

FLA Audit Profile	
Country	U.S.A.
Factory name	21008212C
IEM	A&L Group, Inc. (ALGI)
Date of audit	December 9 - 10, 2004
Days in the facility	2
PC(s)	Commemorative Brands, Inc.
Number of workers	136
Product(s)	Commemorative Rings
Production processes	Wax Cast, Clean Cast, Pre-Polish, Stone set, Lap, Final Polish, Packing

FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Findings			Remediation				
			Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	Factory Response	PC follow up	Documentation
1. Code Awareness										
c. Confidential non-compliance reporting channel		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.	The company does not have a confidential complaint mechanism.	Worker interviews, management interviews.		We have set up a suggestion boxes in the Cafeteria and [near] the time clocks that will allow employees the opportunity to submit written complaints. This box will be controlled by and accessed by HR personnel only.	1/18/2005	HR is available for employee's and should be considered a confidential and secure communication channel. There is no formal secure suggestion box program in place. One needs to be implemented. The Company has published a Complaint Procedure in its employee handbook which outlines specific procedures for handling harassment complaints, one of which is to notify a Human Resources Representative.		
2. Forced Labor										
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.										
3. Child Labor										
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.										
4. Harassment or Abuse										
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.										
d. Verbal abuse		Employers will provide training to managers and supervisors in appropriate disciplinary practices. Management will discipline anyone (including managers or fellow workers) who engage in any physical, sexual, psychological or verbal harassment or abuse.	[W]orkers complained security personnel and line leads do not respect their dignity and are verbally abusive. Management interviews confirmed some cases have been documented and addressed but problem is recurring.	Worker interviews, management interviews.		Proper Procedures and being respectful of the employee will be emphasized in our periodic training of security personnel and factory supervisors and lead personnel. One-on-one counseling will be held with the line foremen and the security personnel on March 3rd and March 4th. 2005.	3/31/2005	Review with management and Personnel could not find any recent occurrences or indications that this problem is continuing to occur. Since opening the facility there has been 1 complaint about a security guard's performance. It was a misinterpretation of the policy by the employee. It was found that the Security Officer was doing his job satisfactorily. Only one occurrence was found of a factory lead person being abusive and that person was counseled in proper behavior and procedures. We found no recent occurrence of this problem.		
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.										
a. Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement	Review of terminated worker's employee file indicated poor performance after the worker complained of tendonitis. Previous performance evaluations on this employee were classified as satisfactory, contrary to the reasoning for dismissal. Worker interviews ** indicated they were transferred to more physically demanding jobs when they complain of physical problems.	Worker interviews, personnel file.		After reviewing work related injury records, out of 22 employees that were interviewed, only four sustained work related injuries. Out of those 4, 2 were transferred to a less physically demanding position than held previously, and the other two remained in their same position as before the injury.		Annual performance review process is very well documented. The employee referred to here was transferred from one department for her/his inability to recognize correct spelling of English school names back to a job s/he had held previously and put on several probationary periods to achieve standard quotas. S/he failed to attain quotas and was given prescribed oral and written warnings. Just prior to receiving her/his final warning s/he made us aware of a medical condition that had no bearing on her ability to perform her/his job at the time.		

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6. Health and Safety										
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.										
Fire Safety		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 extinguisher mounted on forklift has an expired inspection record.	Inspection tag, Visual inspection		Fire extinguishers are inspected periodically by internal personnel and on an annual basis by outside contractors. This particular fire extinguisher has been inspected since the audit.	Annual		Periodic internal and annual contractor inspections. Fire Extinguisher Tags and internal inspection forms.	
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,	Dust masks are not made available as needed.	Worker interviews, Management interviews, Visual Inspection, Maintenance records		Voluntary nuisance dust mask program to be implemented to meet OSHA guidelines under Appendix D to §1910.134.	Nuisance dust masks will be provided with required OSHA notification. Completed by 1/31/2005	The use of nuisance dust mask and respirators in the workplace is regulated by OSHA standards that require training and a medical surveillance program. Employees not certified under all aspects of a respirator program cannot be allowed to wear respirators. Best practice is to employ mechanical exhaust to correct any type of dust or fume exposure. We are currently operating within OSHA guidelines, and therefore not a Non-compliance situation. Until an exposure level is determined in various work areas the correct type of respirator cannot be identified. There is no medical waste at this facility other than general first aid. Eye protection is required and is provided.		
Equipment Safety	Hazard Communications Standard 29CFR 1910.1200 and PPE 29CFR1910.132	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner. Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply.	Workers are concerned about the hazards associated with the operation of laser welding equipment, since they have not received any information about safety precautions or associated hazards. There is no preventive maintenance scheduled for the laser welding equipment in order to prevent unsafe operation.	Worker interviews, Visual Inspection, * operating manual		Training and Notices posted will be performed and monitored by process engineer and human resources.	2/10/2005	Operating manuals will be placed at each machine. The process engineer will perform technical and safety training on this equipment and certify operators. Notices will be posted that only authorized technicians will be allowed to operate the laser welders. Copies of training sign-off sheets will be placed in the notebook at the machine as well as in the training section of the operator's personnel file.		Copies of training sign off will be placed in central FLA files.
Equipment Safety		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner. Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply.	Workers are concerned about the operation of the lapping/grinding stations vacuum/exhaust system not operating efficiently due to infrequent maintenance.	Worker interviews, Management interviews, Visual Inspection, Maintenance records		Process engineering will review location of exhaust intake at these workstations to ensure maximum efficiency. At workstations other than split lap, acetate shields will be placed in front of wheels to improve efficiency of exhaust draw.	Exhaust points at split lap have been relocated to improve efficiency of dust removal. Acetate shields will be installed on polishing stations by the end of January, 2005.	A review of records indicates the exhaust units for the lapping and grinding stations are cleaned on a weekly basis. Based on historical experience with the same equipment in the X facility this is a more than adequate maintenance practice.		
f. Chemical Management	Hazard Communications 29CFR1910.1200	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.	Workers who handle and use hazardous chemicals have not received chemical safety training.	Observations, worker interviews		A safety training matrix will be developed and implemented at the facility to ensure specific safety training relating to job functions is performed at a frequency determined by OSHA standards or our insurance carrier.	Complete	New Employee Safety Orientation Covers the Safety Handbook which includes the site specific Hazard Communication Standard, Safety Rules, Evacuation Procedures, and other key safety program issues. Job specific training in addition to this is considered necessary, with additional follow up as determined by regulatory standards and insurance best practices.		
h. Ventilation/Electrical/facility maintenance		All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	Investment casting ventilation is inadequate. Factory has purchased new unit, but it still has not been installed.	Visual Inspection.		Operator & Maintenance employees placed in Respirator Program. Industrial hygiene study to measure silica particulate and metal dust exposure. If exposure exceeds 50% of OSHA standards then operator will be placed in PPE pending mechanical exhaust improvements.	1) Completed by 1/31/2005. 2) IH study complete on 3/31/2005. 3) Results published by 4/15/2005. 4) If mechanical exhaust is required, project to be completed by 5/15/2005	The adequacy of the investment casting exhaust has yet to be determined. Frequent visual inspections by internal and external safety professionals have not indicated the current exhaust system is inadequate. Scientific Industrial Hygiene studies are required to determine exhaust efficiency.		Operator & Maintenance employees placed in formal respirator program including baseline physicals, training, and fit testing. Written program issued. If Industrial Hygiene Study indicates no exposure, operators will be moved to the voluntary respirator program.

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h. Ventilation/Electrical/facility maintenance		All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	Electrical junction boxes in refuse holding area are missing covers.	Visual Inspection, digital photos		The initial discrepancy was corrected immediately and the inspection did not reveal any additional outlets or junction boxes without covers.		A facility wide inspection was conducted to ensure there were no other violations of this nature.		
7. Freedom of Association and Collective Bargaining										
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.										
8. Wages and Benefits										
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.										
x. Accurate benefit compensation	As per D.R. Dep. Of Labor communication (2004), the practice of ending contracts at the end of the year to rehire the employee few days or weeks later, is a violation inflicted on the employees' rights to use their length of service to increase their benefits calculations.	All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled	Employees/employer work contract are terminated prior to the end of the calendar year, workers are paid all severance payments earned and rehired on the following month (January). As a result, accumulative benefits such as vacation are not accumulated (it remains 10.5 days throughout the years of relationship).	Payroll, personnel files, time records and management interviews.		We have a published policy for re-instatement of seniority and benefits. We will continue to follow this policy and to communicate it to the employees.		We have reviewed our personnel files and can find no incidence where any employee was terminated in December and rehired in January without reinstatement of benefits within our established policy. Our policy is that if a terminated employee is rehired within 4 weeks of his/her termination, all benefits are reinstated immediately. If a terminated employee is rehired after a break in service of more than 4 weeks, then benefits are reinstated after 18 months of continuous service. If a terminated employee is paid for his/her earned and unused vacation, then the vacation will not be reinstated, but the seniority for determination of vacation eligibility will be reinstated.		
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.										
a. Forced overtime		Under extraordinary business circumstances, employers will make extensive efforts to secure voluntary overtime work prior to mandating involuntary overtime	During peak season, workers are forced to work Saturday and Sunday without a day off and are disciplined if they are absent.	Worker and Management interviews, Hours of work records and Memo dated 12/6/04		The attendance policy will be changed to include Sunday as a voluntary work day when necessary. Employees are advised of the possibility of the long hours when they are hired, and workers are compensated at 1 1/2 times their regular pay rate for hours in excess of 40 and compensated at double time rates for all hours worked on Sundays.	2/11/2005	Our company peak season volume and customer demand will occasionally require us to work on Sunday. Our policy will be to schedule Sunday as a voluntary work day and there will be no penalty for not working on Sunday. A memo detailing the attendance policy was posted. However employees were not disciplined or penalized for not working on Sunday. Employees are compensated at double time rates for all Sunday work. Work for 7 straight days is permitted under the law in unusual and/or unforeseen circumstances and on a non-recurring basis.		HR will post our attendance policy detailing the guidelines for working Sunday.
e. OT Limitations		Except in extraordinary business circumstances, employees will (1) 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 (2) be entitled to at least one day off in every seven day period.	Overtime in excess of 60 hours is worked during peak periods in May and December. Overtime worked ranged from 14 to 30 hours overtime, including Saturday and Sunday with out a day off.	Worker interviews, Management interviews, Time records, Payroll records, and Memo dated 12/6/04 warning absent workers of disciplinary measures.		During our two peak production periods we will typically work between 50 and 60 hours per week and in rare occasions on Sundays. Our policy will be to schedule the seventh day as a voluntary work day when required by extraordinary business circumstances. Employees who do not or cannot work on the Sunday schedule will not be penalized for their failure to work. All hours worked in excess of 60 per week will be voluntary hours and the employees will be so informed.	2/11/2005	Because of the extreme seasonal nature of our business, we find that in late fall, and some times late spring we must work between 50 to 60 hours per week (and an occasional 70 hour week) for a few week period in order to handle the required production volumes. Employees are made aware of these occasional seasonal requirements when they are hired and are adequately compensated for the hours when required. Most employees enjoy the significant boost in pay during these occasional periods of the year. The memo requiring employees to work on Sunday was worded incorrectly.		
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.										
Miscellaneous										

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Homework	29CFR Chapter V Part 530 and Title 29, Chap. V, Part 530		Management disclosed they have an arrangement with former employees (potentially 2 subcontractors) to outsource overflow work orders. The work can be classified as homework since it is performed at the workers place of residence. No permits or contracts were available.	Management and workers interviews.		Our company policy prohibits the hiring of production workers to perform production work from their homes.		We are outsourcing a small number of rings to another vendor and they are manufacturing these rings in their place of business. The business is located in a commercial shopping center in X. We are not sending any work home with employees or former employees. The subcontractors are businesses operated out of industrial or retail business areas or facilities and the work is not performed at the subcontractors residences. The auditors must have misunderstood the relationship of the current sub-contractor who is a legitimate business and not a former employee nor working out of their home. One employee of the sub-contractor is a former employee of CBI.		Our company policy does not allow us to outsource work to any of our employees or former employees at their place of residence except in some cases management/professional or clerical functions in some rare cases.