overtime hours allowed by law of country of manufacture or, where laws of such country will not limit hours of work, regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least 1 day off in every 7 day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	Continuous 36 hours of work identified for workers: Workers monthly OT identified more than 80 hours a month. No weekly day off allowed (workers have to work on all Sundays of month). Daily OT hour record observed 5 to 6 hours per day (10-11pm).				Document review; worker and management interviews		Formulate policy on limits of OT. Inform all employees about new policy. Prepare action plan on how to eliminate excessive OT. Train supervisiors, section heads and production manager how to monitor production status and coordination with other sections, so as to control OT.	11/1/2006	Limit on OT is set at 2 hours a day as indicated on factory's own code of conduct, which is posted at production areas. Another shift was added and "work-in stock" is implemented to minimize OT on peak periods.	Document review, interview	Completed	**Completed**: No workers work more than 10 hours a day including OT.				
Overtime Explanation		Employers shall be able to provide explanation for all periods when the extraordinary business circumstances exception has been used. Employers shall take reasonable steps to inform workers about the nature and expected duration of the circumstances.	No explanation/reason recording system for excessive OT.				Management interview		Prepare action plan on how to eliminate excessive OT. Train supervisiors, section heads and production manager how to monitor production status and coordination with other sections so as to control OT.	1st January 2007	Another shift was added and "work-in stock" is implemented to minimize overtime on peak periods.	Document review, interview	Completed	**Completed**: All OT hours are recorded properly.				
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary.	No system in place to ensure OT is voluntary work.				Worker and management interviews		Formulate policy on voluntary OT. Policy shall indicate, among others, that no one will be subjected to disciplinary action for refusing to work OT. Devise a voluntary OT form to be filled up by employees when working OT. Brief all employees on OT policy and voluntary OT form.	11/1/2006	Voluntary OT, maximum OT limit, and correct OT rate posted at work areas. A new "OT Willingness Form" being implemented. Interviewed workers mentioned change in supervisors' attitude and behavior including on matter of OT. They said they can now refuse to work OT.	Document review, interview	Completed	**Completed**: There is a written system declaring that all OT work is voluntary. None of the workers interviewed reported any forced OT.				
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.																		
Accurate Recording of OT Hours Worked		Employees will be paid for all hours worked in a work week. Calculation of hours worked must include all time that the employer allows or requires the worker to work.	OT hours is considered/eligible after fulfilling total monthly work hour ceiling (240 =30 x 8 hours). Total absent hours of month deducted from total OT hours, the rest is paid as OT.				Document review; worker and management interviews		Formulate a policy that OT hours shall be determined on daily basis, that is, in excess of 8 hours work in a day. Calculation of gratuity pay should conform with legal requirements.	11/1/2006	Both OT tracking, which should be what is in excess of 8 hours a day, and gratuity payment now conform with legal requirements.	Document review, interview	Completed	**Completed**: All OT hours are recorded accurately and there are not any deductions.				
OT Compensation		Factory shall comply with applicable law for premium rates for overtime compensation.	OT rate not calculated properly (paid 1.5 rate of wages for regular day OT and 2 rate of wages for Sunday OT).				Document review; worker and management interviews		Revise company regulations to include payment of correct OT at twice regular wage rate. Inform all employees about new regulation. Include this topic in orientation module for new workers.	11/1/2006	Poster on benefits and rights of workers include OT payment at double the rate. Interviewed workers are aware of this. Payroll records also reflect same rate of OT.	Document review, interview, inspection	Completed	**Completed**: OT rates are calculated properly (double rate).				
Other			Consecutive shifting duty identified (2 shifts). Continuous 36 hours stay in factory identified (molding and finishing sections do maximum OT).				Document review, worker interviews		Formulate policy on limits of overtime. Inform all employees about new policy. Post copy on bulletin board.	11/1/2006	Limit on OT is set at 2 hours a day as indicated on factory's own code of conduct, which is posted at production areas. Interviewed workers knew they cannot work more than 2 OT hours a day.	Document review, interview, inspection	Completed	**Completed**: There is no excessive OT.				
Miscellaneous																		
Illegal Subcontracting			Sanding and filing processes of production are subcontracted, which is not approved by the brand.				Visual observation, management interview		Secure approval of Puma for subcontract work. Sign agreement with subcontractors that they will comply with standards as set forth in code of conduct. Designate person who will monitor subcontractors' compliance with code.	11/1/2006	Subcontract work done inside facility and covered by monitoring process.	Document review, interview, inspection	Completed	**Completed**: Sanding unit is in-house; all workers are registered to [Factory name].				
Possible Homework					Worker interview	Possible homework for subcontracted sanding and piling processes could not be verified, as there was less production pressure during audit period.	Process could not be verified because there was less production pressure during audit period.		Formulate policy prohibiting homework of any production operation. Include in policy sanctions to those who will violate it. Brief all employees, particularly managers and supervisiors, about policy.	11/1/2006	No homework being done due to nature of products, which are paddle rackets and hockey sticks.	Management interview	Completed					