FLA Audit Profile		FLA IEV	
Country	Thailand	Country	Thailand
Factory name	07937442C	Factory name	07937442CV
IEM	Global Standards	IEM	Kenan Institute Asia
Date of audit	July 5-8, 2004	Date of audit	May 24-25, 2006
PC(s)	Adidas-Salomon; Nike, Inc.; Puma	PC(s)	Adidas-Salomon; Nike, Inc.; Puma
Number of workers	250		
Product(s)	Backpacks		
Production processes	Sewing, Packing, Fastening, Finishing		

Note: IEM was unable to complete the independent audit at the factory on July 5, 2004. The PCs returned to the factory and performed their own audit using this FLA tracking chart. After PCs conducted their internal audit using FLA tracking chart tools, the factory moved production to a new facility. PCs performed a second audit of the new facility using this tracking chart document.

Note: There was no follow up performed at the facility originally audited by the IEM and by PCs. Follow up was performed on the audit of the new facility and reported on in February and June 2005 in columns O and Q, respectively.

Note: In 2006 the adidas Group created and delivered a remediation plan to this factory in order to address the issues found during the original IEM visit. Yet, in 2008 this facility was deactivated by adidas' sourcing units due to production and compliance related issues. As a result, adidas' Social and Environmental Affairs Department was unable to ensure a successful completion of the remediation plan.

		Findings				PC Internal Audit Findings		Remediation					Updates						Third-Party Verification		Updates		Updates		
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal audit findings - Existing Building Facility (August 10-11, 2004)	PC Internal audit findings - New Building Facility (February 22, 2005)	Company remediation plan	Target Completion Date	Factory Response (Optional)	Company follow up	Documentation	Factory Response (Optional)	Company follow up at new facility (February 22, 2005)	Documentation	Company follow up at new facility (June 5, 2005)	Documentation	Company follow up at new facility (May 11, 2006)	Documentation	External Verification (May 24-25, 2006)	Documentation	Company follow up (August and October 2006)	Documentation	Company follow up (June 2007)	Documentation	Status Ongoing, Completed
1. Code Awareness																									
Code posting/information		**FLA Principles of Monitoring, Obligations of Companies:** Establish and articulate clear, written workplace standards. Formally convey these standards to Company factories as well as to licensees, contractors and suppliers.	There is a PUMA, Adidas, Nike code posted in the factory	Visual inspection		Codes of Conduct of all PCs are posted at the factory	None of any Code of Conduct of any brand is observed as this facility has not been audited by any compliance team.	The factory moved to a new location since 28 January 2005. There is no longer any operation/production at the building originally audited by FLA. PCs will perform ongoing monitoring and remediation at the new facility. Remediation plan information will be noted in Company follow up columns.			The factory moved to a new location since 28 January 2005. There is no longer any operation/production at the building originally audited by FLA. PCs will perform ongoing monitoring and remediation at the new facility.	management interviews, visual inspection		The factory has not posted any code of conduct on the notice board because no official pre-production audit has taken place for this new facility.	Visual Inspection.	PC has completed internal audit of the factory and Code of Conduct posters for PCs have been posted.	Visual Inspection.	adidas Code of Conduct posters have been posted in the factory.	Observation	NIKE, Adidas and PUMA Code of Conduct posters have been posted on notice boards. However, no Health and Safety policies were posted on the notice boards.	Visual Inspection	Health and Safety policies have been posted on notice board	Visual inspection, document review.	Health and Safety policies have been posted on notice board	Visual inspection, document review.	Completed
Worker/management awareness of Code		**FLA Principles of Monitoring, Obligations 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.	Needs further investigation			One worker knew about the Code but couldn't provide any details. Management not asked about awareness of the Code. (However, the code is the first thing that is discussed with factories during the first audit)	N/A				N/A			Orientation is done on a regular basis. All the workers at this new facility has been oriented about the workplace policy. The education was done for both transferred workers (from previous facility and the new workers in form of Orientation).	Document reviewer for the worker orientation.	On-going orientation continued since last visit in February. The factory keeps records of workers who have undergone orientation.	Document review, worker interview.	No finding, factory conduct daily orientation for new employees (if there are). But no communication to sub-contractor/suppliers about workplace standard.	Manager and worker interview	All workers will be informed about the Code of Conduct, factory rules & regulations, how to use PPE, first aid, and how to use needle guard. However, 1. No documentation of a HR training plan to ensure that the factory periodically conducts training on legal and client requirements with appropriate staff. 2. There was no criteria established for trainer to	Management and worker interview. Training record review	The factory is committed to develop HR training plan and evaluation system. Deadline: 31 Aug 06	Management interview	The factory developed mid-year 2006 training plan and 2007 plan endorsed by factory top management. The plans have been executed accordingly.	Document review, Management interview	Completed
Confidential non-compliance reporting channel		**FLA Principles of Monitoring, Obligations 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.	Needs further investigation			none	N/A				N/A			The factory has suggestion box in place which can be used as a communication tool. Workers mentioned that they know the purpose of this box but have never used it because there is no grievance they would like to raise. PC auditor observed that suggestion box still lacks written procedure in local language on how the box is to be used. Factory management to post written procedures for the suggestion box in the local language.	Worker Interview.	There are currently 2 suggestion boxes, one in the production line and another one at the toilet area. The factory has posted the grievance procedures at each box.	Visual Inspection.	Suggestion box is still in place. HR manager weekly opens the box and provides answer to all employees by posting at information board. Other systems for communication are HSE and worker-management communication committees meetings.	Observation, manager interview, document.	Factory provides a suggestion box, which the workers use in order to raise any concerns; then the HR Manager collects these letters each month and brings them to the meeting with management.	Management and worker interview. Message from suggestion box review	N/A	Management and worker interview, document review	Consistent implementation	Document review, management interview	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																									
Indebtedness		Employers will not bind workers to employment as a condition of fulfilling terms of a debt to a third party or to the employer. Advances will not extend three months pay or legal limits, whichever is less.	Needs further investigation			Not checked	Not checked				N/A			Workers are not required to have any binding contract. There is no third party involved in the recruitment process. Factory recruit workers directly.	Observation, worker interview.	Factory still employs all the workers directly without involving the agent.	Document Review, worker interview.	Employ workers directly, no agent involved.	Document, worker interview	No violation was found	Worker interview, Personnel record review	No evidence of non-compliance	Management and worker interview	No evidence of non-compliance	Management and worker interview	Completed
In-kind Compensation		Workers will be compensated for their work directly through the provision of cash or its equivalent. -In-kind compensation is permissible, if local law permits, so long as legal limits are complied with and receipt of in-kind compensation is voluntary.	Needs further investigation			Workers received wages previously by direct payment in cash and starting July 2004 through ATM. No in kind payments made	N/A (All the labor issues for new facility is handled by existing factory, therefore enforcement is identical)				N/A			Workers are paid twice a month through the ATM banking system. Factory provide pay-slip to each workers.	Document review, worker interview.	N/A there is no further finding for this issue.	Document Review, worker interview.	Compensate through workers' bank account	Manager and worker interview	No violation was found	Worker interview, Personnel record review	No evidence of non-compliance	Management and worker interview	No evidence of non-compliance	Management and worker interview	Completed
Employment Records		Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision	Needs further investigation			Factory maintains employment files for each worker	N/A				N/A			HR department maintains all the employment contracts. PC staff reviewed employment files and cross checked with workers.	Visual inspection, document review, worker interview.	N/A there is no further finding for this issue.	Visual Inspection, document review.	N/A	Record	No violation was found	Worker interview, Personnel record and employment contract review	Consistent implementation	Document review, worker interview	Consistent implementation	Worker interview	Completed
Freedom of Movement		If factory entrances are locked or guarded to prevent non-employee access to the premises for security reasons, employees will have free egress at all times.	Needs further investigation			Workers sat on the stairs while waiting for their turn to use the toilet, during lunch break, they were out of the premises freely after punching their time cards; one worker said that her supervisor wouldn't mind if she or fellow worker had to wait for their turn at the toilet	Not checked				N/A			PC staff observed that there is a guard house at the entrance. Workers are free to leave the factory during break to buy food/ make phone calls without any penalty. The workers need to apply the leave form if they want to leave the factory during working hours.	Document review, worker interview, attendance record review, observation.	N/A there is no further finding for this issue.	Observation, Physical Inspection during the overtime rest period.	N/A	Observation	No violation was found	Worker and Security guard interview, Visual inspection	Consistent implementation on freedom of movement. In use necessary facilities during working hours and during lunch time	Visual inspection, worker interview	Consistent implementation	Worker interview	Completed
Freedom in Employment		All workers will have the right to enter into and to terminate their employment freely.	Needs further investigation			One worker said that they can file their resignation anytime	Not checked				N/A			According to company regulation, all workers are required to notify the factory 30 days in advance if they would like to resign from the company. This is a common practice for Thailand factories. Workers understand this process as per worker interviews.	Document review. Worker interviews.	Worker interview still confirm the same practice is being used where the factory needs to provide at least 30 days resignation notice.	Document Review, worker interview.	N/A	Record, worker interview	No violation was found	Worker interview / guard interview	Consistent implementation	Worker interview	Consistent implementation	Worker interview	Completed
Employment Terms		Employment terms shall be those to which the worker has voluntarily agreed.	Needs further investigation			Employment contract contains only basic terms of employment. There are more than 100 workers who are hired on "Temporary Contract". This is the type of employment where the contract expires after 3 months.	Not checked				N/A			PC has reviewed the contract and noted that it had all the basic requirements together with a list of minor offences with their penalties The contract is signed by the workers.	Document review.	N/A there is no further finding for this issue.	Document Review, worker interview.	N/A	Record, worker interview	No violation was found	Worker interview, Employment contract review	Consistent implementation. Worker signs employment contract and obtains a copy of contract	Document review and worker interview	Consistent implementation	Document review and management interview	Completed
Freedom of Movement		Employers are prohibited from practices that restrict a worker's ability to terminate his or her employment or freedom of movement, including physical or mental coercion, deposits, unreasonable financial penalties or recruitment fees, and access to and renewal of identity papers and/or work permits or other legal identification documents.	Needs further investigation			No findings about employment deposits, recruitment fees or withholding of identification documents. One worker said that she would still not work OT if she had an important thing to attend to even if her supervisor did not agree	Not checked				N/A			As observed, workers are not restricted in their freedom of movement. Only the photo copy of identity papers are kept by with acknowledgement of workers.	Document review, workers' interview	N/A there is no further finding for this issue.	Worker interview. Document Review.	N/A	Record, worker interview	No violation was found	Worker and Security guard interview, Visual inspection	No evidence of non-compliance	Document review and worker interview	No evidence of non-compliance	Observation	Completed
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.																									
Age Documentation		Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.	Needs further investigation			All employment files that were checked contained copies of ID (date of birth indicated on the ID) and family record	Not checked if any of the worker at the new facility is under age or any sign of child labor.				N/A			Proof of age is done by providing the government issues identification card and house registration to the employers in photo copies.	Document review.	N/A there is no further finding on this issue.	Document review.	Maintain copy of ID card	Document	The age of each worker is verified prior to employment. The factory only accepts workers who are over 18 years old and based on reviewing their personnel records, there aren't any workers under age 18 years. Updated personnel files are maintained for each worker. The personnel files have copies of basic worker information such as I.D. card, house registration, education certificate etc.	Personnel records review, HR officer and worker interviews, Visual inspection	Consistent implementation. There is a system for proof of age. Skill induction test is applied for stitching work as part of recruitment process	Management interview, document review.	Consistent implementation. Factory hires workers of 18 years old of age in compliance with Nike COC set for A&G factory.	Management interview, document review	Completed
Age Verification		In those cases where proof of age documentation is not readily available, employers will take precautions to ensure that all workers are at least the minimum working age, including medical or religious records, or other means considered reliable in the local context.	Needs further investigation			Company accepts only applicants with ID and family record	Not checked if any of the worker at the new facility is under age or any sign of child labor.				N/A			N/A. Age verification document is available for all employees.	Document review.	N/A there is no further finding on this issue.	Document review.	Maintain copy of ID card	Document	The age of each worker is verified prior to employment. The factory only accepts workers who are over 18 years old and based on reviewing their personnel records, there aren't any workers under age 18 years. Updated personnel files are maintained for each worker. The personnel files have copies of basic worker information such as I.D. card, house registration, education certificate etc.	Personnel records review, HR officer and worker interviews, Visual inspection	The same as above	Management interview	The same as above	Management interview	Completed
Legal working age (Vocational)		Apprentices or vocational students will be at least the minimum working age	Needs further investigation			No workers below 15 years. Factory's hiring age policy is at least 18 years	Not checked				N/A			There is no apprentice or vocational students at the factory.	Document review.	N/A there is no further finding on this issue.	Visual Inspection/ Document review.	N/A	Observation	The age of each worker is verified prior to employment. The factory only accepts workers who are over 18 years old and based on reviewing their personnel records, there aren't any workers under age 18 years. Updated personnel files are maintained for each worker. The personnel files have copies of basic worker information such as I.D. card, house registration, education certificate etc.	Personnel records review, HR officer and worker interviews, Visual inspection	The same as above	Management interview	The same as above	Management interview	Completed
Legal Compliance (Apprenticeships)		Employers will comply with all regulations and requirements of apprentice of vocational education programs, and will be able to document to monitor that these are legally recognized programs. Informal arrangements, which result in students leaving school prior to attaining the compulsory age for schooling, are not acceptable	Needs further investigation			Not checked	Not checked				N/A			The factory does not have a policy to employ the apprentice. All workers are age 18 and above.	Document review.	N/A there is no further finding on this issue.	N/A	N/A	Document	The age of each worker is verified prior to employment. Factory only accept the worker who age over 18 years and based on the personnel records reviewed, there is no any worker under age 18 years. Updated personnel files are maintained for each worker. The personnel files have copies of basic worker information such as I.D. card, house registration, education certificate etc.	Personnel records review, HR officer and worker interviews, Visual inspection	The same as above		The same as above	Management interview	Completed
Legal compliance for juvenile workers		Employers will comply with applicable laws that apply to young workers, i.e., those between the minimum working age and the age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime	Needs further investigation			N/A	Not checked				N/A			Not checked	N/A	No finding of non compliance	N/A	N/A	Document	The age of each worker is verified prior to employment. The factory only accepts workers who are over 18 years old and based on reviewing their personnel records, there aren't any workers under age 18 years. Updated personnel files are maintained for each worker. The personnel files have copies of basic worker information such as I.D. card, house registration, education certificate etc.	Personnel records review, HR officer and worker interviews, Visual inspection	The same as above		The same as above	Management interview	Completed
Juvenile worker Identification System		Employers will have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws	Needs further investigation			not applicable	Not checked				N/A			Not checked	N/A	There is no Juvenile worker at this facility.	Document review, observation.	No juvenile worker	Document	No juvenile worker	Personnel records review, HR officer and worker interviews, Visual	Not applicable during the period of verification. No juvenile workers found at this time.	Document review and management and worker interviews	No juvenile workers due to above reason	Management interview	Completed
Lack of protection of under-age workers		Employers will ensure that, all workers engaged in operating or working close to hazardous equipment, working at dangerous heights or lifting heavy loads, or exposed to hazardous substances, are above the legal age for such work.	Needs further investigation			not applicable	Not checked				N/A			Not checked	N/A	There is no Underage worker at this facility.	Document review, Worker interviews, visual inspection.	No under the legal age for such work.	Document	No under-age worker works in the factory.	Personnel records review, HR officer and worker interviews, Visual inspection	Not applicable during the period of verification. No juvenile workers.	Document review and management and worker interviews	The same as above	Management interview	Completed
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.																									
Progressive Discipline		Employers will utilize progressive discipline, e.g., escalating discipline using steps such as verbal warning, written warning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or assault, shall be in writing and clearly communicated to workers.	The factory has no progressive disciplinary policy. The sanction for infractions of the factory policy are 3 days leave without pay.	HR staff interview and records review (factory regulations)		Offenses are not classified as to gravity and no graduated penalties. Penalty imposed is usually suspension for three days	None of the disciplinary record shows any records for workers who work at the new building facility.				N/A			The factory has set up the progressive disciplinary practice in the workplace. Workers are aware of the progressive disciplinary policy and procedures.	Document Review. Workers' interview	The factory has included this item in the company handbook and distributed to all the workers last month.	Document review. Worker interview.	Employer sets procedure and utilize progressive discipline. The procedure is communicated to new employees through company orientation and refreshing training for all employees every 6 months. The training is held by HR.	Document, Manager interview.	The factory has established and implemented a progressive disciplinary system that includes verbal warnings, written warnings, suspension, and finally, termination as a way of disciplining workers.	HR officer and worker interview, Factory rule & regulation and disciplinary record review.	Consistent implementation.	Document review and management and worker interviews	Consistent implementation.	Management interview	Completed

	Findings					PC Internal Audit Findings		Remediation					Updates							Third-Party Verification		Updates		Updates		
FLA Code/ Compliance issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Monitor's Findings**	**Documentation**	**Best Practice**	**PC Internal audit findings - Existing Building Facility (August 10-11, 2004)**	**PC Internal audit findings - New Building facility (February 22, 2005)**	**Company remediation plan**	**Target Completion Date**	**Factory Response (Optional)**	**Company follow up**	**Documentation**	**Factory Response (Optional)**	**Company follow up at new facility (February 22, 2005)**	**Documentation**	**Company follow up at new facility (June 5, 2005)**	**Documentation**	**Company follow up at new facility (May 11, 2006)**	**Documentation**	**External Verification (May 24-25, 2006)**	**Documentation**	**Company follow up (August and October 2006)**	**Documentation**	**Company follow up (June 2007)**	**Documentation**	**Status Ongoing, Completed**
Disciplinary Practices	While the agreement on terms and conditions of employment or the decision is underway, the employer must not terminate any employee due to any matters involving the demand, except he/she 1) performs his/her duty dishonestly (2) commits a criminal offence against the employer; (3) intentionally causes damage to the employer; (4) violate the rules, regulations or orders that the employers warn in writing, except in a severe case; (5) neglect his duties for 3 consecutive working days without reasonable causes; (6) perform any acts of incitement, encouragement or persuasion to create a violation of the agreement on terms and conditions of employment or the arbitrative decision.	Employers will utilize consistent written disciplinary practices that are applied fairly among all workers	There is no written documentation of the type of sanctions for breach of factory policy.	HR staff interview and records review (factory regulations)		No classification of offenses as to gravity and corresponding penalties at graduated levels. There have been cases in the past where financial penalty occurs if worker was found negligent of duty or if there was a mistake related to production process reported by supervisor. PC noted that currently there are no longer any financial penalties in the facility according to worker interview in February 04. Five years ago this system was in place and the company still maintains the old records of warning letter with financial deduction. During that time this enforcement was decided by the previous factory manager who used financial penalty as a tool; this manager resigned and has not been employed since 2003. Worker interviews confirm this.	Not checked				N/A			Done. There is a policy in place. This policy on disciplinary practice is posted and announced to all workers.	Worker Interview, Policy review.	N/A No further finding on this issue.	Worker interview.	N/A	Document	The factory has a written policy and what disciplinary actions will be taken for each infraction.	Disciplinary practice policy review	Consistent implementation in applying progressive disciplinary actions.	Review of warning letters and worker interviews	Progressive disciplines are applied. No evidence of non-compliance	Document review and management interview	Completed
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices	Needs further investigation			No training given	No training given to the supervisor at the new building facility				N/A			The factory has not provided the training in regards to this policy to the staff in the factory. Provide training to management on disciplinary practices	Observation, worker interview.	As of June there are trainings that factory has provided to the supervisors in relation to disciplinary practice.	Document review. Worker interview. Observation.	HR provides monthly training to supervisors. Training topics include all company rules and procedures.	Manager and worker interview	The factory trained supervisors on disciplinary practice.	HR officer interview	Consistent implementation.	Management interview	No finding	Worker interview	Completed
Disciplinary Action Punishment of Abusive Supervisors/Manager		Management will discipline (could include combinations of counseling, warnings, demotions, and termination) anyone (including managers or fellow workers) who engages in any physical, sexual, psychological or verbal harassment or abuse	Needs further investigation			Not checked	N/A				N/A			There is a policy in place, however, further investigation is required.	N/A - need further investigation.	The factory has notified all the workers of the disciplinary policy. The policy clearly states the progressive disciplinary system that includes the steps of verbal warning, written warning, suspension, and lastly termination which will be administered for any breaches of the disciplinary policies.	Document review, Visual Inspection.	N/A	Worker interview	The factory has established and implemented a progressive disciplinary system that includes verbal warnings, written warnings, suspension, and finally, termination as a way of disciplining workers.	HR officer and worker interview, Factory rule & regulation and disciplinary record review.	Consistent implementation in applying progressive disciplinary actions.	Review of warning letters and worker interviews	No finding	Worker interview	Completed
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	5 disciplinary records (issued on the same date) found did not detail the case for sanctions - only "negligence" stated.	records review		Disciplinary records filed separately from workers' individual employment records; most cases noted were for mistakes of QC workers and absences for at least three days without notice as well as negligence of duty/worker is not working in 'full ability'. This penalty is written as part of factory regulation. PC noted that this system was in place 5 years ago; however, this system is no longer exists.	Not checked				N/A			There is a clear disciplinary policy and procedures in place. The disciplinary practice (if there's any case for a particular worker) will be kept in each personal file. On-going monitoring is required.	Document Review. On-going monitoring is required.	There is no disciplinary practice where financial deduction is made to a worker due to production mistakes. According to document review, there are no warning letters issued so far since the factory moved to a new location. Worker interviews indicated that no warning letters have been administered to date. PC to perform ongoing monitoring.	Worker Interview. Document review.	Records are maintained	Record	The factory keeps records of disciplinary actions taken.	Disciplinary record review	Consistent implementation in applying progressive disciplinary actions.	Review of warning letters and worker interviews	Consistent implementation.	Document review and management interview	Completed
Verbal abuse		Employers will prohibit screaming, threatening, or demeaning verbal language	Needs further investigation			Workers said that they have not experienced any such form of abuse nor have seen other supervisors do it.	Not checked				N/A			No clear policy has been established in regards to this issue. But no case of verbal abuse was identified. Develop written policy on harassment and abuse, communicate policy to all employees, post policy in a public place.	document review; workers' interview.	According to the most recent audit, there is no violation for the threatening for workers. This is according to worker interview. PC staff has requested factory to clearly announce the policy to the worker in relation to this issue. Policy has been created. Management has called the meeting with all head of supervisors and inform the policy.	Worker Interview, Observation.	No verbal abuse	Worker interview	No violation was found.	Worker interview	No evidence of non-compliance. Workers interview indicated that supervisors reiterated work instruction when workers made a mistake.	Worker interview	No finding	Worker interview	Completed
Gender Sensitive Security		Security practices will be gender-appropriate and non-intrusive.	Needs further investigation			Not checked	Not checked				N/A			No finding.	No finding.	There is no body search conducted at this factory.	Observation. Worker Interview.	No body search	Observation, worker interview	No body search	Visual inspection, worker and security guard interview	Consistent implementation.	Observation.	Consistent implementation.	Observation.	Completed
Access to Facilities		Access to food, water, toilets, medical care or health clinics or other basic necessities will not be used as either reward or punishment	Needs further investigation			Except for lining up to wait for their turn at the toilets (only in the case of women because toilets for men are enough for their number), workers have equal opportunity to have access to these facilities.	Most workers who are assigned to work at the new building can travel freely between the old factory and new factory by motorbike. There is one security guard in the front who is responsible for asking the name of the workers who leave the premises. During lunch time, worker from new factory can come back to the existing factory and meet their friends.				N/A			All workers are free to access the toilets and other benefits provided such as drinking water, clinic, first aid box.	Observation, worker interview.	N/A No further finding on this issue.	N/A	Workers are free to access the necessary facilities.	Observation, worker interview	Workers are free to access the necessary facilities.	Visual inspection, worker interview	Consistent implementation.	Observation, worker interview	No finding	Observation.	Completed
Monetary Fines and Penalties		Employers will not use monetary fines and penalties for poor performance	In disciplinary records workers were punished by "leave without pay".	records review		In disciplinary records, some workers were fined for mistakes relating to quality. PC noted that this policy has been eliminated and is no longer practiced.	PC staff observed and interviewed the workers at the new facility and confirmed that this practice no longer exists.				N/A			No finding.	No finding.	No finding.	No Finding.	N/A	Document, worker interview	No violation was found.	worker interview	No evidence of noncompliance. Workers interview indicated that supervisors reiterated work instruction when workers made a mistake.	Worker interview	No finding	Worker interview	Completed
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.																										
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	Needs further investigation			No hiring discrimination is found.	From the interview, most workers indicated that all the existing workers will be hired and continue their work in the new factory.				N/A			Factory has a clear evaluation form to determine the applicant's qualification as basis for making the hiring decision. Most workers were observed to be hired based solely on their skill. However, there is a regulation that prohibits hiring of relatives of workers. Remove regulation that prohibits hiring of worker's relatives. Hiring decisions should be based solely on applicant's ability to perform the job. This policy should be clearly stated, communicated to workers, and implemented. Follow up needed.	Long-term investigation is required.	The factory has removed the clause prohibiting the hiring of relatives of workers. However, this condition still applies to staff in the Accounting and Sales Department who are handling sensitive positions. According to the management, the company would hire daily production worker based on their skill. From the worker interview, there were some workers who mentioned that their husband/sister were still working in the factory and there is no practice to prohibit hiring of Relatives in the Daily workers.	Worker interview, Observation.	Employment decisions are made solely on the demonstrated skills and abilities.	Document	The workers who are responsible for cooking had their blood checked for "HIV". However, no consent letters came from these workers, so the factory was unable to check their blood for HIV (non-compliance)	Medical check up record review, HR officer interview	PC reviewed the process of HIV/AIDS in the factory and suggested to the factory to discontinue the policy of blood tests for food providers. As a result, factory will not need to seek consent from workers for HIV/AIDS testing. The factory has also developed a policy to accommodate workers who are known to be infected. PCs have reviewed the policy and have advised factory management to also remove the clause on compulsory AIDS/HIV testing. Moreover, the PCs suggested to add a clause to the policy that ensures that previous test results remain confidential, and do not affect workers' employment status . PC has advised the factory to engage in capacity building for workers as part of the policy implementation. In addition, factory management must ensure that the appropriate policies and consideration for workers rights (legally and morally) are in place for those with positive test results i.e., there are no discriminatory actions taken by management against workers who have tested positive, a priority for health practices that protect all people who are directly impacted by the services performed by HIV positive workers, and which also enable employment opportunities in controlled environments. Deadline: 31 Aug 06 (with revised date 17 October 06)	Management interview/Document Review	Factory revised HIV/AIDS policy by removing the clause on compulsory AIDS/HIV test. Factory posts the policy in public area and trained all employees. No evidence of blood test found.	Document review, management and worker interview	Completed
Sex discrimination		There shall be no differences in compensation and benefits attributable to gender	Needs further investigation			Majority of the workers, regardless of sex, receive the same rate as the minimum wage	Not checked.				N/A			No finding.	no finding	No finding	No finding	No differences in compensation and benefits based on gender. Different compensation is based on job role and responsibility.	Document, worker interview	No violation was found	HR officer and worker interview, personnel file and job advertising	Consistent implementation.	Review of Apr-June 06 payroll, worker interview	No finding	Document review	Completed
Pregnancy Discrimination		Information arising from pregnancy testing undertaken voluntarily will not be used as a factor in involuntarily reassigning, firing or making any other employment decision that disadvantages a pregnant woman	Needs further investigation			Not found - Pregnant workers need to be report to Human Resources to ensure that they did not perform overtime work. This is according to the labor law which does not allow pregnant workers to work overtime.	Not checked.				N/A			No finding.	No finding.	No finding	No finding	Pregnant workers do not work overtime.	Worker interview	No violation was found	HR officer and worker interview, personnel file and job advertising review	The same as above	Management and worker interview, and review of drugs test report (conducted after employment)	No finding	Management and worker interview	Completed
Pregnancy Risk		Employers will ensure that pregnant women are not engaged in work that creates substantial risk to the health of the pregnant woman.	Needs further investigation			Pregnant workers are not allowed to work overtime.	N/A				N/A			No finding.	No finding.	No finding	No finding	There is policy and procedure that pregnant worker will be provided with all legal protections and benefits (e.g. no OT work, work in hazardous environment). The policy and procedure are communicated to all employees.	Document, Manager interview	No violation was found	HR officer and worker interview, personnel file and job advertising review	No evidence of non-compliance	Review of Apr-June 06 payroll, time records	No finding	Document review	Completed
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 Health and Safety legal compliance	Notification of the Ministry of Interior, Safety at Work Related to Fire Prevention and Protection of Workplace for Employee Safety.	Employer will comply with applicable health and safely laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits	In the 2nd floor storeroom (behind stairwell) there is no fire extinguisher.	Visual inspection		Factory to provide fire extinguisher for 2nd floor behind stairwell. No fire hydrant / hose in the facility.	No Fire hydrant/fire hose reel around the new building facility. Non Smoking sign is not prominently posted in work area. According to management, the new building facility has not been inspected by local authority as it is not yet complete. However, the factory presented the building permits which have been obtained from local authority.				N/A			All fire extinguishers in place in the new facility in locations throughout the factory; regular inspections of fire extinguishers performed. PC observed that the factory management has become more aware of the safety law and had engaged the services of safety experts in setting up this new facility. The factory management has also sought advice from PC in regards to health and safety requirement for this new factory including the waste water treatment.	Physical Inspection, observation. Document review.	a) The factory has designated a safety officer and sent this manager to attend the Safety Officer Course in the nearby local labor bureau. Annual safety plan has been set up and announced to workers on March 2005. On-going monitoring is required for checking the effectiveness of the Safety Officer. b) All the fire extinguishers are inspected on a monthly basis by Safety Officer.	No finding.	Minor non-conformity with local regulation, e.g. not conduct electrical system inspection. Factory plans to conduct electrical system inspection in 2nd half of this year.	Manager interview	Fire extinguishers were internally inspected twice a month. The last internal inspection was May 20, 2006. In addition, they were externally inspected every three months. The last external inspection was April 7, 2006.	Visual inspection, Fire extinguisher tags review, HR officer and Production officer interview	Fire extinguishers were internally inspected twice a month. The last internal inspection was 20 July 06. In addition, they were externally inspected every three months. The last external inspection was 26 Jul 06.	Inspection tag, observation and staff interview.	**1.** There are A.) one public fire hydrant nearby the factory (100-metre far), B.) fire underground water tank of >10,000 Cubic meter capacity, and C.) about 50 fire extinguishers in the new building, which is sufficient in number for fire-fighting. In addition, factory conducts a fire drill four times a year which ensures workers can evacuate within 3 minutes. **2.** "No Smoking" signs are posted throughout the factory, including the areas where chemicals are present. **3.** Bangkok Municipal Authority inspected the new building and issued a Building Certificate dated 5 August 2004.	Visual inspection, management discussion and review of fire drill logs and relevant documents.	Completed
Document Maintenance/ Accessibility	Notifications of Ministry of Interior, Notification of Ministry of Interior, Re: Safety at Work in Work related to hazardous Chemicals	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	There is no MSDS available either at the point of use or storage of chemicals. There is no designated chemical storage. Chemicals are located throughout the factory. There are forms of solvent and spot reagent used. In addition, machine oil is stored next to rags and other materials. Records and policies need further investigation.	Visual inspection		MSDS is not available at the storage area	After the first FLA audit, factory transferred all screen-printing work to the new building facility. There were no more chemicals used in the old facility. At the new facility, the MSDS notice board was located in a different area from where chemicals are being used/stored.				N/A			The factory made the MSDS and chemical handling policies available in the local language, but PC observed that many workers were still not using masks properly. Factory to provide training to workers on chemical handling and the proper use of protective equipment.	Observation, policy review.	Factory provided training on PPE and related issues to the workers. There were still workers who did not wear the proper mask. Factory to ensure that proper system is set up to check the type of mask being provided to workers. PC will conduct follow up visit to verify this issue.	Observation, Physical inspection. The action plan is needed to be follow up next audit.	Safety sign, MSDS are posted in proper places.	Observation	Some chemicals used in the factory did not have MSDS such as: chemical name T-810.(non-compliance)	List of chemicals and MSDS review Visual inspection at Screening section	Some new chemical do not have MSDS, e.g. Glue cleaning cream no.8, Cleaning powder - remover 44, T-810. Factory to designate a staff responsible for requesting MSDS from chemical suppliers when purchasing new chemicals. Revised deadlines: 30 Sept 06.	MSDS, staff interview.	Factory develops a proper inventory list of chemicals in use. No chemicals without MSDS are found. There is one staff designated to have responsibility in obtaining MSDS from chemical suppliers when purchasing new chemicals.	Visual inspection, document review, and management interview	Completed

	Findings					PC Internal Audit Findings		Remediation					Updates							Third-Party Verification		Updates		Updates		
FLA Code/ Compliance issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Monitor's Findings**	**Documentation**	**Best Practice**	**PC Internal audit findings - Existing Building Facility (August 10-11, 2004)**	**PC Internal audit findings - New Building facility (February 22, 2005)**	**Company remediation plan**	**Target Completion Date**	**Factory Response (Optional)**	**Company follow up**	**Documentation**	**Factory Response (Optional)**	**Company follow up at new facility (February 22, 2005)**	**Documentation**	**Company follow up at new facility (June 5, 2005)**	**Documentation**	**Company follow up at new facility (May 11, 2006)**	**Documentation**	**External Verification (May 24-25, 2006)**	**Documentation**	**Company follow up (August and October 2006)**	**Documentation**	**Company follow up (June 2007)**	**Documentation**	**Status Ongoing, Completed**
Evacuation Procedure	Notifications of Ministry of Interior, RE: Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety.	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	The evacuation map does not match actual floor plans in some locations, it is missing "you are here", it is blocked by fabric in some locations, it is too small and directional arrows are hard to follow. Aisles and some fire exits are partially blocked with materials and workers sitting on the floor. The extension rooms have a stairwell which has small steps and is dangerous for use in emergency evacuation. Painted lines are not available in some areas and worn out in others.	Posted evaluation map		The evacuation maps are not properly positioned to match with the actual floor arrangement. Aisles and some fire exits are partially blocked by materials. No lines to mark the aisles on the second floor. The stairs at the extension building have steps that are narrow and not flat which will be dangerous for emergency evacuation.	No evacuation route and evacuation map at the new building facility.				N/A			Evacuation maps have been provided at the new facility. Factory conducted the fire drill on 9th February 2005. There were 70 workers who were trained in the fire-fighting course for beginners. Worker interview confirmed this. Currently, the factory has more space for workers and machinery; aisles are not blocked/crowded, workers do not sit on the floor or stairwell, aisle space is indicated with floor markings.	Document review, worker interview.	Factory conducts fire-drill once a year, the next round is due in February 2006.	Document review.	No finding. Next evacuation drill will be in May 2006	Manager interview, document	Fire and emergency evacuation plans were posted in various locations around the factory. The factory provided fire drill training once a year. Last training was conducted on May 20, 2006	Visual inspection, Training record review, Worker and HR officer interview	Last evacuation drill was conducted on 20 May 06.	Staff interview and fire drill record.	Latest evacuation drill was conducted on 26 May 07.	Staff interview and fire drill record.	Completed
Safety Equipment	Notifications of Ministry of Interior, Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety.	.	Some fire extinguishers were blocked and not properly marked.	Visual inspection		Access to many units of fire extinguishers was blocked; no mark for restriction box at each unit; many units are dusty; one is corroded. No first aid box on the fourth floor; first boxes do not have complete kit for wound cleaning and dressing; cotton not wrapped properly.	Most of fire extinguishers at the new building are blocked by materials. All of them are placed on the wall without any visual display such as sign or labeling. All the fire extinguishers are still in the plastic bag when they are hung on the wall.				N/A			Most fire extinguishers at the new facility are new and were provided with location indicator signs and restriction boxes. Every unit was provided with inspection tag. Extinguishers are no longer blocked, the factory has provided clear signage to each position of the fire extinguishers. They can be seen from a far distance.	Physical Inspection, Document review.	no further finding on this	Document review, worker interview.	N/A		Fire extinguishers were placed in accessible locations, mounted on walls, with clear, prominent markings. All fire extinguishers have instructions in the local language.	Visual inspection, worker interview	Fire extinguishers have been re-installed at lower level: 1.2 meters above floor according to Thai regulation (1 - 1.4 m).	Observation.	Consistent implementation	Visual inspection	Completed
PPE	Notification of Ministry of Interior. RE: Labor Protection, Notification of the Ministry of Interior, Notification of the Ministry of Interior, Safety at Work related to Hazardous Chemicals	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.	The only PPE found (cotton mask) was in the sewing rooms. No PPE for handling of chemicals or usage of specialized machinery. Policies and records need further investigation	Visual inspection		The only PPE found (cotton mask) was in the sewing room. No PPE for handling of chemicals or usage of specialized machinery. Policies and records need further investigation.	The majority of screen-printing workers at the new facility are using only cotton mask. None of the workers wear gloves when working with chemicals. Bandknife workers who are assigned to work near a large cutting machine do not wear ear plugs/hearing protection. There is no warning sign for workers to be aware of the noise hazard. No training has been provided to the workers.				N/A			Factory still needs to improve the Personal Protective Equipment training to all workers. Although there has been a training on PPE since 19 February, however, PC observed that workers are not using the PPE correctly. Further monitoring is required.	Physical Inspection.	On March 4th the factory announced the policy to conduct a training on PPE for workers every 2 months. PC staff provided training on 11 March 2005. PC staff observed that most workers were given the proper mask for screen printing process. However, there were still workers who did not have the proper mask. Factory provided proper masks to all workers and will conduct regular check to ensure workers are using correct PPE.	Physical Inspection.	Factory provided proper PPE to all workers and conduct regular check to ensure workers are using correct PPE. But some workers still do not wear. Progressive disciplinary system might be applied to these workers.	Observation, Manager interview.	All workers were trained about the use of PPE. In addition, the factory announced PPE rules to workers, which stated that if the workers do not use PPE, they will be disciplined by 1. verbal warnings, 2. written warnings, 3. suspension, and finally, 4. termination. However from observation, some workers did not use PPE such as cotton masks.	Visual inspection, Factory rule & regulation and training record review	Some workers still do not wear provided PPE (screening area). In addition to training, PC staff recommended that progressive disciplinary action be applied to worker and supervisor for failure of enforcement.	Observation and HR officer interview.	Workers wear PPE where needed. Factory publicly communicates the PPE requirement in written and training. Progressive disciplinary actions are applied for failure to use or enforcement . No evidence of non-compliance.	Visual inspection, document review	Completed
Chemical Management	Notification of Ministry of Interior. RE: Labor Protection, Notification of the Ministry of Interior, Notification of the Ministry of Interior, Safety at Work related to Hazardous Chemicals	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	No chemical storage present in the facility. Training and policies requires further investigation	Visual inspection	NA	Chemical storage at the new building is not enclosed; chemicals are not properly grouped and labeled; no training on handling chemicals nor briefing about MSDS.	Poor chemical management. Many of the chemical drums/screen-printing paints are left opened. There is spillage of paint on the floors. Lack of eye washing facility. There is no running water at the washing basin for screening blocks. Water treatment facility is not completed/ready to operate. It is not possible to review the drawing as the factory indicated that drawing is not available.				N/A			The factory has set up 3 separate chemical storage warehouses as advised by PC since the last visit. It was observed that factory has provided proper shelves (equipped with second containment). However PC observed that the doors of storage room are kept open. Warning signs are lacking. Ventilation system still needs to be improved. Lack of Standard Procedure to handle chemicals. a) Keep storage doors closed b) post warning signs c) improve ventilation d) develop and implement policy and procedures for safe chemical handling and storage.	Physical inspection.	The factory has installed a proper room for chemical. However, there is still lack of Standard Operating Procedure (SOP) for chemical handling. Further improvement on roofing of Chemical is required in order to improve the ventilation. Warning and PPE signs have been posted to encourage worker to use PPE.	Physical Inspection.	There are secondary containments for liquid chemicals containers but they do not cover all containers. Factory will re-arrange the containers to be covered by the secondary containment.	Observation, Manager interview.	The factory stores chemicals in separate areas with safety signs, MSDS and PPE.	Visual inspection	Some chemical containers are not covered by secondary containment. The factory can easily move the containers to be covered by existing containment.	Observation and staff interview.	**1.** Chemical storage rooms are maintained closed, **2.** An eyewash facility is available in screen-printing area where chemicals are used, **3.** Running water is available in eyewash facility and the water basin, **4.** The water treatment plant is working properly, and the factory conducts waste-water sampling and analysis every 6 months. The testing's results meets the legally-applicable standards**, 5.** Written chemical handling SOP was laid down and factory provides training on chemicals in use SOP on a regular basis. **6.** Secondary containment is provided in the storages at the second floor (screen-printing area), and ground floor.	Observation, management interview and document review	Completed
Ventilation/Electrical/facility maintenance	Notification of Ministry of Interior, Re: Safety at Work in Work related to Electricity	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	In the cargo container there are many improper wiring practices and an open switchbox. Ventilation in the 1.5th floor is poor.	Visual inspection		Exposed and loose electrical wiring at the container van working area; electrical wiring of some electric fans not properly done; poor ventilation at the container van, working areas on all floors and at the cutting and at the new building	Screening section in the new building facility has poor ventilation. The factory uses natural light however, there is a strong vapors of chemical and paints in the screening section. There is no fan or airflow to provide comfortable working condition and minimize the exposure of chemical hazard.				N/A			There is a comfortable temperature at all areas except the screen printing area where ventilation needs to be improved.	Observation, physical inspection.	Factory has installed additional windows to ensure to lower the level of VOC from Solvent. However, PC staff has advised the factory to improved the roofing to be the coated type to reduce the heat during summer months. The factory has agreed and getting this improvement underway. PC staff reviewed the contracts from outside subcontractor for the double coated roofing. Ongoing monitoring will be performed.	Physical Inspection, Management interview. Observation.	There is potential high Volatile Organic Compounds (VOC) (strong smell) at chemical mixing room (2nd floor of warehouse). Recommend factory to conduct VOC monitoring. Take measures (if result exceeds limit) to minimize chemical exposure, such as installing a local extraction system, always close the chemical drums/containers when not in use.	Observation	No inspection of electrical system and working environment condition (non-compliance)	HR officer interview	Still no electrical system inspection, the factory plans is committed to do it in November 2006. There is still a potential chemical exposure at screening area (2nd floor of warehouse) and cleaning point (production area). Factory plans to conduct VOC/chemical monitoring in September 06 to see exposure results and set up mitigation plan if any.	HR officer and staff interview.	Electrical system inspection conducted by an authorized agency, Top Trade and Engineering, on 3rd November 2006. Factory had workplace assessment and VOC monitoring conducted by an authorized agent on 29 September 2006. The test results, however, found "banned" chemicals, e.g.. toluene, cyclohexanone. PC recommended factory to meet with chemical suppliers and sample suspected chemicals for lab analysis, to find out which solvent-based chemicals/inks contain those banned chemicals. Issue not closed. In addition, Factory management improved the ventilation in the screen-printing area by lifting the roof to vent the air flow in the screen-printing area, and coating the roof to reduce the sun heat.	Management interview, document review, and observation.	Ongoing
Record Maintenance	Accident investigation report/ work-related illness report (***Form JP. 4***), Notification of Ministry of Interior (RE: Employee's work safety) page 96	All safety and accident reports shall be maintained for at least one year, or longer if required by law	Accidents reports are not available - only the claim form to social security which does not provide an account of the accident or future preventive measures.	records review		No reports on accidents (to determine cause and to institute preventive measures). No report submitted to the Labor Inspection Office for accidents and safety activities.	Not checked				N/A			No finding. This is a newly set up facility. Further investigation is required.	Further investigation is required.	The factory submitted the accident reports to local government bureau once every 3 months.	Document review.	Factory maintains accident record but no incident investigation conducted. Factory will start to do the investigation and conduct the investigation for next accident onward.	Document, Manager interview.	No accident investigation report. (non-compliance)	HR officer interview and the claim form to social security review	Incident investigation has been conducted and recorded.	Incident investigation report.	Consistent implementation	Review of accident investigation report.	Completed
Machinery Maintenance	Notifications of Ministry of Interior, RE: Safety at Work in Work Related to Radiators. Notifications of Ministry of Interior, RE: Safety at Work in Work Related to Machinery	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	There are no needle guards on sewing machines (this is a significant hazard on the high speed machines). Belt covers on many sewing machines are missing. Special machinery used for finishing and other activities does not have any guards in place.	Visual inspection		No needle guards on sewing machines. Sewing machines do not have inspection tags.	PC staff observed that there is no machinery maintenance scheme for all machines being operated at the new facility.				N/A		Factory has agreed to install beltguard to all the sewing machines and set up proper system to maintenance the machinery.	PC observed that there are some machines in the cutting area that need to have more regular maintenance. Needle guards of some sewing machines are not used properly. a) develop regular maintenance plan, maintain records of regular maintenance b) develop needle guard policy and procedures, provide training to workers, enforce policy and procedures.	Physical inspection.	Factory has installed most of sewing machine with needle guards. Mechanic has been given the proper workstation next to main sewing line to ensure that all the maintenance program is being inspected on a regular basis. However, on-going monitoring is required to ensure that factory could sustain this practice.	Physical Inspection.	Sewing machines' conveyor belt gear are not adequately guarded. Factory will install guard for all belts in within 3 months.	Observation, Manager interview.	Some sewing machines were not installed with conveyor belt gear's guard (non-compliance)	Visual inspection at Sewing section	The factory has installed guard on sewing machines but some sewing machines are still not adequately guarded.	Observation	1. Sewing machines have been installed with needle guards and pulley guards., beltguards have been installed in all sewing machines, 2. Machines in cutting areas are maintained frequently, safeguards are installed, and proper PPE provided with PPE signs posted. 3. Needle guards are installed and used, and factory provides orientation and regular training to workers on machine safety, guards requirement and PPE policy twice a year.	Visual inspection, management discussion, and document review.	Completed
Sanitation in Facilities	Notification of the Ministry of Interior, Re: Prescribing Welfare in Connection with the Health and Sanitation of Employees, Clause 2 (page 31) - 23 basic first aid / pharmaceutical supplies for ten or more employee-workplace + one room for medical treatment with one bed, at least one nurse and one 1st class physician in occasional attendance for factories with more than 200 workers	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	No clinic provided. Medicine in first aid boxes is insufficient. The extent of nurse and doctor visits needs further investigation	Visual inspection		No clinic or treatment room provided. Medicine in first aid boxes is insufficient. Doctor visits factory for one hour every Monday. Overall factory condition is dusty. Poor housekeeping and most fabric scraps are left on the floor. No routine cleaning is observed during a day or during break to ensure hygienic condition of the workplace.	Poor sanitation for drinking and restroom facility. None of the restrooms has running water while the factory has already transferred more than 10 workers to station in the new screen-printing and cutting section. Drinking water is provided in a dirty plastic bottle where workers share the same cups. There is no housekeeper provided to regularly clean up the facility. It was observed that a group of workers are required to take turn and clean the facility according to the 'roster' which has been arranged on the signboard.				N/A		The factory has agreed to provide all the health care and canteen/kitchen health check as recommended by PC.	Toilet - There are sufficient numbers of toilets according to PC requirement (1:40). Toilets are cleaned and tissue/soap are provided. Canteen/kitchen - the factory still require to conduct health check for the food vendors. There is no proper food provider established at this new facility. Further investigation is needed. Clinic - has not yet been fully set up. There is an allocated room with a bed. However, there is no curtain to provide privacy to patient, no water supply for the washing basin, no patient record established and statistics of accidents and illnesses. Further investigation is required. First Aid - the first aid boxes are checked by Human Resources staff. There are sufficient first aid boxes in the factory according to PC standards.	Physical inspection. Further investigation is required.	Toilets are in compliance with PC standard. Canteen food provider will be hired in August, factory to provide the Health Check every 6 months. The canteen will be up and running by October 2005. Clinic - right now the factory has set up a clinic with bed and curtain. There is a nurse on site full-time. Doctor comes to visit the factory once a week for the benefits of workers which is considered as 'Best Practice'.	Visual Inspection, Worker interview.	Some men toilets at sewing lines are clogged. Factory will check discharge system, ensure they are not clogged. To prevent this, housekeeper will inspect the toilets every day and inform technician to fix if it does not work properly.	Observation, Manager interview.	The first class physician worked only 3 hours per week which does not comply with the law. (non-compliance) According to Ministerial Regulation Re: Welfare in the workplace B.E. 2548, Clause 2 (2)"An industrial having two hundred or more working at the same time shall be provided with a) one room for medical treatment and enough essential pharmaceutical b) at least one nurse c) at least one first class physician work in the workplace at least twice a week and the total hours work have to not less than 6 hours per week."	Visual inspection at medical room, Nurse and HR officer interview	Clinic - There are one nurse for all working times and one doctor comes to work on Tuesday, Thursday, and Saturday from 10-12 am. Toilet - The clog of toilet are remedied.	HR officer, nurse interview, and observation.	Consistent implementation. There is one full-time nurse in medical treatment room with two beds. Factory abandoned the doctor visit, but resolved to sign an authorized contract with Ratburana Hospital, effective 17 January 2007, for 24-hour service of medical treatment in case of major accidents or injury, etc. This is in accordance with the 2005-Ministerial Regulations.	Observation, document review	Completed
Sanitation in Dining Area		All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.	No dining area or cafeteria provided - many workers were sitting in the road eating lunch. Drinking water only available on the 1st floor (4 storey building)	Visual inspection		No dining area or cafeteria provided - many workers were sitting on the road eating lunch. Drinking water available only on the ground floor (4 storey building)	The new facility has a dining area, however, there are no chairs or tables where the workers can sit down. Workers still sit on the floor when eating. No drinking water is provided to the workers in the new facility.				N/A			The kitchen is not yet operational. Further investigation is required.	Further investigation is required.	The factory already provided chairs and tables at the dining area. During lunch time, worker can watch the television as well. However, the factory is still in the process of installing the kitchen and food vendors. It is expected to be completed by the end of 2005.	Visual Inspection, Observation.	At canteen, foods are prepared, stored, and served in a sanitary manner. Safe drinking water is available in each building.	Observation	No violation was found. Utensils, dishes and cookware properly sanitized after use. The canteen staff had health checks and obtained health certificates.	Visual inspection, Health check certificate review	No finding.	Observation	No evidence of non-compliance. Factory maintains good hygiene conditions at canteen and toilets. Canteen staff have health check annually.	Visual inspection, management and worker discussion.	Completed
Worker Participation		Workers should be involved in planning for safety, including through worker safety committees	There is no health and safety committee	Interview with H&S officer		No worker is member of the Safety and Health Committee	Not checked				N/A			No finding. The factory has set up the Safety Committee as well as Welfare Committee in January 2005. There was a meeting for both meetings held in February 2005. Daily workers have participation.	Worker Interview, Document review.	No further finding. The Safety Committee is active and holds meetings monthly.	Document check.	HSE committee meets monthly and discuss HSE condition in factory, PPE review, and safety inspection result and plan.	Document	Some committees at levels of safety operation, occupational sanitation and working environment committees resigned thus, the ratio of the committees between commanding levels and operation levels were not complied with law. (non-compliance) **Observation:** The safety, occupational sanitation and working environment committees have surveyed the working area every month but no records of surveys are available.	Name list of committee at level of operation of the safety, occupational sanitation and working environment review and HR officer interview	Ratio of safety committee does not comply with the regulation. This factory needs at least 7 persons for the committee (1 president, 1 safety officer, 2 from manager level, and 3 from worker level). Factory to revise ratio of Safety Committee by September 06. The safety inspection record is in place. SEA staff review HSE inspection/survey records which are available from July 06 onwards.	HR officer interview, minutes of safety committee meeting, and inspection records.	There is a Safety Committee in line with legal compliance. The existing committee is consisted of 4 persons at management levels, 4 persons at operational level, plus chairman and safety officer acting as secretary. Regular meeting minutes are maintained and inspection records are developed and used.	HR officer interview, minutes of safety committee meeting, and inspection records.	Completed
Other	Dept. of Industrial Work's Regulation RE: Hazard Identification, Risk Assessment and Risk Management Plan (B.E. 2543). Notification of Ministry of Labor and Social Welfare, RE: Safety at Work of Employee . Notification of Ministry of Labor and Social Welfare, RE: Occupational Health, Safety and Working Environment Committee, B92		Needs further investigation			Not checked	Not checked				N/A			No finding of non compliance.	N/A	N/A	N/A	Hazard Identification, Risk Assessment and Risk Management Plan notification is not applicable to the factory, this factory type is not in the list of the notification. Factory complies with all other listed safety regulations.	Manager interview, document, observation.	The forklift driver did not pass the safety test for driving forklifts yet as well as lack of safety training for a forklift driver.	HR officer interview, Certificate review.	The forklift driver still did not pass the safety test for driving forklift. The factory is looking for the authorized trainer and expects to have training within 2006.	HR officer interview.	Factory organized forklift training on 23 Sept 2006. All trainees passed the test.	HR officer interview and review of certificates.	Completed

	Findings					PC Internal Audit Findings		Remediation					Updates							Third-Party Verification		Updates		Updates		
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal audit findings - Existing Building Facility (August 10-11, 2004)	PC Internal audit findings - New Building facility (February 22, 2005)	Company remediation plan	Target Completion Date	Factory Response (Optional)	Company follow up	Documentation	Factory Response (Optional)	Company follow up at new facility (February 22, 2005)	Documentation	Company follow up at new facility (June 5, 2005)	Documentation	Company follow up at new facility (May 11, 2006)	Documentation	External Verification (May 24-25, 2006)	Documentation	Company follow up (August and October 2006)	Documentation	Company follow up (June 2007)	Documentation	Status Ongoing, Completed
Health and safety management			H&S officer could not demonstrate a basic understanding of the H&S systems in the factory.	Visual inspection and interviews with the H&S officer		No annual health and safety plan; the assigned Safety Officer is also the Production manager. There is no safety policy signed by management. Safety officer could not demonstrate the understanding of basic safety concept. There is no internal audit on safety issue.	Management interview indicated that there was no safety management system in place for the new building facility. It was observed that although the building was new, it lacked many fire safety requirements. On-going construction was not segregated from the new cutting department and the re-location of screening and printing was done without any proper plan. There was no system for both Chemical handling and fire safety. The fire safety map was not available. There were no warning signs at the nearby construction site. Construction workers and factory workers were allowed to enter the site and no "No Smoking" signs were posted; smoking on premises was observed. It was recommended to management that they should seek professional help in installing the safety requirements at the new facility especially in the handling of chemicals. Expansion of the new building should involve an expert in order to ensure maximum health and safety condition for the new facility.				N/A			There is no annual safety plan for 2005. The factory needs to set up the safety plan. Management has sent one representative to attend the safety training class. PC has informed the factory to recruit one full-time staff for safety officer.	Document review.	The factory sent one staff person to attend the Safety Officer Course in the nearby local labor bureau. Safety plan was set up and announced to workers on March 2005. On-going monitoring is required for checking the effectiveness of the Safety Officer.	Document review. Observation.	Certified safety officer is in place and she has staff to help perform safety officer tasks. New building has been completed and factory applied all adidas HSE standards to the building, there is a minor issue, as fire extinguishers are hung too high. Safety plan is set, e.g. PPE training, first aid and basic fire fighting trainings, emergency drill. The fire extinguishers will be re-installed at lower level within 3 months.	Manager interview, document	3 foremen did not pass the safety officer test at foreman level training since they were new employees. However, the factory did not set up a training plan to correct this issue. (non-compliance)	HR officer interview, Certificate of safety officer at foreman level review	Three foremen still did not attend the safety officer training at Supervisory level training since they were new employees. However, the factory is sending these people to attend the training within Oct 06. The Fire extinguishers are re-installed in accessible and lower level within the legal limit (1-1.4 meters high)	HR officer interview. Visual inspection	Two additional foremen attended a safety officer training at supervisory level on 29 March 2007.	HR officer interview and review of certificates.	Completed
7. 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	Needs further investigation			Not checked	Not Checked - There is a small group of workers at the new facility (not over 20 people) at this stage, it is not possible to check the FOA issue.				N/A			No written policy on freedom of association. Develop a written policy on Foal, post policy, inform all workers of policy on Foal, include information in new employee orientation.	document review	The factory supports the worker for FOA issues. There is a Welfare Committee in the work place. According to worker handbook it was also stated that the factory will enforce the Section 92 on Welfare Committee program in the workplace. Welfare committee meets regularly.	Document review, worker interview, management interview.	No Foal policy written. Factory will set the policy by end of June 2006 and communicate to all employees by July 2006. Although there is no such policy, it has not been reported that management restricts workers from joining unions, associations, committees or other forms of workers' group.	Manager and Worker interview	No freedom of association policy was established. (risk of non-compliance)	Management and HR officer, Welfare committee interview	The factory has incorporated Freedom of Association Policy in factory internal rules and regulations, dated 1 July 06. The policy states a respect of workers to form or join organizations of their own choosing. Local Labor Bureau endorsed the revised regulations, dated 19 July 06. The revised internal rules have been posted on factory notice board at the main building. Division supervisors were delegated to verbally communicate the revised rules and FOA policy to workers during 1-15 July 06. Workers signed their names in a paper for acknowledgement.	Review of revised internal rules and regulations, workers' signature records on acknowledgement of communicated policy. And management interview.	Consistent implementation	Workplace observation, and management interview	Completed
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																										
Minimum Wage		Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher	Needs further investigation			Lowest wage of workers is Baht 170 a day, the prevailing minimum wage in Bangkok.	All the workers at the new factory are managed by the identical system to the existing factory, they are under the same payroll.				N/A			No finding of non-compliance	Document review, worker interview.	N/A	N/A	N/A	Document	The workers were compensated for all hours worked in accordance with the law. All overtime hours were compensated at the premium wage rate established by the law. All workers were paid at least the minimum wage.	Worker interview, Payroll and time record review	Consistent implementation. No evidence of non-compliance	Review of Apr-June 06 payroll, time record. And management and worker interviews	Consistent implementation	Review of Mar-May 07 payroll, time record.	Completed
Training Wage		Where training wages are legally allowed, no worker will be paid a training wage for more than three months cumulatively	Needs further investigation			not applicable	N/A				N/A			No finding of non-compliance	N/A	N/A	N/A	No training period, all workers are hired as normal workers receiving legal minimum-wage payment (both before and after passing probation)	Document	No violation was found.	Payroll and time record review	Consistent implementation. No applicable training wages under the Labor Protection Act.	Review of Apr-June 06 payroll, time record. And management and worker interviews	No evidence of non-compliance	Review of Mar-May 07 payroll, time record.	Completed
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	Needs further investigation			Interviewed workers don't know how much they will receive if they worked on Sunday (according to them they have not yet worked on a Sunday)	N/A				N/A			No finding of non-compliance	Physical Inspection.	N/A	N/A	HR trains worker how to calculate wages and OT wages. The calculation sample is also posted on communication board.	Document, worker interview, observation.	Samples of how to calculate wages was posted on the board.	Visual inspection and worker interview	Consistent implementation.	Visual inspection, and management and worker interview	No evidence of non-compliance	Document review and workplace observation	Completed
Wage and Benefits Posting		All notices that are legally required to be posted in the factory work areas will be posted. All legally required documents, such as copies of legal code or law, will be kept at the factory and available for inspection	Needs further investigation			No such notice posted	N/A				N/A			Sample computation of wage is posted on the bulletin board	Physical Inspection.	The sample of how to calculate the wage is posted on the bulletin board.	Visual inspection.	Factory rules are posted in factory areas (in front of HR department office and volleyball field which workers can easily access.	Observation	No minimum wages information was posted on the notice board. (non-compliance)	Visual inspection	An updated 2006 minimum wage information posted on the notice board.	Visual inspection and management interview.	The update min wage announcement is posted on the bulletin board	Update minimum wage notification review and factory walk through	Completed
Payroll Reporting		Accurate and reliable payroll reporting, including pay stubs will be provided	Needs further investigation			See comment on next item below	N/A				N/A		Factory has agreed to follow adidas suggestion	Factory to make the adjustment for the payroll column as per PC requirement.	Document review.	The factory has made the adjustment for the payroll system to ensure that the linkage of attendance record and payroll calculation can be done by computer to ensure accuracy.	Document Review	N/A	Document, worker interview	No violation was found.	Payroll and time record review	Consistent implementation	Review of Apr-June 06 payroll, time record. And management and worker interviews	No evidence of non-compliance	Review of Mar-May 07 payroll, time record.	Completed
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	It was found that the workers do not receive a pay slip. The factory has workers to sign a payroll log - however signatures in this log were not those of the workers.	Records review and interview with HR officer		Workers are given strip of the payroll sheet showing the details of their pay. They then sign on the payroll sheet but the signatures in the payroll sheet were not those of the workers.	N/A				N/A		Factory has agreed to follow adidas suggestion	Workers now receive a pay slip, no signature for payroll sheet is required since workers receive a copy of the pay slip and payroll department retains a copy for their records. Pay slip contains all required items as per PC codes. However, PC has commented the factory to provide a larger pay-slip so it's easier for workers to check.	Pay-slip review.	Workers receive a pay slip and they sign to acknowledge receipt. Pay slip is larger and format complies with PC standards.	N/A	Workers receive a pay slip and they sign to acknowledge receipt. Pay slip format complies with PC standards.	Worker interview, document, manager interview	The factory provided a pay slip to workers for each pay period that detailed items such as deductions and net wages.	Payroll, pay slip and time record review	Consistent implementation	Worker interview.	No evidence of non-compliance	N/A	Completed
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	Needs further investigation			Working hours are recorded by electronic system and are paid correctly.	The new factory uses manual clock card to record the time. It was observed that most clock cards reflect the clear in/out time for each worker. No non-compliance found.				N/A			No finding	Document review, worker interview.	N/A	N/A	Public holiday is recorded as absence of worker in time recording sheet, but the payment is correct.	Document	No violation was found.	Payroll and time record review, worker interview	No progress of implementation. Although payment for paid public holiday is correct, public holiday is still recorded as absence, meaning that HR staff has to key in data manually to make it paid. The factory agreed to revise payroll software for improvement. Revised deadline: 31 Aug 06	Management interview, review of Apr-June 06 payroll	On-going process. Factory is committed to improve payroll software, and will submit CAP accordingly.	Management interview	Ongoing
Record Maintenance		All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.	Needs further investigation			Payroll records of previous months were readily supplied by the factory. Interviewed workers confirmed the amount indicated on the payroll was what they received. (Payroll sheet was not shown to them. They were just asked to recall the amount they received during the last payday).	N/A				N/A			No finding. All the payment is made and workers sign their name to acknowledge receipt.	Document review, worker interview.	N/A	N/A	N/A	Document	No violation was found.	Payroll and time record review, worker interview	Consistent implementation. Workers sign their names to acknowledge receipt of payment.	Review of Apr-June 06 payroll, time record. And worker interviews	According to the adidas Group's Guidance Note issued in Jan 07, If the factory pays workers by direct bank transfer, the workers must receive a detailed pay slip, but need not to sign the payroll. Factory starts not to request workers to sign their names in payrolls effective from June payroll onwards	Review of Mar-June 07 payroll, and management interview	Completed
Accurate recording of wage compensation		All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately	Needs further investigation			Hourly wages and overtime pay are computed correctly	N/A				N/A			No finding. The factory is using the electronic clock card to record the hours of work. Overall the records and worker interview did not indicate any risk of mis-calculation.	Worker Interview, Document inspection.	No finding.	Document Review	N/A	Document	No violation was found.	Payroll and time record review, worker interview	No evidence of non-compliance.	Review of Apr-June 06 payroll, time record. And management and worker interviews	No evidence of non-compliance.	N/A	Completed
Timely Payment		All compensation shall be paid in a timely manner	Needs further investigation			Payment of wages and other earnings is done twice a month on every 5th and 20th of each month	N/A				N/A			No finding. On-going monitoring is needed. At present, the factory pays workers twice each month on 5th and 20th. Workers - are paid on time according to workers' statements.	Worker Interview, Document inspection.	No finding.	Document Review	N/A	Document	No violation was found.	Payroll and time record review, worker interview	No evidence of non-compliance.	Review of Apr-June 06 payroll, time record. And management and worker interviews	No evidence of non-compliance.	N/A	Completed
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	Needs further investigation			Workers can refuse to work overtime according to payroll review and worker interview	N/A				N/A			No finding. The workers OT requisition form is available for PC review.	Document review.	No finding, all the OT request form is still being used.	Document review, worker interview.	"Employees need to do overtime work if employer requests" is stated in employment contract. But there is actually no forced overtime. PC asks factory to amend the contract's content	Document, worker interview	No violation was found	Time record and OT sheet review, worker interview	The factory has amended the mentioned clause in the employment contract. No evidence of forced overtime	Review of employment contract, management and worker interview	No evidence of non-compliance.	N/A	
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	Needs further investigation			Overtime work is from Tuesday to Friday only (none on Monday and Saturday, sometimes even on other days) at 3 hours a day at the most.	It was observed from the clock cards for workers at the new facility that none of them worked overtime during that week. According to worker interview, all workers at the new building facility did not work overtime as the building was not ready to operate at night time.				N/A			No finding, all workers are working at limit of 60 hours per week.	Document review. Observation. On-going monitoring is required.	The same practice that worker worked not exceed 60 hours per week is still be applied. The company policy also states this clearly.	Document review, worker interview.	N/A	Manager interview, worker interview, record	One randomly selected worker who worked in the Packing section worked overtime in excess of 12 hours per week (16 hrs.) in Feb.'06. In addition, the worker only recorded the number of overtime hours in the OT sheet at 12 hours per week. This is a inconsistency between the OT sheet and time record. (non-compliance)	Time record and OT sheet review	In reviewing the case raised by IEM, factory reported that worker was assigned to go with transportation to deliver goods, so he spent time exceeding that indicated in the OT sheet which was signed up before departure. But the payment of OT premiums for this worker was correct because wage calculation was based on computerized time attendance (the worker swiped the time out after he returned from goods delivery). No evidence of non-compliance later on as OT is managed 3 hours/day and 4 days a week.	Review of Feb, Apr-June 06 payroll, time record, management and worker interview	It was not found working hours exceed than 60H/W during Mar - June09'07.	Work hours record, payroll, OT sign up sheet, workers interview	Completed/ On-going monitoring
Reduce Mandated OT		The employer will demonstrate a commitment to reduce mandated overtime and to enact a voluntary overtime system to meet unforeseen situations	Needs further investigation			Not checked	Not checked				N/A			No finding of non compliance.	N/A	Voluntary overtime system is in place.	Document review, worker interview.	N/A	Document, worker interview	The factory has a policy of a limited number of OT at 12 hours per week. The workers are allowed to work OT on Tuesday to Friday and 3 hours per day.	HR officer and worker interview	Consistent implementation	Review of April-June 06 payrolls, and management and worker interviews	Written voluntary OT policy was laid down in 20 Aug 2005, ensuring overtime must be done on a voluntary basis. No evidence of forced overtime.	Review of Mar-May 07 payroll, OT policy, management and worker interview	Completed
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.																										
OT Breaks		Employers will ensure reasonable meal and rest breaks, which, at a minimum, must comply with local laws	Needs further investigation			Lunch break is for one hour. A thirty minute break is given before overtime.	Not checked				N/A			Lunch break is for one hour. A thirty minute break is given before overtime	Company policy, worker interview.	Normal OT break is applied as specified by labor law, No finding.	Observation, Visual Inspection.	N/A	Worker interview	Workers given one hour for lunch break and thirty minutes break before OT	Time record review and worker interview	Consistent implementation	Review of Apr-June 06 payroll, time record. And management and	No evidence of non-compliance.	N/A	Completed

	Findings					PC Internal Audit Findings		Remediation					Updates								Third-Party Verification		Updates		Updates		
FLA Code/ Compliance issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Monitor's Findings**	**Documentation**	**Best Practice**	**PC Internal audit findings - Existing Building Facility (August 10-11, 2004)**	**PC Internal audit findings - New Building facility (February 22, 2005)**	**Company remediation plan**	**Target Completion Date**	**Factory Response (Optional)**	**Company follow up**	**Documentation**	**Factory Response (Optional)**	**Company follow up at new facility (February 22, 2005)**	**Documentation**	**Company follow up at new facility (June 5, 2005)**	**Documentation**	**Company follow up at new facility (May 11, 2006)**	**Documentation**	**External Verification (May 24-25, 2006)**	**Documentation**	**Company follow up (August and October 2006)**	**Documentation**	**Company follow up (June 2007)**	**Documentation**	**Status Ongoing, Completed**
Accurate recording of OT hours worked?		Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work	Needs further investigation			Working hours are recorded by electronic system and are paid correctly.	Not checked				N/A			Working hours are recorded by electronic system and are paid correctly.	Worker interview.	N/A		N/A	N/A	Document, worker interview	All workers were paid for all hours worked in a workweek. Overtime hours were compensated at the premium wage rate. However, One randomly selected worker who worked in the Packing section worked overtime in excess of 12 hours per week (16 hrs.) in Feb.'05. In addition, the worker only recorded the number of overtime hours in the OT sheet at 12 hours per week. This is a inconsistency between the OT sheet and time record, the payroll and attendance records shall be matched each other. (non-compliance)	Time record and payroll record review and worker interview	See the explanation above. In addition, IEM (Kenan) clarified to PCs on 7/18/06 that the worker received OT compensation correctly as disclosed in the attendance record (16 NW).	Review of Feb. Apr. June 05 payroll, time record, management and worker interview	No inconsistencies found. All worked hours were paid correctly. Anyway, PC will continue to monitor working hours on a timely basis.	Work hours record, payroll, OT sign up sheet, workers interview	Completed
OT Compensation		The factory shall comply with applicable law for premium rates for overtime compensation	Needs further investigation			Factory pays legally required overtime premium	So far none of the worker in screening section has worked overtime, not possible to verify				N/A			Factory pays legally required overtime premium	Document review. Worker interview.	Overtime calculation is done correctly for workers.	Document review.	N/A	Document, worker interview	No violation was found	Time record and payroll record review and worker interview	No evidence of non-compliance	Review of Apr-June 05 payroll, time record, management and				Completed
OT Compensation Awareness		Workers shall be informed about overtime compensation rates, by oral and printed means	Needs further investigation			Interviewed workers don't know how much they will receive if they worked on Sunday (according to them they have not yet worked on a Sunday)	Not checked				N/A			Workers interviewed indicated that they understand how to calculate the overtime. Sample computation of wage / OT is posted on the bulletin board.	Worker interview.	N/A	Document review, Security guard interview.	N/A	Worker interview	No violation was found	Time record and payroll record review and worker interview	No evidence of non-compliance	Worker interview				Completed
Miscellaneous																											
Unauthorized subcontracting			A truck delivered cut materials to the factory (there are no cutting operations at the factory). The silk screen operations have been stopped at the factory and it was reported that silk screens are sent out to another factory. As per the factory management's response it is not clear if they understand the difference between vendors and subcontractors.	Visual inspection and HR interviews		Cutting and printing operations have been transferred and are currently done at the new factory. Except for embroidery, there is no other work for sub-contractors.	It was observed that all the printing is being done at the new building facility. However, this new facility has not been approved by PC.				N/A			PC has approved the printing subcontracting facility.	Physical inspection	N/A	Physical Inspection	No unauthorized subcontracting was found.	physical inspection	No unauthorized subcontracting was found. Since factory informed that none of the products were utilized to a subcontractor.	visual inspection and management interview	No evidence of using unauthorized subcontracting	Management interview				Completed
Liability in sub-contracting						The embroidery is done by sub-contractor. Situation at the embroidery sub-contractor not checked.	N/A				N/A			The embroidery is done by sub-contractor. Situation at the embroidery sub-contractor not checked.	N/A	Embroidery is still done by outside sub-contractor.	N/A	Still use outside embroiderer service from outside.	N/A	N/A	N/A	N/A	N/A	N/A	According to management and sourcing, no orders have been placed with embroidery styles for the past few years. Therefore, no embroidery subcontractor has been audited and no violation was found. Nevertheless, the factory management reported that they are planning to purchase embroidery machines in the near future.	Management discussion	Completed
other																				The workers and guard interviewed informed that the factory's entrance will be locked after 07.15 a.m. to prevent workers coming late to the factory. The workers will be allowed to access the factory at 12.00 a.m. and will be half paid. (uncorroborated evidence of non-compliance)	Worker interview / guard interview	The factory management confirms the findings, explaining that management doesn't want late-coming workers to take advantage of those who come early since there's no attendance bonus in place. But factory management will take it into consideration in applying the existing progressive disciplinary system. A clear policy and written communication should be completed by 31 Aug 06.	Management interview	Factory has cancelled this practice, also revised the rules and regulations. Therefore, if workers come to work late, they will be subject to progressive discipline as outlined in the rules and regulations	Review of rules and regulations, policy, and staffs, workers, security guard interview.	Completed