

*The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.*

### **What is a Tracking Chart?**

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

### **What a Tracking Chart is NOT -**

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

**Note on Language**

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]", etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

**Instructions for Printing**

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

<b>FLA Audit Profile</b>	
Country	PAKISTAN
Factory name	360257357E
IEM	IT GROUP SOLUTIONS PVT LTD.
Date(s) in facility	10 & 11 OCTOBER 2006
PC(s)	NIKE Inc. & Puma AG
Number of workers	2014
Product(s)	SOCCER / RUGBY BALLS AND GLOVES
Production processes	LAMINATION, CUTTING, PRINTING, SORTING, STITCHING, PACKING

**Please note:**  
 Nike has ceased ordering product to be manufactured with this factory due to their repetitive failure to correct significant labor compliance and safety violations in a timely manner.

Nike contracted a 3rd party to follow up on remediation efforts in the factory. Through this work the factory has been able to remediate many of the critical issues, but not all due to long-term business viability. Because of the lack of on-going business orders, the factory has advised of their decision to permanently lay off workers.

Efforts will be focused on verifying severance and compensation are in accordance with rule of law and that the rights of the workers are upheld through assistance provided by multi-stakeholder initiatives on the ground.

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings		Remediation		Updates (Dec. 12 2006)		Updates (Jan. 22 2007)		Updates (Feb 9th & April 6th, 2007)		Company Verification Follow up	
			Non-compliance	Risk of Non-compliance	PC Remediation plan	Target Completion Date	Company follow up (Many dates in Nov 2006)	Company Follow up (Dec. 12, 2006)	Documentation	Company Follow up (Jan. 22, 2007)	Documentation	Status	Company Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation
<b>1. Code Awareness</b>														
Code posting/information		<b>FLA Principle of Monitoring, Obligation of Companies:</b> Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	While the Nike CoC poster is posted in the local language in work areas only the English version of Nike's CoC poster is posted in the Press cutting section. Puma's CoC poster is not posted anywhere in the facility.	Nike CoC Urdu (local language) has been re-printed and distributed. CoC card also been translated to Urdu and distributed to all workers. Puma's CoC was posted during last internal visit, will follow up during next visit.	November 11, 2006	Nov. 7, 2006 Nike CoC posters and cards found to be posted and made available to all workers per on-site visit. Based on Puma's site visit in Feb 06, Puma CoC in local language was posted in Puma section. Will follow up during next visit to verify Puma CoC is posted.	Dec 12 2006 Puma's Coc was posted at at least four different working areas Likewise, Nike's Coc was posted at many areas	Visual inspection						
Worker/management awareness of Code		<b>FLA Principle of Monitoring, Obligation of Companies:</b> 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.	Most Managers/Supervisors and none of the workers interviewed, were aware of Nike's Code elements not about any training programs on Code awareness conducted in the factory. Puma Code of Conduct is not posted in the Facility.	Hand stitching is done in 14 centres in villages within 20 to 100 kms of Sialkot. This information was not made available to the auditors prior to the audit. Hence visits to these centres could not be scheduled. No evidence of training programmes being conducted in these centres could be provided by the management.	February 2, 2007	Nov. 25, 2006	Dec. 12, 2006 Training on customers' code of conduct is now provided for in the new employment contract as among the trainings to be given to the employee. These is an on-going series of training on harassment and abuse for all employees with the last two series done on Nov. 25 & 26, 2006.	document review	CoC of customers have been included in the 2007 training plan for all employees.	Mgmt interview Attached: Training schedule.xls Training evaluation form.doc	Training is done but topics are delivered in staggered manner with different departments in attendance and for only one hour each time. Factory will arrange future trainings for a longer period to cover all the elements in the code of conduct and will document each training. (A training was on-going during the visit and one auditor observed the conduct of the training)	training plan, training attendance, actual observation	pending	
Confidential non-compliance reporting channel		<b>FLA Principle of Monitoring, Obligation of Companies:</b> 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 non-compliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	There is no confidential non-compliance reporting channel. Contact numbers of NIKE were not available on the Code posters seen in the facility. Workers interviewed requested the auditors to provide contact numbers of NIKE as they wanted to contact NIKE for discussing their grievances.	Suggestion boxes in the gents toilet block on the first floor does not have any signage Mobile phone numbers of local third party monitors are posted in all major areas in main factory and all stitching centers. Regular on-site monitoring has also been arranged. All suggestion boxes have signage posted.	November 11, 2006					Attached: Suggestion box slider.				
<b>2. Forced Labor</b>														
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise														
Employment Records	Employment (Record of service) Act 1951 section 4.	Employers will maintain sufficient hiring and employment records to dematerialize and verify compliance with this Code provision	Personnel Records are not maintained for piece-rate workers engaged in the Printing Section.	Personnel records and HRP for contract workers must be revamped.	December 12, 2006	Factory committed to ensure benefits and HRP of these contracted workers at the same level as its permanent employees. Need further verification.				Management interview.	April 6, 2007 Due to substantial business downtime, all contract workers were terminated. Further verification is not possible.			
Employment Terms	West Pakistan Industrial & Commercial Employment (Standing Order) ordinance, 1969, Schedule (section 2(i)) Section 2-A.	Employment terms shall be those to which the worker has voluntarily agreed.	1. Employment contract states that this contract is valid for one year however there is a clause that states that this contract needs to be renewed every month; this clause contradicts the annual validity of the contract. 2. Copy of employment contract not found formally issued to salaried employees whereas legally every employee at the time of his/her appointment, transfer or promotion is required to be provided with an order in writing, showing the terms and conditions of his/her service. 3. Employees sign on employment contract which clearly states that employee signs this contract "Agreed and accepted Un-Conditionally."	1. Employment contract clearly states that an employee & his family can avail of medical facility from "Factory" Medicare but actually only those employees can get this benefit who are not covered under social security (salary above Rs:2000 per month). Factory shall ensure that all employees shall be provided with an employment contract upon the start of employment. Factory announced to all employees that all employees will be entitled to use medical facility.	November 11, 2006	New contract will be in effect in Jan 07 when it is renewed. Workers will be provided a copy of contract in local language. All points in firing will be remediated	New employment contract had been devised but not signed yet based on the new format (see new provisions in Row 21 below). The phrase "agreed and accepted unconditionally" still present as factory believes there is nothing wrong with the phrase. However, factory said it will still consult its lawyer about this. Issuance of new contracts to be checked in January '07. Announcement regarding the use of medical facility by "all employees regardless of earned wage" was released on November 6, 2006. Interviewees were aware of this.	document review, management and workers interview	Contracts have not been issued yet, to be checked during next visit.		Distribution of new contracts was stalled due to the planned retrenchment program as some of the old employees might avail of the retrenchment offer.	management interview		
<b>3. Child Labor</b>														
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.	Proof of age documents are not available for piece-rate workers working in the Printing section	New set of age verification documents proposed - only government issued documents will be accepted. Age verification document and personnel files are mandatory for all employees. Personnel files for printing contractors (contract workers) are being updated.	December 12, 2006	Revamp of the requirement for Age Verification is completed. Completion of personnel files for all workers including contracted workers is pending.				Management interview.	April 6, 2007 Due to substantial business downtime, all contract workers were terminated. Further verification is not possible.			
<b>4. Harassment or Abuse</b>														
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or 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.	Five workers were terminated on 5th October without notice or appropriate procedures being pursued	Investigation must be conducted. Re-instatement is non-negotiable if improper procedure found.	November 11, 2006	11/17/2006 Results of investigation by external party concluded 7 workers were dismissed without due process. Re-instatement was agreed to by factory management and has been executed. All 7 workers are back to work in the facility.	All of the 7 workers previously terminated have been reinstated	reinstatement letter, interview with three of the reinstated workers (all active members of the union including one leader)						

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	PC Remediation plan	Target Completion Date	Company follow up (Many dates in Nov 2006)	Company Follow up (Dec. 12, 2006)	Documentation	Company Follow up (Jan. 22, 2007)	Documentation	Company Follow up (Feb. 19, 2007 & April 6, 2007)	Documentation	Status	Company Follow up (One date of planned or follow up visit, if appropriate)	Documentation	
Physical Abuse		Employers will not use physical discipline, including slaps, pushes or other forms of physical contact (or threats of physical discipline).		Workers interviewed stated that the workers are beaten with sticks in a room located on an elevated tract near the swimming pool [in the factory].	External local monitor was asked to investigate this issue. Information will be shared when available.	November 11, 2006	11/25/2006 Investigation by external party concluded there is no evidence to substantiate this allegation. None of the workers interviewed ever heard of this room or the existence of this practice. Rooms near the swimming pool are storage and residence of 3 workers (picture attached). Factory has a policy against harassment and abuse.	Workers who were interviewed were not aware of the incident. Union members who were interviewed said that the report was not true. The room referred to is located in what used to be a laundry area but is now the sleeping quarter for gardeners and driver. The gardener said he was not aware of the incident.	Visual inspection; interview of gardener; some workers including three of the reinstated workers								
Disciplinary Practices		Employers will utilize consistent written disciplinary practices that are applied fairly among all workers	There are no consistent written disciplinary practices that are applied fairly among all workers		Written disciplinary procedures must be developed and implemented and communicated to all employees. Policy should include sanctions against those who violate the policy regardless of their rank.	February 2, 2007	11/25/2006 New procedures drafted. Workers have not been trained yet.			22 Jan 2007 Grievance procedures and disciplinary action are included in 2007 training schedule.	Attached: Training schedule.xls Mgmt interview	During the day of the audit, the factory was giving a training to one department on harassment and abuse based on the new policy and guidelines and on disciplinary policies.	Annual training plan showed schedule for further trainings	observation; training plan			
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	No procedure in place to discipline staff who engage in harassment or abuse. These practices appear to be prevalent in connivance with the management		Investigation will be conducted to assess general work atmosphere and substantiate H&A allegations. Written disciplinary procedures must be developed and implemented and communicated to all employees. Policy should include sanctions against those who violate the policy regardless of their rank.	February 2, 2007	11/25/2006 Investigation by external party concluded there is no evidence to substantiate this allegation. New procedures drafted. Workers have not been trained yet.	There is continuous training on harassment and abuse with the last two trainings on Nov. 25 and 26, 2006.	document review; workers interview	Harassment and abuse are included in 2007 training schedule.	Attached: Training schedule.xls	During the day of the audit, the factory was giving a training to one department on harassment and abuse based on the new policy and guidelines and on disciplinary policies.	Annual training plan showed schedule for further trainings	observation; training plan			
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	Barring letters of warning no other records were available.		Factory confirmed that these documents are available at HRD. Need further verification.	February 2, 2007	Factory confirmed that these documents are available at HRD.										
Gender Sensitive Security		Security practices will be gender-appropriate and non-intrusive.	There is no female Security Guard in the facility.		Female security guards have been employed even before FLA audit, (1) ID 1198 T No. FBTSR 3198; and (2) ID 3198 T No. FBPKG	November 11, 2006	11/08/2006 Female security guards found working on site.										
<b>5. Nondiscrimination</b>																	
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	There is no performance evaluation system in place for workers wage increments. Wage increases are done on an ad-hoc basis. These are not based on experience, skill, duration of service or allowances. Workers conveyed their resentment about new workers being paid more than those who have been working with the company for many years.	1. Workers, during interview stated that bonus was paid to only those workers who were able to exert pressure on the management by refusing to work if their bonus was not paid. Since these workers were involved in important operations they were paid their bonus. 2. Employment contract clearly states that an employee & his family can avail of medical facility from [Factory] Medicare but actually only those employees can get this benefit who are not covered under social security (salary above Rs:5000 per month). Workers also stated that management extends this facility to those employees who are favored by the management		February 2, 2007	11/25/2006 1. No workers have been paid the remaining half of their bonuses yet. Factory committed to pay on Dec 21st. 2. Procedures developed but workers have not been trained yet. Factory issued a circular to confirm that all employees are entitled to use medical facility.	Factory has developed a performance appraisal policy and objectives but does not yet have the appraisal form and the specific guidelines on how appraisal will be done. Briefing still to be done.	document review	1. Remaining bonus payment was paid to all entitled employees on Dec 21st, 2006. Total amount paid was Rs. 5,108,310 (\$86,000). 2. Performance appraisal is included in 2007 training schedule.	Mgmt interview Ex-employees interview Attached: Training schedule.xls Bonus_Payme nt.pdf						
<b>6. Health and Safety</b>																	
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	Factories Act 1934 section 25, Punjab Factories Rules, 1978; section 53.	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits	1. Emergency lights are not installed on most exits, stair-case landings and on main pathways leading to the exits. On few exits tube-light type and not the high-beam type are installed. These are not effective in thick smoke. 2. Fire alarms and fire extinguishers were found blocked with bins, trolleys and cartons in many areas throughout the factory. 3. Do not use lift in case of fire' is not posted in the local language outside the lift cage on each floor.		1. Emergency lights should be installed at all exits and staircases. 2. Daily inspection arranged to ensure fire extinguishers and alarms are not blocked at all times. 3. Local language sign posted in front of the elevator.	February 2, 2007				1. Emergency lights were installed. 2. Factory inspects daily to ensure fire extinguishers and staircases are not blocked at all times. 3. Local language sign posted in front of the elevator.	Mgmt interview Visual inspection Attached: Emergency Lights.pdf Do not use lift in case of fire.pdf	1. Emergency lights installed at exits but not yet on stairways. 2. All exits and stairways were clear during the visit 3. Signs in local language for "do not use lift in case of fire", "for materials only" and load limit are all posted at the elevator.		actual inspection			
Evacuation Procedure	Factories Act 1934 section 25, Punjab Factories Rules 1978, Rule 50, Rule 33 D(c)	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	1. "Keep Clear" yellow boxes are not marked in front of exits and under some of the fire extinguishers 2. Aisles and evacuation signs are not posted in many work areas, in areas where these are posted they have faded in places. 3. Aisles were found blocked with trolleys and bins in many work areas. Some of the aisles in the sewing section ( gloves stitching ) were quite narrow, less than three feet in width. 4. Exit at Screen printing section opens inwards. Most exits in the building where soccer ball production processes are undertaken open inwards. 5. Screen-printing and embossing section do not have an emergency exit. 6. Lamination hall and bladder section on the fourth floor have one exit only.		1. "Keep Clear" yellow boxes should be marked in front of exits and fire extinguishers. 2. Aisles and evacuation routes must be improved and marked. 3. Daily inspection should be carried out regularly to ensure obstruction free aisles. 4. All exits should be opened outward. 5. Emergency exit should be installed at screen printing and embossing section. 6. 2nd emergency exit should be installed at lamination and bladder areas.	February 2, 2007				1. "Keep Clear" yellow boxes marked in front of exits and fire extinguishers. 2. Aisles and evacuation routes are being reviewed. 3. Daily inspection should be carried out regularly to ensure obstruction free aisles. 4. All exits have been fixed to be opened outward. 5. Pending 6. 2nd emergency exit installed at lamination and bladder areas.	Visual inspection Attached: Yellow boxes marked.pdf Door open outward.pdf Lamination & Bladder 2nd Exit.pdf	2. Aisles and evacuation routes are clear. Evacuation plans were posted but some were outside the working area 3. Supervisors ensure that aisles are free from obstruction 5. Emergency exit already provided		actual inspection			

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	PC Remediation plan	Target Completion Date	Company follow up (Many dates in Nov 2006)	Company Follow up (Dec. 12, 2006)	Documentation	Company Follow up (Jan. 22, 2007)	Documentation	Company Follow up (Feb. 19, 2007 & April 6, 2007)	Documentation	Status	Company Follow up (Give date of planned or follow up visit, if appropriate)	Documentation
Evacuation Procedure	Factories Act 1934 section 25 Punjab Factories Rules 1978, Rule 50, Rule 33 D(c)	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	7. Pathways to exits at the soccer-ball ( brands other than Nike ) production hall were blocked with trolleys while the main exits in this hall are not marked with appropriate signage. Two exits were found partially blocked with pedestal fans. 8. The emergency exit on the first floor of the pharmacy was blocked and locked. 9. 2nd emergency exit should be installed at the Baby Care. 10. The emergency exit door of the first, second and third floors of the packaging material and rejected material store is not connected to a stair-case. It opens to a drop to the ground of 20 and up to 40 feet increasing with each floor.		7. Pathways inspection must be conducted daily to ensure obstruction free. 8. No emergency door or exit should be blocked. 9. 2nd emergency exit should be installed at the Baby Care. 10. Emergency exits throughout factory should be inspected and improved to ensure operational safety.	February 2, 2007				7. Pathways inspected daily to ensure obstruction free. 8. Pending 9. 2nd emergency exit installed at the Baby Care. 10. Pending	Visual inspection Attached: Baby Care 2nd Exit.pdf	8. Block at the emergency exit door of pharmacy was removed and door was not locked. 10. Exits at the other end on the upper floors at the said building (storage of packaging, rejected materials and old files) were locked because there are no people working. There are entry doors on every floor near the stairway at the other side.	actual inspection			
Evacuation Procedure	Factories Act 1934 section 25 Punjab Factories Rules 1978, Rule 50, Rule 33 D(c)	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	11. Evacuation plans posted in work areas do not match with the floor lay-out. "You are here" is not marked in the local language. There are no evacuation plans posted in some production areas. 12. Staircase leading from third to fourth floor of the building where packaging and rejected materials are stored had cartons stored on it. 13. The staircase leading from the ground floor to the basement at the synthetic leather store does not have hand-rail. 14. The emergency exit of the upper floors of the synthetic leather hall is not connected to a staircase. Instead, there are metal ladders propped to the wall for descent. Workers have not been trained in the use of these ladders during an evacuation drill. The open space leading to these ladders has a very low parapet wall which could result in an accident.		11. Evacuation plan should be revised, updated, and posted in local language in all areas. 12. Daily inspection should be carried out regularly to ensure obstruction free pathway. 13. Handrail should be installed at the synthetic leather store. 14. Emergency exit at the synthetic leather hall should be improved and workers should be trained on how to use it.	February 2, 2007				11. Pending 12. Factory conducts daily inspection 13. Pending 14. Pending	Mgmt interview	11. Evacuation plans have been revised to match with floor layout and to include "you are here" mark. However, some are posted outside working areas. 13. Hand rail has been installed. 14. There are only 15 persons staying on the ground floor of the said building. Upper floors are for storage. Therefore, it will be easy for them to go out in case of emergency. Though there is no record of training on how to use the metal ladders attached to the wall, workers said that they were trained how to use it. They, in fact, made an actual demonstration to the auditor during the visit.	actual inspection			
Evacuation Procedure	Factories Act 1934 section 25 Punjab Factories Rules 1978, Rule 50, Rule 33 D(c)	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	15. The gloves raw material store on the third floor is haphazard and disorganized. Stocks are not properly stacked with passages created between them. 16 On the fourth floor the area out-side the repair section had a pile of foam pieces heaped up to the ceiling precariously close to the over-head lights. This is a fire hazard. 17 The storage areas in the building housing packaging and rejected material stores are completely disorganized with cartons and material dumped everywhere. These are not organized in stacks with passages created between them.		15. Storage must be re-organized with appropriate passage width between each stack. 16-17 Storage must be re-organized with appropriate passage width between each stack.	February 2, 2007				15. Pending 16. Pending 17. Pending		15. The area has been cleared with stocks, properly arranged and with sufficient passage. 16. The pile of foam pieces was removed and transferred to the storage area. 17. Old files are also stored in the area and items are still in disarray. Factory committed to separate the rejected materials and old records.	actual inspection			
Safety Equipment		All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees	1. All first-aid boxes have a combination lock. The person responsible for administering first-aid in the gloves stitching section was on leave, nobody else knew the number to open the combination lock, hence the first-aid box could not be opened. 2. First-aid box at the Nike die cutting section on ground floor was quite empty. There is no appropriate system in place to replenish stocks based on consumption. 3. Foam storage shed on the terrace of the soccer-ball building does not have any fire extinguishers installed. This area has a high fire risk. 4. First Aid kits were not adequately stocked as prescribed by Law	1. Only 2.38% of the employees are trained in fire fighting procedures. 2. Only 1.32% of the employees are trained in first-aid	1. Combination lock should not be used on first aid box. More first aid responder should be trained to cover throughout the factory. 2. Written plan & procedures should be developed and first aid responders trained for the maintenance and replenishment of medical stocks in first aid boxes. 3. Install fire extinguisher at foam storage shed. 4. First aid kit must be stocked by law.	February 2, 2007				1. Combination lock is disabled on first aid box. 2. Written plan & procedures are developed for the maintenance and replenishment of medical stocks in first aid boxes. 3. Pending 4. First aid kit is stocked by law.	Mgmt interview Visual inspection Attached: First Aid Box.pdf	3. Foam stored in the area has been removed as mentioned in item 16 Row 42 above. Hence, no more need for fire extinguisher	actual inspection			
PPE	Punjab Factories Rules 1978 Rule 23 Factories Act 1934 Section 33 - G	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	1. In the packing section on the first floor of the soccer-ball building workers in ball cleaning operations were using dust masks instead of filter masks while using cleaning chemicals with strong odor. 2. On the second floor of the soccer building in the panel sorting and printing section most workers were not using PPE provided to them. There was strong odour of chemicals in these areas. 3. In the lamination section on the third floor of the soccer-ball building strong fumes of ammonia and latex paste could be sensed. Workers were not using the masks provided to them while no eye protection was provided. 4. Ear muffs were not available in the generator room for use by the operator.		1.-3. Short-term: Workers must be provided proper PPE and replenishment must occur as appropriate. Long-term: Indoor air quality must be tested, vapor must be controlled if such chemical cannot be substituted. 4. Hearing protection must be provided to operator in generator room.	February 2, 2007				1.-3. Pending 4. Ear muffs are provided to operator in generator room.	Visual inspection Attached: Ear Muffs.pdf	1. Dust mask still in use. Factory still looking for supplier of appropriate mask. 2. All workers were observed to be using the PPE 3. Heavy type mask was in use but no eye protection. Factory agreed to provide eye protection.	actual inspection			
Chemical Management	Punjab Factories Rules 1978 Rule 23 Factories Act 1934 Section 33 - D (b)	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	1. Glue-container without a lid was seen lying on the floor in the packing section on the first floor of the soccer ball building. 2. High Speed Diesel barrels are stored in the open exposed to sun and rain outside the generator room. 3. There are no eye-wash stations in areas like screen printing and lamination where inks, latex and chemicals are being used.		1.-2. All hazardous material container must be properly sealed and stored. 3. Eye washing must be provided in chemical usage areas.	February 2, 2007			Visual inspection	1. Glue containers have lids on at all times. 2. Pending	Visual inspection Attached: Glue container with lid.pdf	2. Barrels with diesel already placed under the shade	actual inspection			
Ventilation/Electrical/facility maintenance	Punjab Factories Rules 1978 Rule 18, Rule 61, Factories Act, 1934 - Section 15 Section 13 & Section 25	All ventilation, plumbing, electrical, and lighting services shall be provided and maintained conform to applicable laws and prevent hazardous conditions to employees in the facility	1. Lighting levels in all work areas are inadequate ranging from 9 lux to 350 lux. 2. Loose cables on the floor were seen in areas where electrical machinery including sewing machines were in operation. 3. An electric panel in the press cutting section on ground floor was blocked with poly-bags containing cut parts. 4. Wall fans, pedestal fans, hair-dryers and coolers were seen connected to the mains without plugs in some places. 5. Wires with taped joints were seen in some places in work areas. 6. Cover of an electric junction box was missing in the embossing section thereby exposing live wires.	During interviews workers complained of excessive heat & congestion in the Ball production unit (BPU-01)	1. Improvement plan for overall lighting must be developed and implemented. Regular monitoring and inspection must be conducted. 2.-6. All electrical sockets, panels, wires, and appliances must be in good conditions and regularly inspected.	February 2, 2007				Factory is developing plan to improve its lighting and electrical safety.	Mgmt interview	1. Missed to check during the visit the record to show improvements in light levels. 2. No loose cables seen during the visit 3. Polybag with cut parts already removed. 4. No update on this. Not checked. 5. No update on this. Not checked 6. Cover for junction box already installed	actual inspection	1. Pending 4. Pending 5. Pending		

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	PC Remediation plan	Target Completion Date	Company follow up (Many dates in Nov 2006)	Company Follow up (Dec. 12, 2006)	Documentation	Company Follow up (Jan. 22, 2007)	Documentation	Company Follow up (Feb. 19, 2007 & April 6, 2007)	Documentation	Status	Company Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation
Ventilation/Electrical/facility maintenance	Punjab Factories Rules 1978/Rule 18; Rule 61; Factories Act, 1934; Section 15; Section 13 & Section 29	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	7. Ventilation is poor in the panel cleaning section on first floor / screen printing where there were strong fumes of chemicals being used. 8. Heavy lint was noticed on the wall fan in the mixing area in the screen printing section on first floor and on exhaust fans installed on the third floor in the lamination section. 9. An exhaust fan installed at a low height in the lamination section was partly unprotected without a mesh guard		7. Short-term: Workers must be provided proper PPE and replenishment must occur as appropriate. Long-term: Indoor air quality must be tested, vapor must be controlled if such chemical cannot be substituted. 8. Heavy lint on wall fan must be cleared and kept cleared at all times. 9. Exhaust fan should be protected with mesh guard.	February 2, 2007				7. Pending 8. Heavy lint on wall fan has been cleared. 9. Exhaust fan is protected with mesh guard.	Mgmt interview Visual inspection Attached: Exhaust fan with mesh guard.pdf	7. Cleaning table to be moved close to the window with exhaust ducting to be installed 8. Wall fans cleaned of the lints. Cleaning is done weekly 9. Mesh guard already installed	actual inspection			
Record Maintenance	Factories Act 1934, Section 33 - N	All safety and accident reports shall be maintained for at least one year, or longer if required by law	1. Fire drill logs do not provide information on number of persons present and number of persons evacuated. Completed evacuation process takes 4 to 5 minutes. 2. Minor injury logs are not maintained at most first-aid installations		1. Information on number of persons present and number of persons evacuated should be included in the next fire drill onwards. 2. Minor injury log should be maintained at all first-aid spots.	February 2, 2007				1. Pending 2. Pending		1. Next fire drill not yet due. 2. Record of injuries are done by the clinic				
Machinery Maintenance	Punjab Factories Rules 1978/Rule 24; Factories Act 1934; Section 25	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	1. There is no protective mechanism installed on the embossing machine to prevent hand injury to operators which could cause burns. 2. Pedal mats and belt guards were missing from many sewing machines in the gloves stitching section.		1. Machine guard must be installed at the embossing machine. 2. Appropriate guards must be installed in all sewing machines.	February 2, 2007				1. Machine guard installed at the embossing machine. 2. Pending	Visual inspection Attached: Embossing machine.pdf	2. Pedal mats already provided but some machines still don't have belt guards	pending			
Sanitation in Facilities	Punjab Factories Rules 1978, Rule 61.41 & Factories Act 1934; Section 13, Section 21	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	1. In the glove-sorting section on ground floor scrapings were littered all over the floor. 2. Overall house-keeping standards are poor. 3. Floor of the gents toilet blocks in the 'soccer-ball' building were wet and slippery. 4. Cigarette stubs and burnt match-sticks were seen in some of the gents toilet blocks. 5. A urinal was found broken at the gents toilet on the ground floor outside the press cutting section. 6. Soap and hand-drying facilities are not provided at the hand-wash areas in toilet blocks. 7. One ladies toilet closet at the gloves raw material store on third floor did not have a dust-bin with lid. 8. Number of toilets and urinals for male workers are inadequate as required by law.		1-5 Overall house-keeping must be improved and regularly inspected to ensure its standard. 6. Soap and hand drying facility should be provided in all WC. 7. Covered rubbish bin should be provided in all female WC. 8. New WC should be constructed to match ratio required by law.	February 2, 2007				1-5 Ongoing 6. Soaps are provided in all WC. 7. Covered rubbish bin is provided in all female WC. 8. Pending	Visual inspection Mgmt interview	3. Wet and dirty floors at some toilets 5. Broken urinal removed but not yet replaced 8. Factory reported that there are a total of 111 units in the entire facility. Law requires minimum of 2 each of latrine and urinal plus 1 for every 60 workers in excess of 100 or for a total of 32. At the time of FLA audit, there were 1,904 male and 110 female workers.				
Sanitation in Facilities	Punjab Factories Rules 1978, Rule 61.41 & Factories Act 1934; Section 13, Section 21	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	9. Toilet seat of the W.C in the gents toilet block in the lamination section was missing. 10. Hand-dryer in the gents toilet block on the second floor at the panel sorting and printing section was not working		9. Install toilet seats in WC in lamination area. 10. Hand dryers should be installed in all WC.	February 2, 2007				1. Toilet installed in lamination area. 2. Pending	Visual inspection Mgmt interview	2. No update on this				
Sanitation in Dining Area	Punjab Factories Rules 1978, Rule 40 (4) - West Pakistan Factories Canteen Rules 1959, Rule 5.	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.	1. Drinking water coolers are installed outside the canteen. 2. Hand-drying facilities are not provided at the hand-wash areas in toilet blocks. 3. One ladies toilet closet at the gloves raw material store on third floor did not have a dust-bin with lid. 4. Number of toilets and urinals for male workers are inadequate as required by law.	Workers also complained about the poor quality of food. They said that whenever there was shortage of lentils a bucket of hot water would be added to enhance the volume.	1. Drinking water cooler must be installed per law. 2. Food providers should have clean gloves on while serving or preparing food.	February 2, 2007			22 Jan 2007 1. Pending 2. Canteen food providers are wearing gloves.	Visual inspection Attached: Canteen Gloves.pdf	1. All drinking water stations have been moved away from the toilets. 2. Not observed Interviewed workers mentioned that they are satisfied with the food. Mess Committee with 4 worker-members and 4 supervisory staff members is headed by the head of Purchasing section.	actual inspection pictures of members of committee posted on notice board at the canteen.				
Sanitation in Dormitories	Punjab Factories Rules 1978; Rule 61 & Factories Act 1934; Section 25	All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills should also be conducted at least annually	Dormitories for security guards, on the terrace, had loose wires of pedestal fans hanging across passages and instances of connection to the mains without plug. Individual closets for keeping clothes and personal belongings are not provided. Instead books on walls for hanging clothes and wooden trunks have been made available. Emergency lights and fire extinguishers are not installed. Wash basin for hand-wash is installed inside the dormitory hall and not at the attached toilet block. Overall house-keeping was poor.		1. Pedestal fan should be changed to ceiling fan. Electrical wires should be inspected regularly. 2. Provide individual lockercloset. 3. Emergency lights and fire extinguishers must be installed adequately. 4. Overall house-keeping and WC facilities must be improved.	February 2, 2007				1. Pending 2. Pending 3. Pending 4. Ongoing		1. No pedestal fans during the visit because of winter. Ceiling fans will be installed in summer. 2. Individual trunks with lock are provided. 3. Emergency light not yet provided but one unit of fire extinguisher is installed. Dormitory is small and is on the top deck of the building, which will not be too dark in case of power outage. 4. Lavatory has been transferred to inside the toilet. Cleanliness of toilet is acceptable. According to the cleaner, toilet is cleaned daily	1. Pending			
Other	Factories Act-1934, Sec-23-A		Workers are not vaccinated and inoculated for cholera, small-pox and typhoid every year as required by law.		Include in the safety and health program the annual vaccination as required by law. Assign a medical staff to ensure implementation.	February 2, 2007				Pending management and workers interview		Health check up of all employees to be done in March. (April 10, 2007: Feed back from factory was that check up had been provided to all employees)				
<b>7. Freedom of Association and Collective Bargaining</b>																
Employers will recognize and respect the right of employees to freedom of association and collective bargaining																
Unfair dismissal		The employer will not dismiss, discipline, or otherwise coerce or threaten workers seeking to form, join or participate in workers' organizations	1. During interview some workers stated that services of two of their fellow workers were terminated for expressing their grievances to auditors during interview. However, they were removed on the pretext of non-performance. Another worker was warned with dire consequences. 2. Five workers were dismissed without notice or reason on 5th October 2006. All these workers are members of the (Factory) Workers' Union. These workers were unlawfully detained in a room by two gun-men and were told to sign their terminal dues documents without which they would not be allowed to go.		1. Investigation must be conducted. Re-instatement is non-negotiable if improper procedure found. 2. All workers should be re-trained on grievance procedures.	February 2, 2007			11/17/2006 investigation by external party concluded 7 workers were dismissed without due process but no dire circumstances were verified. Re-instatement was agreed to by factory management and has been executed. All 7 workers are back to work in the facility.							
Employer interference/external forces		The employer will not use force, or the presence of police or military, to intimidate workers, or to prevent peaceful organizing or assembly	Workers who visit the union office are questioned by management who threaten employees with dire consequences citing that action similar to that taken against the five workers removed recently could be taken against them if they do not mend their ways.		External local monitor was asked to investigate this issue. Information will be shared when available.	November 11, 2006			11/25/2006 investigation by external party concluded 7 workers were indeed forcibly dismissed without due process. Re-instatement was agreed to by factory management and has been executed. All 7 workers are back to work in the facility.	Four union leader / members will attend trade union workshop to be conducted by Pakistan Workers Federation on Dec. 16 & 17. Factory has given permission to conduct a similar training to other workers in the labor office inside the premises	Interview with union leader					

FLA Code/ Compliance Issue	Courty Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	PC Remediation plan	Target Completion Date	Company follow up (Many dates in Nov 2006)	Company Follow up (Dec. 12, 2006)	Documentation	Company Follow up (Jan. 22, 2007)	Documentation	Company Follow up (Feb. 19, 2007 & April 6, 2007)	Documentation	Status	Company Follow up (Site date of planned or follow up visit, if appropriate)	Documentation
Employer Interference/Elections		Workers' organizations have the right to elect their representatives and conduct their activities without employer interference	***Name***, the union president who is an employee of the company was elected by more than 20 to 30 workers who joined the union when it was established in June 2000. In those days workers looked upon him as a social worker. However, unfortunately as a president he is ineffective and his inaction clearly suggests that he indirectly supports the management's illegitimate ways. When asked why the union membership was only 400 and reducing, [Union leader] said "Where workers interests are being looked after by the company they do not feel there is any need to join the union". The next election for the president has been overdue since the past 3 years and the management fears that under the prevailing circumstances no one will support [Union Leader] (who workers feel is pro-management) hence they want to remove as many workers who are union members as possible prior to holding elections.		Factory must facilitate new election of union and all workers representatives.	February 2, 2007	25-Nov-06 Factory committed to organize new election in July 07.	Next union election will be in March 2007. According to a union leader (one of those reinstated), he believes that the union president is doing a good job as he was the one who initiated the payment of bonus and reinstatement of other workers previously terminated	Interview with union leader / members							
Union Harassment		The employer will not dismiss, discipline, or otherwise coerce or threaten workers because of their exercise of the right to freedom of association. When union officers are dismissed, demoted or otherwise suffer a loss of rights at work, a monitor should look with special attention at the possibility of anti-union discrimination	Five workers (union members) whose services were unlawfully terminated on 5th October stated that management is in the process of "throwing out" workers who have joined the union. Those who are more vocal are being targeted first. Apart from this, workers are also being threatened with dire consequences should they convey their grievances to auditors during compliance audits. ***Name*** a union member, working in the packing section, was threatened for expressing her grievances to auditors. Management have their informers (with criminal background) amongst workers whose job is to report such instances to them. Workers assigned the task by the management are suitably rewarded.		1. External local monitor was asked to investigate this issue. Information will be shared when available. Re-instatement is mandatory if improper procedures or unfair treatment found. 2. FOA training will be conducted by a neutral 3rd party for all employees including management and union members.	February 2, 2007	11/25/2006 1. Investigation by external party concluded 7 workers were indeed forcibly dismissed without due process. Re-instatement was agreed to by factory management and has been executed. All 7 workers are back to work in the facility. The investigation concluded there exists a team appointed by management to surveil the shop floor; however the members are not ex-convicted persons. PCs have asked the facility to stop this practice immediately. 2. Pending	Four union leader / members will attend trade union workshop to be conducted by Pakistan Workers Federation on Dec. 16 & 17. Factory has given permission to conduct a similar training to other workers in the labor office inside the premises	Interview of union leader							
<b>3. Wages and Benefits</b>																
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	The Finance Act, 2006-Section 11, The Punjab Gazette ( Extra Ordinary ) August 10, 2006, West Pakistan Minimum wages for Unskilled Workers Ordinance, 1969, Section 3 - Definition of wages.	Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher	1. Minimum wages in this region have been revised effective July 06. Factory is yet to implement the revised minimum wages. 2. Review of wage records reveal that few workers are not being paid as per the wage notification issued by the local provincial government. E.g. Drivers Security Guards and workers involved with Football repairs are being paid unskilled wages. 3. Minimum wages are being calculated based on number of days in the month and not on 26 days as required by the local law.		1. Minimum wage must be paid back dated from July 1st to all permanent workers who earned less than Rs. 4,000 per month; and new minimum wage must be ensured. 2. Wage calculation must be changed to 26 days per law. Note: Most local factory pay drivers, security guards, and ball repairer a minimum wage as unskilled workers. The law leaves room for interpretation of unskilled and high skilled.	November 11, 2006	11/25/2006 1. All minimum wage arrears completely paid. All permanent workers received Rs. 4,000 minimum wage since October. 2. Waiting for the next pay period to prove if payment is calculated on 26-day basis.	1. Back wages paid from July to September. October payroll is based on new minimum wage. November payroll not yet available during the visit. 2. Daily rate is now computed based on 26 days a month	payroll records, workers interview, interview of payroll staff and workers, payroll records	1. Total amount of back pay for minimum wage during July - Sept 06 was Rs 2,091,060 (US\$ 35,000). 2. Payroll calculation changed to 26 days per month.						
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	Appointment contracts do not state the rate of salary that a worker would be paid. Besides, workers do not have a copy of the appointment contract.		Entire Employment Agreement will be reviewed and changed accordingly to remove "unconditionally" term and all agreement will be amended to ensure its clarity and legality. Copy of the contract shall be provided to the workers.	February 2, 2007	11/08/2006 Revised agreement remediated all points found in findings. New contract will be signed in Jan 07.	Factory is revising the employment agreement in consultation with the company lawyer. Final revision is not made available at present.			Mgmt interview					
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	1. Legally required notices have not been posted in the facility. 2. Factory does not have a copy of the updated labor laws		1. All legal notices are posted. 2. Copy of updated Labor Law is available at HRD on FLA Audit date	November 11, 2006	11/25/2006 Factory visit found updated labor law available at HRD. All legal notices posted on the board.	Factory has the two volumes of the Labor Code of Pakistan.	volumes of the Labor Code							
Deduction for Services	Payment of Wages Act, 1936, Section 10.	Deductions for services to employees will not exceed the cost of the service to the employer. If questioned, employers will demonstrate the reasonableness of these charges	Factory deducts an amount from earnings of piece rated workers, for any material wasted during the work process, whereas legally cost of material wastage can not be deducted from the wages of a worker.		All illegal deductions must cease immediately and workers must be informed.	February 2, 2007	11/25/2006 Factory issued a circular advising that illegal deduction will be ceased immediately.	Illegal deduction ceased.				Workers interview				
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	1. Overtime Hours are not recorded through the electronic time recording system. A manual record is maintained and the total hours are manually entered into the time records. 2. Time record for piece rated & salaried workers employed through a contractor in the printing section are not maintained. Only Present (P) or Absent (A) is marked on a register. No time in or time out record is maintained. Moreover Overtime in & out record is also not maintained. Only number of overtime hours are being recorded manually.		1. Computerized timekeeping system must be implemented for all permanent employees and contract workers. Some drivers cannot be on the same system since they station far away from main factories, hence computerized timekeeping is not available. Working hours of these drivers will be tracked manually and then entered into the computerized system at the main facility. 2. Pending	February 2, 2007	11/25/2006 1. Completed 2. Timekeeping system already include contract workers in printing section. Documents are being requested.	1. Completed 2. All contracted workers are on computerized timekeeping system.			Visual Inspection Document Review Workers interview					
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	1. Time recording system is not accurate and reliable. Data can be manually entered or altered. Review of printout of few time records reveal irregularities. While in most cases the "out time" is the same on all days, actual "out" time is recorded only on few. In one case, 99 hours of OT hours was reflected on a particular day. There are discrepancies in these records. 4. Drivers do not use the time clock. Their time records are maintained manually based on the shift timings.		Computerized timekeeping system must be implemented for all permanent employees and contract workers. Records must be accurate. Some driver cannot be on the same system since they station away from factory.	February 2, 2007	11/25/2006 Timekeeping system already include printing section. Documents are being requested.	All contracted workers are on computerized timekeeping system. Records found to be accurate.			Visual Inspection Document Review Workers interview					
Record Maintenance		All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.	Payment track record providing details of payment towards Social Security and EOBI ( Employee Old Age Benefits ) were not produced for review. Only the payment receipts were available		All permanent workers received EOBI and Social Security by law. Tracking records are being prepared.	December 12, 2006	Details of payment of EOBI and social security for the month of October were checked.	document review								

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	PC Remediation plan	Target Completion Date	Company follow up (Many dates in Nov 2006)	Company Follow up (Dec. 12, 2006)	Documentation	Company Follow up (Jan. 22, 2007)	Documentation	Company Follow up (Feb. 19, 2007 & April 6, 2007)	Documentation	Status	Company Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation
Payment of Legal Benefits	The Finance Act, 2006:Section 11. West Pakistan Maternity Benefit Ordinance, 1958; Section 4(1) & 5 (3). West Pakistan Industrial & Commercial Employment (Standing order) Ordinance, 1969, Section 10-B. Factories Act 1934:Chapter IV - A-Section 49	Legally mandated benefits will be provided or paid in full within legally defined time periods	1. Legally mandated benefits are not extended to workers employed through a contractor in the Printing section. 2. Factory provides maternity leave of 60 days against 90 days as required by law. 3. Factory does not provide legally required compulsory group insurance for Death & Total and Partial disability to employees. 4. Annual leave, as required by law (14 days with pay after one year of service) nor Annual leave encashment is provided to workers for leaves not availed.		1. Benefits for contract workers are pending. 2. 90 days maternity leave with paid must be ensured and communicated. 3. Group Insurance has already been provided before FLA audit. 4. 14 days annual leaves must be availed and communicated. 5. EOBI and Social Security has been provided to all permanent workers. 6. Leave encashment will also be provided at a calculation of 26 days per month. 7. Formulate a policy for the payment of all benefits required by law. Communicate the policy to all employees and post copy on the bulletin board.	December 12, 2006	11/25/2006 Factory announced to workers about annual leave and maternity leave per law. Need further verification on leave encashment.	Annual leave and maternity leave according to law (14 days and 90 days respectively) were confirmed by interviewed workers. One packing worker applied for maternity leave for 90 days starting December 4, 2006. Checked premium statements for group insurance plan for two years and the accounting ledger for such payments. The plan includes death, disability (also temporary disability), accident and illness. Record of claims by three workers in Jan. and Feb. 2006 for benefits under the plan were checked. Factory said that proof of payments were shown to FLA monitors, only the details were of coverage were not available at that time. Leave encashment to be verified next year.	document review; workers interview							
	West Pakistan Industrial & Commercial Employment (Standing Order) Ordinance 1969, Section 10-C		5. Workers interviewed stated that often there are delays in payment of bonus up to 6 months, whereas legally bonus should be paid within 90 days after closing of the fiscal year		Remaining bonus will be paid on Dec 21st and will pay bonus only one time per year on specific period going forward. Factory shall fix the date or period and announce it to all employees.	December 12, 2006		Interviewed workers know bonus will be paid on Dec. 21, 2006.	workers interview	22 Jan 2007 Remaining bonus was paid on Dec 21st, 2006, to all entitled workers - totaling Rs. 5,108,310 (\$86,000).	Mgmt interview Workers interview Document review Attached: Bonus_Payme nt.pdf					
Accurate benefit compensation		All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled		Workers contract agreements are required to be renewed every month	Entire Employment Agreement will be reviewed and changed accordingly to remove "unconditionally" term and all agreement will be amended to ensure its clarity and legality.	February 2, 2007	11/08/2006 Contract revised and based on 12-month basis.	No such provision in the new contract	document review							
Other	Payment of Wages Act, 1936, Section 15.		A worker during interview stated that he had left the company after 5 years of service and joined again after 2 years. When he quit, he was asked to sign a document stating details with full terminal dues owed to him by the company. However after obtaining his signature the company paid him only 50% of the actual due to him. When he protested he was told to take what ever he was getting or else he would not get anything. He took what he got and left.		Gratuity records will be investigated by external third party. Payment of overdue gratuity will be enforced if irregularities found. Specific complaint cannot be followed up on due to lack of details. Include in the company policies the payment of gratuity pay according to law. Gratuity payments shall be supported by sufficient proof and kept on file	February 2, 2007		New form of the contract include provision for payment of gratuity upon resignation or termination from service for reasons other than misconduct. No contract yet signed based on the new format	document review	Entire gratuity records were investigated with back pay arranged. Total gratuity paid in 2006 was Rs.17,578,241 (\$298,000).	Mgmt interview Ex-employees interview Attached: Gratuity.pdf					
<b>9. Hours of Work</b>																
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																
Overtime Limitations	Factories Act 1934:section 34, 35 & 35 A	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	1. Factory workers have worked over 60 hours a week, up to 84 hours during the past 4 months. 2. Factory workers have worked 2 to 3 rest days over the past 3 months with few workers working continuously for 13 days. Security guards, most often, are not provided a weekly day of rest. No compensatory off has been provided to these workers.		No workers should be working beyond 60 hours per week and always be provided 1 day off in 7 working days.	February 2, 2007				All departments were instructed not to go beyond 60 hours/week and one day off in 7 working days must be provided.	Mgmt interview					
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary		There is no system in place to ensure that overtime is voluntary.	OT Voluntary sign up sheet has been used in factory prior to FLA audit.	November 11, 2006	11/25/2006 Interview workers did not find an indication of forced OT. OT voluntary sign up sheet was in use before audit took place.	Voluntary overtime is provided for in the new contract	document review							
<b>10. Overtime Compensation</b>																
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																
Accurate recording of OT hours worked?		Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work	Time recording system is not accurate and reliable. Data can be manually entered or altered. Review of printout of few time records reveal irregularities. While in most cases the "out time" is the same on all days, actual "out" time is recorded only on few. In one case, 99 hours of OT hours was reflected on a particular day. There are discrepancies in these records.		Computerized timekeeping system must be implemented for all permanent employees and contract workers.	November 11, 2006	11/25/2006 Computerized timekeeping has been installed and functional in all areas. Documentation is being requested.	Computerized time records are available upon request	time records	Computerized time record is completed and verified to be accurate.	Document review Workers interview					
OT Compensation	West Pakistan Minimum wages for Unskilled Workers Ordinance 1969, Section 3, Factories Act 1934, Section 47	The factory shall comply with applicable law for premium rates for overtime compensation	1. Compensation for Overtime hours worked, is being calculated on number of days in the month instead of 26 days as required by the local law. 2. Salaried workers in the Printing section, employed through a contractor are being compensated at single times the wage rate instead of double the wage rate for overtime hours worked, as required by the local Law.		1. Calculation must be changed to 26 days. 2. Salaried workers must be paid OT rates.	December 12, 2006		Daily rate and therefore also overtime rate is computed based on 26 days a month Overtime pay of salaried workers in printing section not checked.	interview of payroll staff; payroll records	22 Jan 2007 1. OT is now calculated at 26 days per week. 2. OT records are investigated and back pay arrange to cover overused OT payment during Jul-Sep 06, totaling Rs. 3,500,000 (\$56,000). No pending OT found.	Mgmt interview Workers interview Document review Attached: OT Payment.pdf					



FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	PC Remediation plan	Target Completion Date	Company follow up (Many dates in Nov 2006)	Company Follow up (Dec. 12, 2006)	Documentation	Company Follow up (Jan. 22, 2007)	Documentation	Company Follow up (Feb. 19, 2007 & April 6, 2007)	Documentation	Status	Company Follow up (file date of planned or follow up visit, if appropriate)	Documentation
<b>Miscellaneous</b>																
Other	Apprenticeship Ordinance - 1962, Section - 4 (2), Factories Act 1934, Section - 24A, 33-1, Punjab Factory Rules-1978, Rule 95 (1)		1. Factory is not registered with the local Provincial Govt. as required by law. 2. Factory does not have a Welfare Officer as required by law. 3. Factory does not have Building Stability Certificate & Fork Lifter load bearing capacity certificate.	Interview with Management	1. Factory should present company registration document to prove registration per law. Apprenticeship contract will be re-checked to ensure conformity with local law. 2. Welfare officer is already employed before FLA audit 3. Secure certificates of building safety and for the load limit of the fork lifter.	February 2, 2007	Documentation is being requested about factory registration. [There] is a welfare officer on duty. Circular issued to workers to remind them that Yarn is a welfare officer. No progress reported on forklift and building stability certificate.	Load bearing capacity certificate dated Dec. 8, 2006 mentions 2,000 kgs capacity for the two lifters. A certificate dated June 5, 2002 issued by (Name) Associates (architects, engineers, environment and town planners) mentions that "based on the facts and the investigation carried out in detail, the structures are safe, stable and workable". The subject structures are New Gloves Building, R&D New Lab Building and New Factory Block where Nike products are manufactured.	document review							