

FLA Audit Profile		Independent External Verification	
Country	Passion	Country	Passion
Factory code	M0057207E	Factory code	M0057207EV
EM	127, Richards Ltd	EM	127, Richards Ltd
Outputs in factory	August 23, 24 & 26, 2006	Outputs in factory	August 8, 2010
PCs	Passion AG	PCs	Passion AG
Number of workers	Total: 550 (permanent) + 37 (trial) contracted duty basis (Male: 530, Female: 20); Labor agent/subcontracted: 250 workers (duty basis)	Number of workers	
Products	Plastic: Electronics	Products	
Production processes	Mixing, Laying, Sanding (subcontracted); Printing/painting, Clipping, Cover Inspection, Packing/Wrapping	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. Therefore, the report is posted in its current state and will be updated once a finalized report has been received.

FLA Code/Compliance Issue	Country Level/Agreement Reference	FLA Benchmark	EM Findings					Remediation			Documentation	Status	Third-Party Verification		Company Verification Follow-Up		
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Source/Documentation Used for Corroborating	Notable Features	PC Remediation Plan	Target Completion Date			Company Follow-Up (August 29-30, 2007)	External Verification (August 6, 2010)	Factory's Response	Documentation	Company Follow-up (On Date of Planned or Follow-up Visit, if Appropriate)
2. Labor Practices																	
2.1. Freedom of Association																	
Code of Practice/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 business, contractor and suppliers.	Insufficient copies (only 1 English) posted in main entrance of factory. No code of conduct (COC) found in subcontracted factory.			Visual observation	First copies of COC in local language at work areas including subcontracted factory. Provides sticker with correct information for confidential reporting of noncompliance issues. Brief employees on code elements. Includes code elements in training modules for new employees.	11/10/2006	A copy of COC is posted at 2 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. The and another poster indicating minimum wage, company benefits and use of complaint box are posted at gate and a production area. 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	Completed	Completed	Completed	
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 used and through the posting of standards in a prominent place (in the local language 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 implemented to workers and management on COC.			Document check, worker and management interviews	First copies of COC in local language at work areas including subcontracted factory. Provides sticker with correct information for confidential reporting of noncompliance issues. Brief employees on code elements. Includes code elements in training modules for new employees.	11/10/2006	A copy of COC is posted at 2 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. The and another poster indicating minimum wage, company benefits and use of complaint box are posted at gate and a production area. 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	Head of the workers represented did not know COC. COC is covered in factory orientation booklet and posted. However, considering the low level of literacy amongst workers, these are not the best channels for communicating COC with workers.	FLA has checked that a program of providing verbal orientation on COC to workers. Orientation will be provided in easily intelligible local language as the workers may easily assimilate the content of the sessions.		
Confidential Noncompliance Reporting Channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communication 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 or 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	First copies of COC in local language at work areas including subcontracted factory. Provides sticker with correct information for confidential reporting of noncompliance issues. Brief employees and inform them about the existence of contact information for confidential reporting of noncompliance.	11/10/2006	A copy of COC is posted at 2 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. The and another poster indicating minimum wage, company benefits and use of complaint box are posted at gate and a production area. 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	Completed	Completed	Completed	
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.																	
2.1. 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 18 for completing comparable education in country of manufacture when such age is higher than 15.																	
Age Documentation		FLA Principle of Monitoring, Obligation of Companies: Ensure that all employees will be subject to any physical, sexual, psychological or verbal harassment or abuse.	No age proof documents and medical fitness certificates are maintained for workers by the factory.			Document review, management interviews	Requires submission of copy of age documents and check for genuineness. From a group of 102 workers, there were 78 with no age documents. Factory is still following up with workers on file. Another checked some workers on street and found them to be adults. One showed his new ID, which he said he has not presented to office. Age documents required are national ID, birth certificate, B-form, family record or school certificate. Factory's employment files are completed, such 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 employers is also stored in Resource Data Book (RDB).	11/10/2006	List of workers' files with no copy of age documentation generated from a group of 102 workers. From a group of 102 workers, there were 78 with no age documents. Factory is still following up with workers on file. Another checked some workers on street and found them to be adults. One showed his new ID, which he said he has not presented to office. Age documents required are national ID, birth certificate, B-form, family record or school certificate.	Document review, interview, visual inspection	Pending	Completed	Completed	Completed	Completed		
Legal Compliance for Juvenile Workers		FLA Principle of Monitoring, Obligation of Companies: Ensure that all employees will be subject to any physical, sexual, psychological or verbal harassment or abuse.	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 overtime jobs are observed.	11/10/2006	Cardfiles were formalized on kind of work and work hours for juvenile workers. The cardfiles are kept in an age appropriate building. No young workers identified during time of audit. 2 juvenile workers who were identified during the FLA audit (August 23-26, 2006) resigned December 2, 2006, and January 26, 2007, and were never re-hired again.	Document review, interview	Completed	Ongoing	There are 5 juvenile workers in the same as adults, which are 8 hours a day.	It shall be ensured if future that work time required by law for these workers is followed.	Plant 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		FLA Principle of Monitoring, Obligation of Companies: Ensure that all employees will be subject to any physical, sexual, psychological or verbal harassment or abuse.	No system of identifying juvenile workers by factory. Juvenile workers were identified by auditors at time of factory visit. Juvenile workers age as 16 years, his supervisor also confirmed his age as 16 years, but factory could not provide proof of worker as adult as factory did not have any supporting documents for age.			Document check, management interview	Requires submission of copy of age document and check for genuineness. From a group of 102 workers, there were 78 with no age documents. Factory is still following up with workers on file. Another checked some workers on street and found them to be adults. One showed his new ID, which he said he has not presented to office. Age documents required are national ID, birth certificate, B-form, family record or school certificate.	11/10/2006	List of workers' files with no copy of age documentation generated from a group of 102 workers. From a group of 102 workers, there were 78 with no age documents. Factory is still following up with workers on file. Another checked some workers on street and found them to be adults. One showed his new ID, which he said he has not presented to office. Age documents required are national ID, birth certificate, B-form, family record or school certificate.	Document review, interview, visual inspection	Pending	Completed	Completed	Completed	Completed		
2. Harassment or Abuse																	
Disciplinary Practices		FLA Principle of Monitoring, Obligation of Companies: Ensure that all employees will be subject to any physical, sexual, psychological or verbal harassment or abuse.	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 progressively penalized. This 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.	11/10/2006	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 retraining warnings and termination, but they are attached to individual offenses and only for offenses are listed. Disciplinary and appeal procedures not yet formalized. No written information on handling regarding disciplinary system. Record of disciplinary actions from some employees' files were checked.	Document review, interview	Pending	Completed	Completed	Completed	Completed		
Training of Management in Disciplinary Practices		FLA Principle of Monitoring, Obligation of Companies: Ensure that all employees will be subject to any physical, sexual, psychological or verbal harassment or abuse.	No training is provided to managers and supervisors for appropriate disciplinary practices.			Document review, worker and management interview	Develop a disciplinary system whereby offenses or violations of company rules are progressively penalized. This 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.	11/10/2006	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 retraining warnings and termination, but they are attached to individual offenses and only for offenses are listed. Disciplinary and appeal procedures not yet formalized. No written information on handling regarding disciplinary system. Record of disciplinary actions from some employees' files were checked.	Document review, interview	Pending	Completed	Completed	Completed	Completed	Completed	
Record Maintenance		FLA Principle of Monitoring, Obligation of Companies: Ensure that all employees will be subject to any physical, sexual, psychological or verbal harassment or abuse.	Written record on disciplinary procedures is not maintained. In the terminated file 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	No 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 formalized regarding the and communicated to all employees. Keep record of all disciplinary actions.	11/10/2006	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. The change was among those represented by interviewed workers.	Document review, interview	Completed	Completed	Completed	Completed	Completed	Completed	
Monetary Fines and Penalties		FLA Principle of Monitoring, Obligation of Companies: Ensure that all employees will be subject to any physical, sexual, psychological or verbal harassment or abuse.	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 pay/day.			Document review, worker interviews	Review policy to include absence on Sundays in determining employee's entitlement to attendance bonus. Inform all workers about new policy and past copy of all disciplinary actions.	11/10/2006	Factory now pays 20 days as basis for wage calculation. Previously, Sunday is no longer included in computing attendance. This was also among the changes implemented by interviewed workers.	Document review, interview	Completed	Ongoing	There is no Sunday work at factory, but no Sunday pay is being deducted. Factory deducts 1 day's pay for every day of absence based on 20 days. There are not any deductions whatsoever. Practice of double deduction has been completely stopped just after recent FLA audit.	Practice of considering Sundays as work days had been discontinued after first FLA audit. We consider 20 work days a month and cut all calculations are based on 20 days. There are not any deductions whatsoever. Practice of double deduction has been completely stopped just after recent FLA audit.			
2. Health and Safety																	
Document Maintenance/Accessibility		FLA Principle of Monitoring, Obligation of Companies: Ensure that all employees will be subject to any physical, sexual, psychological or verbal harassment or abuse.	All documents required to be available to workers and management by appropriate level such as MSDS, OSHA, and other applicable regulations in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.			Visual observation, document review	Post a copy of MSDS in local language for all chemicals in the factory. Provide MSDS in Spanish or French. Provide MSDS in the local language for all employees in applicable areas.	11/10/2006	Aside from individual MSDS for every chemical, there is also a comprehensive MSDS for every chemical. MSDS are provided to workers concerned.	Document review, inspection	Completed	Ongoing	At several areas where chemicals are being used, revised MSDS is not present.	Copies of MSDS for each chemical displayed. Presently, there is no plan to compare when 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.			

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	EIA Findings				Remediation				Status	Lead Party/Initiative	Company Follow-up					
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Source/ Documentation Used for Corroborating	Notable Features	PC Remediation Plan	Target Completion Date			Company Follow Up (August 29-30, 2007)	Documentation	Completed, Pending, Ongoing	External Walk/Evaluation (August 8, 2009)	Factory's Response	Documentation
Evaluation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unobstructed aisles, exits, emergency evacuation procedures, etc.) shall be completed with 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 least blocked with production goods (workers found workers in production floor). Firefighting, drilling and cover-making building does not have a second exit on first and second floors. Emergency exit in name on ground floor.				Visual observation	Provide evacuation plan in local language. Brief all employees on evacuation plan and use a 4th compartment with the fire. Provide fire extinguishers at all exits and equip remaining to employees. Educate all employees on importance of fire and unobstructed aisles at all exits. Assign designated areas for materials. Provide work tables for employees where necessary.	11/20/06	Evacuation plans are in local language with additional "You are here" information through an exit of a room. All aisles are marked and workers are trained in proper safety, first aid, and evacuation procedures. More space in production areas. Work tables provided.	Inspection	Completed	Completed	Evacuation plans are in local language				
Evaluation Procedure		All applicable legally required or recommended elements of safe removal of dust or posting of evacuation plans, unobstructed aisles, exits, emergency evacuation procedures, etc.) shall be completed with workers shall be trained in proper safety, first aid, and evacuation procedures.	Finishing, drilling and cover-making building does not have a second exit on first and second floors. Emergency exit in name on ground floor.				Visual observation	Provide alternative exits at least 1.1 meters wide on each floor. The doors of exits should be kept closed. Signs and floor arrows should be placed in all exits and aisles.	20/07/07	Width of exit on ground floor was increased. Exits at same level as 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	Ongoing	Section at rear of factory packing and drilling area does not have a second exit. Signs at packing area are placed so high that they might fall down on workers or block only eyes for workers. One emergency exit located locked during work hours.	Only building with 2 floors that constitutes operations of drilling and cover-making in yellow building. Evacuation and fire alarm systems are installed in this building after first I.C.A. visit. This building must have been related to this mistake. Furthermore, this building is now under renovation and being converted to an office building.			
Safety Equipment		All safety and medical equipment (such as the lighting equipment, fire exit, etc.) shall be in place, maintained as prescribed and accessible to all 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 externally. (Exit exit alarm) does not have fire fighting equipment or any fire extinguishers. Several chemicals were found there in filling and pouring processes, but no extinguishers are available.				Visual observation	Ensure working connection of the alarm system with access outside every area of all work areas. Includes fire alarm, exit signs and emergency lights together with all the fire fighting equipment in regular situation. Provide fire extinguishers in sufficient number and in appropriate places (at least 1 per 100 m²). Brief all employees in use of the extinguishers and proper procedures in maintenance and use of fire extinguishers.	11/20/06	Auditor requested that the fire alarm be fixed, to which factory agreed, and said it would be a chance to have unannounced fire drill. Immediately all workers came out, some with PPE, and covered as designated area. Fire fighting equipment was inspected. Evacuation plans and fire extinguishers sufficient in number provided at all work areas. Fire drill and training on use of the extinguishers.	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 avoidable exposure (such as vibration or contact with solvent agents, noise, dust, etc.) to hazardous elements including medical waste.	Workers found not using PPE in washing, sanding, drilling station. All job unit, people in painting and pouring process were wearing safety glasses. Workers found using PPE in filling and pouring process, but not in filling and pouring process.				Visual observation	Provide PPE to workers and educate them on importance and proper use of equipment. Install safety signs regarding use of PPE. Update training materials on safe use and handling of chemicals and proper use of PPE. Keep record of such trainings.	11/20/06	Workers using PPE properly, but wrong type of mask was provided to workers in painting, painting and lacquer spraying. Safety signs installed and training 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 required by the chemical. Workers use ovens for drying paint to heat their hands.	On January 4, 2011, factory conducted training on PPE and chemical handling by printing and screen-making workers.	FLMA 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.	Chemicals and hazardous liquids (such as solvent) not labeled and were lying open on several floors, including painting, paddle transfer and printing sections.				Worker observation, worker interview	Provide informative and understandable signs on chemical containers. Provide appropriate PPE to workers involved in handling of all chemicals in all areas. Provide training on safe use and handling of chemicals and proper use of PPE. Keep record of such trainings.	11/20/06	Labels and understandable signs provided on chemical containers. Please see also our ongoing PPE on chemical containers.	Inspection	Completed	Completed	All chemicals were labeled and kept in proper condition.				
Chemical Management for Pregnant Women and Juvenile Workers		To prevent avoidable exposure to hazardous chemicals, appropriate accommodations shall be made for pregnant women and minors as required by applicable laws in manner that does not unduly disadvantage employees.	Young workers found working with chemicals.				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.	11/20/06	Formulate a policy that no juvenile worker will be assigned to jobs involving handling and use of chemicals.	Interview	Completed	Completed	According to factory, no women appear child workers, they are 18 years, which is age that a person can apply for ID. Thus, there will be no more juvenile workers.				
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Drilling machines used in manufacturing of rollers also pose threat, as they do not have any hand protection. In molding section on 17/01/2006, (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 the machines. Brief concerned workers in restriction. Post signs at or near machines. Install safety devices on machines and provide PPE.	11/20/06	Old drilling machine replaced with another one that has hand protection. Brief concerned workers in restriction. Hand saw use during overhauling. Timer system has been attached to machine.	Inspection	Completed	Completed	Moving parts of machines was covered. Workers are trained on use of machines and safety measures.				
Freedom of Association and Collective Bargaining			Employees 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 organization was seen.				Worker and management interview	Formulate policy on freedom of association and inform all employees about this policy. Organize worker committees to build up platform for workers to voice their concerns. Members of committee should be chosen discreetly by workers.	21/02/07	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 supervisor/foreman, 3) regular attendance. Actual election scheduled to be held in January 2008 to give time for workers to familiarize themselves with concept of their own representation, as previous trial attempt showed they tended to vote for their supervisors or foreman. 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 representatives is.	We have integrated this into 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 members committees. We conduct orientation to which we explain functions of WWC and collective bargaining.	FLMA advised factory to formulate guidelines on selection process of worker representatives to WWC. Representatives must be selected by workers themselves.		
Wages and Benefits	Workers recognize that wages are essential to meeting industry basic needs. Employees will pay employees, as a basis, at least the minimum wages required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																	
Minimum Wage		Employees will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.	New minimum wage \$300.00 monthly, which is effective from July 2006, not paid to workers. Old minimum wage of \$180.00 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. Average payment of back wages. Post copy of new minimum wage order at work areas.	11/20/06	Minimum wage of \$14,400 which took effect in July 2006 was implemented in November 2006. New minimum wage of \$180,000, 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	Completed	Workers are, including piece rate workers, on receiving at least minimum wage.				
Wage Benefits Awareness		Employers will communicate only 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 of information 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 the information on bulletin boards. Include these topics in orientation module for new employees.	11/20/06	Interviewed workers were aware of new wage, benefits and overtime pay.	Worker interview	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 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 law 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 the information on bulletin boards. Include these topics in orientation module for new employees.	11/20/06	Interviewed workers were aware of new minimum wage, benefits and OT pay. Posters on wage and benefits are installed at work areas.	Worker interview, inspection	Completed	Completed	Information about about law and minimum wage is posted on notice boards.				
Payroll Reporting		Accurate and reliable payroll reporting, including pay slips, will be provided.	No payroll is prepared for contract workers who work on a daily basis for 5 years in factory. Pay slips not in local language.				Document review, worker and supervisor interview	Prepare payroll for all workers in factory. Payroll should show information on regular and OT hours worked and details of earnings and deductions. Ensure maintenance of accurate payroll computations, including hours worked, keep payroll records on file. Provide pay slip in local language with details as in payroll.	11/20/06	Payroll for workers under subcontractor prepared, but showed only gross piece rate wages. Some workers under subcontractor were reportedly not aware of their own confirmed payment in wages and benefits. Other workers interviewed primarily showed awareness of improved wages of subcontractor workers. Pay slip in local language and copy is provided to workers.	Document review, worker interview	Completed	Completed	All workers receive pay slips.				
Pay Statement		Employees 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.	21/02/07	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 wage cards.	Out of total 508 workers, only 294 workers have functional wage cards (records are maintained properly. Most workers do not have any time recording cards (records maintained by sections 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 in factory and in subcontracted facilities use to swap their cards to record their absences.	11/20/06	Recording of absences after done through wage cards or fingerprint system. Use of one system excludes other at any one time. Process of swapping observed by auditor during break-off time. There were separate bins for those who had wage cards and those who didn't carry it. Failing to update bin in fingerprint system after one supervisor's out. However, attendance of subcontractor workers still done manually, but will be included in system before end of 2007.	Inspection, interview	Completed	Completed	There is a robust timekeeping system for all workers, both through fingerprint and wage cards.				
Legal Benefits		Employees will provide all legally mandated benefits to all eligible workers.	OT calculation is not correct OT during regular day paid of 1.5 times the wages, but need to pay double the wages. Social security contribution not deposited for all workers. OT 25% premium workers, only 24% paid social security. Contracted workers not covered under social security (SSS, PESO). Daily workers working for 7 years with subcontractors are not enrolled in Social Security. No social security fund for workers, will age benefit card is obtained for workers.				Document review, worker interview	Review company regulations to include payment of correct OT at twice regular wage rate. Inform all employees about new regulations, include the topics in orientation module for all new workers. Include old age benefits for all workers, as required by law.	11/20/06	Protein 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 are still covered by EDS and social security.	Document review, interview	Completed	Completed	Workers being paid correct amounts and premiums for all hours worked, including OT. All benefits including EDS, social security and group insurance for regular workers provided.				
Payment of Legal Benefits		Legally mandated benefits will be provided or paid in 15 days 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.	11/21/06	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 pay day for Sunday work. Sundry work paid as OT.				Document review, worker and management interview	Formulate policies regarding payment of leave required by law, such as annual, casual, sick, leave, infant, workers, particularly pregnant and parent staff, about paternity andernity on holiday benefits. Provide training module for new employees. Prepare specific plan of action and communicate work area. If work on holiday day cannot be avoided because of emergency, a compensating day off should be arranged immediately during following week.	11/21/06	Workers now enjoy benefits on annual, sick and maternity leave. They are paid on work days and workers are aware of them. Prolong on rest day already stopped. Factory added 1 shift and also paternity andernity on holiday benefits. Provide training module for new employees. Prepare specific plan of action and communicate work area. If work on holiday day cannot be avoided because of emergency, a compensating day off should be arranged immediately during following week.	Document review, inspection	Completed	Completed	Workers being paid from 3 days 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/higher after fulfilling total monthly work hour (around 240-250 hours). Total absent hours of month indicated as informal punishment from total OT hours and rest is paid as OT.				Document review, worker and management interview	Formulate policy that OT hours shall be determined on only basis, that is, in excess of 9 hours work in a day.	11/20/06	The old practice was stopped in April 2007. New practice of tracking OT is only on a day.	Document review, interview	Completed	Completed	OT calculation is based on every extra work hour above work.				
Minimum Wage/Guide		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 \$/day) make 2000 Rupiah/month, which is less than minimum wage.				Worker and supervisor 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. Post copy of new minimum wage order at work areas. All workers should be paid not lower than minimum wage. Average payment of back wages.	11/20/06	No worker receives less than new minimum wage of \$1,400 a month. Workers are aware of new minimum wage, as information is posted at every work area.	Document review, interview	Completed	Completed	Workers are not any daily workers of the factory.				

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	EIA Findings					Remediation			Status	Third Party Verification			Company Self/In-house Follow-Up		
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Source/ 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
Accrue Benefit Compensation		All employees will be credited with all time worked for an employee 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 full total monthly work hour limit (2080-240 hours). Graciously calculation for 1 year completion not correct (1 day credited 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.				
8. 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 law of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (c) be entitled to at least one day off in every seven-day period.																	
Formal Overtime		Under extraordinary business circumstances, employees will make reasonable efforts to secure voluntary overtime work prior to mandating involuntary overtime.	No system exists, recording OT as voluntary work. Workers cannot file an OT. Subcontractors workers not allowed to utilize OT. Workers have to do OT (excesses OT and night work) and they cannot deny it. Data identified shows worker faces consequences of temporary termination as he decided 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 include 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 the hours of work, regular work week in such country plus 12 hours overtime; and (c) be entitled to at least 1 day off in every 7 day period; or in extraordinary business circumstances in 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 recorded 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 minimize excessive OT. Train supervisors, 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. 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: 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/recording system for excessive OT.				Management interview	Prepare action plan on how to minimize excessive OT. Train supervisors, section heads and production manager how to monitor production status and coordination with other sections so as to control OT.	30 January 2007	Another shift was added and "lock-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 include, 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.				
16. 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 of least equal to their regular hourly compensation rate.																	
Accrue 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 employee allows or requires the worker to work.	OT hours is considerable after halving total monthly work hour (240 - 208 = 32 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 no pay deductions.				
OT Compensation		Factory shall comply with applicable law for premium rates for overtime compensation.	OT rate not calculated properly (great 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							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.				
Rigid Subcontracting							Final 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: Sourcing out to in-house, all workers are registered to factory name.				
Possible Harassment						Worker interview	Possible harassment for subcontracted working and firing processes there was less production pressure being applied period.	Process could not be verified because there was less production pressure being applied period.	11/1/2006	No harassment being done due to nature of products, which are outside regular and factory rules.	Management interview	Completed					