FLA Audit Profile		FLA IEV Profile	
Country	Malaysia	**Country**	Malaysia
Factory name	360046383E	**Factory name**	360046383EV
IEM	Kenan Institute Asia	**IEM**	STR-RS (Formerly CSCC)
Date(s) in facility	August 23-24, 2006	**Date(s) in facility**	February 17, 2009
PC(s)	Puma AG	**PC(s)**	Puma AG
Number of workers	49	**Company's Note:** *[Name of the factory and earlier branch] was closed in December 2008. Of the 46 workers at the time of closure, 33 workers who were all foreigners were transferred to the main facility. Their housing accommodations were also transferred to the place where the main facility operates. The 13 local workers who chose not to move were paid their severance pay. Required notice was filed with the local labor office.*	
Product(s)	Sportswear Jacket		
Production processes	Trimming, Sewing, Inspection, Packing		

			IEM Findings								Remediation					Status1	Updates (Cite Date of Follow up)		Third-Party Verification		Company Verification Follow up	
FLA Code/ Compliance Issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Non-compliance**	**Risk of Non-compliance**	**Evidence of Non-compliance (uncorroborated)**	**If not corroborated, explain why**	**Sources/Documentation used for corroborating**	**Notable Features implemented by Factory Management or Company**	**PC Internal audit findings (Optional)**	**PC Remediation plan**	**Target Completion Date**	**Factory Response (Optional)**	**Company follow up (April 24, 2007)**	**Documentation**	**Completed; Pending; On-going**	**Company Follow up**	**Documentation**	**External Verification February 17, 2009**	**Documentation**	**Company Follow up 2009**	**August 7,**	**Documentation**
1. Code Awareness																						
Code posting/information		**FLA Principle of Monitoring, Obligation of Companies:** Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	The PUMA Codes in English, Bahasa Malaysia and Mandarin are posted in the prominent areas on the production floor, however, no Vietnamese and Nepalese versions nor labor law or health and safety regulations are available at the site.				Visual inspection, records inspection			Due to the changes in the nationalities of workers at the factory, the versions of the Code of Conduct in the language of at least three major nationalities should be assured for posting at strategic places in the factory. The factory shall also ensure that the code elements are made part of the briefing program to be provided to all employees with the aid of translator in the employees' local language.	11/30/2006		Vietnamese, Malay, Chinese versions posted. No formal orientation yet on CoC but translation is provided by more senior workers during the briefing. No evaluation of training effectiveness. Factory is finalizing a new version of employee handbook and formal orientation procedures, still in pilot in the head office/factory. To be given to branches by end of 2007.	Inspection and interview, draft of employees handbook	Pending			The audit has been planned to be a verification (IEV) visit but when the audit team arrived at the facility address provided by FLA, it was closed and being reconstructed. Thus the audit team moved to the main facility. Most of the workers from ***Name of the earlier branch*** have been transferred to the main facility. By observation, on the main factory, the facility hires foreign workers from Nepal, Bangladesh, Pakistan, Sri Lanka, Vietnam and Indonesia. The facility has maintained Code of Conduct in Vietnamese language. In addition, the facility has maintained Occupational Health, Safety & Environment Manual. However, Code of Conduct is not available on all native languages of workers as only Vietnamese, Malay, English and Chinese versions of it were posted. **[Ongoing]**	Visual inspection, records inspection, workers interview, management interview	***Name of the factory and earlier branch*** was closed in December 2008. Of the 46 workers at the time of closure, 33 workers who were all foreigners were transferred to the main facility. Their housing accommodations were also transferred to the place where the main facility operates. The 13 local workers who chose not to move were paid their severance pay. Required notice was filed with the local labor office. As mentioned in the remediation plan, the version of the Code of Conduct of at least three major nationalities will be posted at the factory. Based on workers interviews in the past including those in other factories, foreign workers learn the local language after a few months. The written local language can be read and understood by foreigners who know the language. The last batch of foreign workers was hired in September 2008.	records inspection, management interview, visual inspection, random worker interviews
Worker/management awareness of Code		**FLA Principle of Monitoring, Obligation of Companies:** Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	The PUMA Codes in English, Bahasa Malaysia and Mandarin are posted in the prominent areas on the production floor. However, most workers, especially foreign workers, do not understand them and are not aware of the code.				Workers interview, documents review			Make the code elements a part of the briefing program to be provided regularly to incoming workers. The briefing should be undertaken with the aid of translator in the workers' local language.	11/30/2006		Vietnamese, Malay, Chinese versions posted. No formal orientation yet on CoC but translation is provided by more senior workers during the briefing. No evaluation of training effectiveness. Factory is finalizing a new version of employee handbook and formal orientation procedures, still in pilot in the head office/factory. To be given to branches within the year.	Inspection and interview, draft of employees handbook	Pending			The facility maintains record of orientation for CoC, employment contract and factory regulation. The record shows that all employees who worked at ***Previous branch*** had been given orientation. The orientation record indicates the employees' signatures. However, all interviewed workers stated that they are not aware of its CoC. While the list of employees who signed the orientation record was shown, the employees stated that they didn't know why they were asked to sign in and they just followed the instruction but they felt they had never received CoC orientation. The facility was observed not to have conducted orientation effectively regarding CoC to the employees. **[Ongoing]**	Visual inspection, records inspection, workers interview	The factory provides orientation training on the elements of the CoC such as wages, disciplinary rules, grievance procedures, etc. and this was confirmed with all workers that were interviewed. However, the factory does not explicitly label the content as Code of Conduct training, and when workers are asked about CoC, they say they have never been trained on it, though they say they have been trained on the regulations, etc. The factory was advised to use CoC terminology during orientations so that workers are aware of this term and can identify it later on.	random worker interviews, management interviews, records inspection
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.																						
Personal Worker Identification and Other Documents		Workers shall retain possession or control of their passports, identity papers, travel documents or any other personal legal documents. Employers shall not retain any such documents to restrict workers' access to them for any reason whatsoever, including in order to ensure that workers shall remain in employment in the factory. (5) Employers may obtain copies of original documents for record-keeping purposes.																	The original passports of foreign workers are kept at the facility. All foreign workers stated that their original passport is not kept by themselves, rather, it is kept by the facility since their arrival in Malaysia. The foreign workers stated that if passport is needed, they can get it from HR department but there is a requirement of a personal guarantee of fellow worker. This is done because if the original passport is given to workers, the foreign workers might leave in the middle of their employment term. And in the absence of any personal guarantee from a fellow worker, a deposit has to be made in the form of money where the amount is the same as the levy amount that has not been paid by the workers. The majority of foreign workers stated that they had never asked for their passport; however, 3 foreign employees stated that they asked for their passport back to return to their home country during their leave or in an emergency case. One employee deposited 1 year levy of RM 1,200 and the deposit was returned by the facility when the worker came back to work. On the other hand, two employees stated that they could take their passport back by asking their friend to give personal guarantee. Reportedly, this guarantor must sign in the statement that she or he would be responsible for this worker in case she or he doesn't come back to the facility. **[New finding]**	Records inspection, workers interview, management interview	Due to Malaysian immigration regulations, factories are required to pay the levy to the government for any worker that runs away. Interviews conducted reveal that workers run away for a variety of reasons and not just due to instances of abuse (some have run away to work in another industry that offers more money, etc.). During the FLA workshop on migrant labor, it was agreed that a reasonable and fair passport retention policy is acceptable.	management interviews, records inspection, FLA migrant worker workshop proceedings
Recruitment Contracts	Employment Act 1955 (Act 265)	There can be no employment terms (including contracts, recruitment arrangements, or any other instruments) which specify that employees can be confined or be subjected to restrictions on freedom of movement; allow employers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or, in any way punish workers for terminating employment. (It is acceptable to provide bonuses to workers who stay for a term of contract and meet reasonable conditions, such as regular attendance, punctuality, and quality of	Some workers did not receive copies of their employment contract.				Workers interview, documents review			Implement procedures to ensure that workers are provided with copy of their employment contract and that acknowledgment receipt by worker should be marked on the copy on file.	11/30/2006		Factory has provided all workers in the branch copies of their contract. The contract is available only in Malay. There is no English or native language version available.	Document review	Pending			During the interview process, the Vietnamese workers stated receiving copy of employment contract in Vietnamese. However, not all foreign employees stated receiving the copy of employment contract as Nepalese and Bangladeshi workers stated that they hadn't received the copy of their contract. The maintained employment contract is written in English for Bangladeshi and Nepalese workers, no native language version is available. **[Pending]**	Records inspection and workers interview	Recruitment agents have not yet provided local language version of contracts for Bangladeshi and Nepalese workers. As there are no staff in the factory that can read these languages, factory staff cannot verify if the agents will translate the English version of the contracts correctly. During the FLA workshop on migrant labor, one of the recommendations was for factories to provide a white and black list of recruitment agents they work with that they can verify to provide fair services.	management interviews, records inspection, worker interviews
3. Child Labor																						
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																						
4. Harassment or Abuse																						
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.																						
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.																						
Possible Marriage or Pregnancy (New Benchmark)		Employers shall not threaten female workers with dismissal or any other employment decision that negatively affects their employment status in order to prevent them from becoming pregnant or getting married.																	The facility maintains employment contract for all foreign workers and it was found that the duration of the contract is set as 3 years. However, the employment contract of foreign workers shows that the employee shall not marry with any Malaysian. This could be categorized as discrimination and it is not in compliance with FLA Benchmarks. **[New finding]**	Records inspection, workers interview, management interview	This restriction is based on the limitations set by Malaysian immigration regulations. As such, Malaysian employers have to include this contractual obligation prior to hiring any foreign laborers.	records inspection, FLA migrant worker workshop
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.																						
1. Document Maintenance/ Accessibility	Occupational safety and health (Employer's safety and health general policy statements) Exception) Regulations 1995.	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.	The safety, health and environmental policy posted on the production floor is only in Bahasa Malaysia, no Vietnamese and Nepalese versions available.				Visual inspection. Records inspection. Safety and health committee members interview.			Make the safety, health and environmental policies part of the briefing program. Translation in local language of workers from other countries must be provided during the briefing. Install appropriate posters as additional illustrations	11/30/2006		H&S policy is incomplete with regards to safe work practices. Factory was told to include it. Factory conducts informal briefings with worker leaders translating to relevant languages.	Document review, interview	Pending			The facility has maintained Occupational Health, Safety & Environment Manual. The manual covers all safety, health and environment issues to protect workers safety and health at work place. The facility maintains record of orientation for Occupational Health, Safety & Environment Manual. **[Completed]**	Records inspection, workers interview, management interview		
2. Document Maintenance/ Accessibility	Occupational Safety And Health (Use and Standards of Exposure of Chemical Hazardous to Health) Regulations 2000, Sec. 16	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.	No MSDS for chemical maintainance posted in areas where chemicals are used and kept. User also is not trained in the safe handling of chemicals.				Visual inspection, records inspection, safety and health committee members interview.		During the brand's audit, no chemical was in use. Factory operation involved only sewing and trimming services. All finished goods are transferred to the main factory for further finishing and inspection operation. No chemicals stored in the area during time of audit.	In case any chemical or de-staining agent will be used in operation, container should be properly marked with safety warning sign and provided with secondary container. Matching MSDS in local language must be posted at the area where it is stored or used and appropriate protective equipment should be provided to workers. Workers should be briefed on the MSDS, trained about correct handling and danger of the chemicals and on the importance and proper use of protective equipment.	12/31/2006		Factory not able to obtain the correct MSDS from supplier, and was advised to ensure that the proper MSDS is obtained and translated to relevant languages. No chemicals handling training provided to all relevant staff (supervisors, handling workers, procurement, etc.) in HQ and in branches. No secondary containment provided for chemical stored in the branch.	Interview	Pending			The facility maintains and posts adequate MSDS. However, there is no MSDS in local language (Bahasa Malaysia) available. **[Pending]**	Visual inspection, records inspection	During the visit, no MSDS was found in local languages. The factory was advised to correct this immediately. The factory later sent by email a document for the translation of the MSDS in local language. Factory was advised to provide a briefing on MSDS to workers handling or using the chemical.	visual inspection, records review
3. Document Maintenance/ Accessibility	Factories &Machinery 1967 (Act 139) Part 6, Sec. 25c	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.	No procedure dealing with first aid was established and posted and informed to workers.				Management interviews, documents review and visual inspection		Some workers had been trained in first aid procedures. The function and availability of trained first aides were mentioned during orientation training.	Designate a pool of first aides among qualified workers and conduct re-training of these workers to be done by a qualified person or institution. Brief all workers about the role and functions of the first aides. Illustrated first aid procedures to be posted in the factory area.	11/30/2006		The last first aid training was conducted in late 2005. Factory was advised to schedule additional training to replace workers trained on first aid but have already resigned. Availability of trained first aides is mentioned during orientation	Document review, interview	Pending			The facility has already given the first aid training to 30 employees on September 14 & 15, 2007. All of these 30 employees are certified and only 4 of them do no longer work at the facility. The facility was observed to have adequate trained first aid workers at this time. The employees have been informed of the availability of first aid trained fellow workers during orientation. **[Completed]**	Records inspection, workers interview		
Evacuation Procedure	Factories and machinery (safety, health and welfare) Regulation 1970	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.	It was observed that emergency exits in front and behind factory are locked during the working hours.				Visual inspection and workers' interview		All exit doors were not locked during the audit.	Ensure that all emergency exit doors are opened and not locked at any time during working hours. Brief all production people on this.	10/31/2006		All exit doors were unlocked during the audit.	Inspection	On-going			Some of the health & safety issues raised previously could obviously not be checked as the former site was not existing anymore, but based on observations at the main facility during current audit, the issues were effectively addressed and all emergency exits were sufficient and unlocked at all times at the production area. **[Completed]**	Visual inspection, workers interview		
Safety Equipment	Fire services act 1988 (act 341)	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.	The instruction of fire extinguisher posted is only in local and English languages.							Install illustrated cartoons that can be appreciated/understood by all nationalities.	10/31/2006		Poster with illustration on how to use the fire extinguisher is available. Captions, however, are only in English	Inspection	Pending			The facility has posted poster with illustration on how to use fire extinguisher on each fire extinguisher. The provided poster regarding how to use of fire extinguisher is easy enough to understand to the workers. **[Completed]**	Visual inspection, workers interview		

					IRM Findings						Remediation				Updates (Cite Date of Follow up)		Third Party Verification		Company Verification Follow up	
FLA Code/ Compliance issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Non-compliance**	**Risk of Non-compliance**	**Evidence of Non-compliance (uncorroborated)**	**If not corroborated, explain why**	**Sources/Documentation used for corroborating**	**Notable Features implemented by Factory Management at Company**	**PC Internal audit findings (Optional)**	**PC Remediation plan**	**Target Completion Date**	**Factory Response (Optional)**	**Company follow up (April 24, 2007)**	**Documentation**	**Status1 Completed; Pending; On-going**	**Company Follow up**	**Documentation**	**External Verification February 17, 2009**	**Documentation**	**Company Follow up 2009 August 7,**	**Documentation**
PPE	Occupational safety and health (classification, packaging and labeling of hazardous chemical) Regulation 1997.	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.	No PPE provided to the responsible personnel for handling of chemicals used.				Visual inspection			Provide appropriate protective equipment to workers handling chemicals. Workers should be trained about the importance and proper use of the protective equipments.	12/31/2006		Wrong mask is used. Factory was advised to obtain the appropriate mask for solvents.	Inspection	Pending			The facility provides proper mask to the responsible personnel for handling of chemicals used. Although none of the employees were observed to use chemicals during the current audit, the correct PPE was found to be provided and kept within the cabinet next to the chemicals. **[Completed]**	Visual inspection		
		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.	Most of workers did not wear cotton mask during the working hours.							Carbon activated mask should be provided to workers. Workers should be briefed on the MSDS; trained about correct handling and danger of the chemicals and on the importance and proper use of the mask and other protective equipments.			Wrong mask is used. Factory was advised to obtain the appropriate mask for solvents. Only cotton masks provided to workers. Factory was advised to obtain carbon-activated masks. No chemicals control training given to relevant staff in HQ & branches (supervisors, procurement, workers handling operations).	Inspection	Pending			It was observed that appropriate mask is provided to the employees such as cotton masks for the employees exposed to dusts from the fabrics and carbon-activated mask for the employees who handle solvents. **[Completed]**	Visual inspection		
Chemical Management	Occupational safety and health (classification, packaging and labeling of hazardous chemical) Regulation 1997.	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.	The Chemical container (Cleaning solvent) was not kept in the proper area; it was kept on the work floor without the secondary containment provided.				Visual inspection			Store chemicals in separate and enclosed area, properly marked with safety warning sign and provided with secondary containment. Matching MSDS in local language must be posted at the area where it is stored.	12/31/2006		Chemical are stored separately in a cabinet but with no secondary containment and safety signs. Factory obtained wrong MSDS from supplier and was advised to ensure that the correct MSDS is obtained.	Inspection	Pending			The facility keeps chemicals within a cabinet. The cabinet is locked and only authorized employees have access to the chemicals. However, all chemicals kept in cabinet are not equipped with secondary containment. **[Pending]**	Visual inspection	During the visit, inappropriate storage of chemicals were found and the factory was advised to act on it immediately.	visual inspection
Record Maintenance	Occupation Safety And Health (Notification of Accident, Dangerous Occurrence, Occupation poisoning and Occupation Disease) Regulations, 2004, Regulation 10(1)	All safety and accident reports shall be maintained for at least one year, or longer if required by law.	No Accident records are kept and maintained on site.				Documents review, safety committee interviews		Accident log book was available during the audit but with no accident recorded.	Develop a system to maintain an accident log book. Include investigation of the cause of accident and formulation of preventive measure to avoid occurrence of the same accident in the future. Prepare a monthly/annual statistics of accidents and illnesses.	11/30/2006		Factory maintains accident log book centrally in HQ to ensure timely claims. Investigation records are maintained in the branches. No monthly/annual statistics of accidents/illnesses as there is no treatment room in the branch (not large enough). Factory was advised to maintain accident summaries for all branches at the HQ.	Document review, interview	Pending			Factory has maintained accident and injury log book. The log book also includes investigation note to prevent recurrence of accident. **[Completed]**	Records inspection, workers interview		
Machinery Maintenance	Factories and machinery 1967 (Act 139), Part II, 15	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Some sewing machines are not equipped with upper and lower pulley guard or the needle guards.				Visual inspection			Install missing safety devices. Arrange a regular inspection and maintenance schedule of sewing machines. Keep maintenance record for each unit.	11/30/2006		Missing safety devices already installed. Machines are regularly maintained.	Inspection	Completed			Health & safety walkthrough was conducted and it was found that all sewing machines have been equipped with upper and lower pulley guards as well as needle guards. **[Completed]**	Visual inspection		
Sanitation in Dormitories	Factories and Machinery (Safety, Health & Welfare) Regulation 1970, Sec.3	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.	1) There is one of emergency exit overall in the dormitories for Nepalese and Vietnamese workers. 2) First aid supplies are not available for the dormitory area. 3) No emergency lighting placed at the stairwell area of dormitory. 4) No fire equipments installed in dormitory area.				Visual inspection		Small kit is available during audit. - Light is provided and working during audit. - One fire extinguisher available just beside the entrance door.	1) Install emergency fire escape ladders. Train occupants on how to use the ladder in conjunction with a fire drill. 2) Install first aid boxes with list of regular contents. Arrange regular inspection/replenishment of contents. 3) Install emergency lights in areas where needed. Include units in regular inspection and maintenance schedule. 4) Install sufficient number of fire extinguishers at easily accessible areas. Include units in regular inspection and maintenance schedule.	12/31/2006		1) Hostel is a rented house and based on its present structure the fire escape ladders will be difficult to install. No common corridors between rooms on second floor and thus ideally requires an emergency exit for each. Factory plans to rent a more suitable structure. 2 & 4) First aid boxes and fire extinguishers are provided. 3) No emergency lights.	Inspection	Pending Completed Pending			The issues on dormitory raised previously could obviously not be checked as the former dormitory site was not existing anymore, but based on observations at the current dormitory, issues not effectively addressed because no first aid kit, emergency light, exit sign and secondary exit are provided in Bangladeshi dormitory. The provided dormitories are located around 4 kilometers from the facility. **[Pending]**	Visual inspection	The factory has added additional dormitories to house workers that came from the other branches. Nearly all dormitories visited had no alternative escape ladders or stairs. No emergency lighting found in the main Bangladeshi and Indonesian hostels. All hostels require major renovation (replacement of dividers, whitewashing of walls, rust proofing of metal fixtures such as stair handholds, etc.)	visual inspection
Worker Participation	Occupational safety and health (Safety and health committee) Regulations 1996.	Workers should be involved in planning for safety, including through worker safety committees.	The list of safety is not updated since some members in the safety, health and environmental committee resigned and factory did not appoint/select any workers to replace them.				Management interviews, documents review			Regularly update composition of the Health Safety and Environmental Team for vacancies for whatever reason. Include workers' representatives in the team who will be chosen by workers themselves to serve for a definite period and to be replaced via another selection process. Brief the team on its role and basic responsibilities. Require them to conduct regular meetings and monitoring inspections and for the team to provide written reports to management or the government agency as may be required. Post organizational chart of the Team and photos of the members.	11/30/2006		No workers representatives yet in the Health and Safety Committee. Regular meeting is arranged but no record to show briefing of the Team.	Document review, interview	Pending			The facility had already included its workers representatives to participate in the Health and Safety Committee. The chart of Health and Safety Committee shows 16 production employees who are involved in committee and 8 of them are foreign workers. The facility has also conducted regular Health and Safety Committee meeting. The last meeting was conducted on November 1, 2008 and the record indicates that the next meeting will be conducted on February 21, 2009. **[Completed]**	Records inspection, workers interview, management interview		
	Occupational safety and health (Safety and health committee) Regulations 1996.	Workers should be involved in planning for safety, including through worker safety committees.	The safety and health committee meeting minutes were more on training and no record (of reviewing inherent ESH hazards) at the place of work.										Minutes of meeting now include activities to address health and safety concerns in the factory.	Document review	Completed			The facility conducts regular Health and Safety Committee meeting. The committee conducted meeting to address all health and safety concerns in the facility. **[Completed]**	Records inspection, workers interview, management interview		
2. Freedom of Association and Collective Bargaining																				
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.																				
Right to Freely Associate		Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organisations 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, including eventual termination of employment, and is applicable as well to unemployed and retired workers.																The facility maintains employment contract for all foreign workers and it was found that the duration of contract is set as 3 years. However, the employment contract of foreign workers shows that employee shall not participate in activities of those connected with Trade Union Malaysia. It is also written that any employee shall not organize, participate or be involved in any kind of industrial action during his term of employment. These are categorized as restriction of freedom of association and non-compliance according to FLA Benchmarks. **[New finding]**	Records inspection, workers interview, management interview	Among the limitations imposed by Malaysian immigration regulations are the limit on the period of employment contract of foreign workers and that foreign workers are not allowed to participate in "societies". However, based on Malaysian Bar Association, the regulation violates Malaysian labor law. After the FLA workshop on migrant labor which clarified the issue, all Malaysia-based suppliers were informed of this and have been asked to remove this restriction from all contracts via an addendum (for existing contracts). For further verification.	FLA migrant worker workshop
3. Wages and Benefits																				
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																				
Minimum Wage		Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.	The Vietnamese workers' contract mentioned that they will be compensated RM 18.50 /day whereas the actual payment from payroll records show the compensation to be RM 18.30/day.				Documents review			Strictly observe compliance with the terms of employment contracts entered into with employees. Daily rate as indicated in the contract should be guaranteed. Consistency should be ensured through checking of payroll computations. Brief payroll personnel on this. Arrange payment of back wages.	12/31/2006		Factory policy is that daily basic rates are guaranteed only for the first three months, after which the worker salary is based exclusively on piece rate. Factory maintains that they conducted briefings with all workers using worker leaders as translators to explain this. Daily rate indicated on the contract must be guaranteed.	Document review, interview	Pending			During the current audit, payroll records were reviewed, showing that for the time being, all the employees receive the same basic wage as RM 18.50 /day. All interviewed employees stated that they get the same basic wage as RM 18.50; however, they stated working was based on piece rate system. The payroll records reviewed indicate that piece rate employees remain guaranteed their basic wage even if their output doesn't meet it. **[Completed]**	Records inspection, workers interview		
Illegal Holding of Funds	Employment Act 1955 (Act 265)	All voluntary deductions (savings clubs, loan payments, etc.) will be credited to proper accounts and funds will not be held illegally or inappropriately by employees.	1) It was reported that deductions were made from a worker's wage in the amount of RM155 on 22/7/06 and RM180 on 7/8/06 for air ticket. Management informed that the action was taken due to disciplinary lapse. However, no disciplinary records available upon the site audit. 2) The Nepalese workers' wages are deducted for electricity & water bill in excess of RM25.00 (as per contract) but this does not apply to Vietnamese workers who are also staying in the company hostel.				Workers' interview, document review			Establish clear and specific rules regarding the kind of deductions and how these deductions shall be effected from employees' wages observing the legal provision on wage deductions. Apply guidelines uniformly to all employees. Make these guidelines known to the employees concerned and include guidelines in the briefing of incoming employees.	11/30/2006		Factory developed deductions guidelines based on Malaysian labor law. Translation still pending finalization of all other guidelines. Contract terms differ between nationalities and within nationalities depending on the negotiations made with individual recruitment agents in the different countries. Factory was advised to assess all terms across all contracts and strive for standardized terms including deductions to be applied to all nationalities.	Document review, interview	Pending			During the payroll audit, no deduction was found for air ticket, electrical heater bills or disciplinary fines. The interviewed employees stated that the facility gives the usage limit for utility bills as RM 15 per employee. However, there is another concern found related to deduction during current audit. The facility pays for Levy of RM 1,200/year in advance. The Levy is the tax for foreign workers which are distributed to Malaysia government. The employment contract indicates that the employer shall advance to the employee a sum of RM 1,200 as payment to Levy. This amount shall be deducted from the employee's salary through 12 months in 100/month installments. The management stated receiving permission from labor department for this decution; however, no valid permit from Labor department was available for review. The facility could just show the copy of the permit No: PP3/29/002/2002 issued by Labor department (Jabatan Buruh Semenanjung Malaysia) on January 1, 2002 as reportedly, the original permit had been missing. **[Pending]**	Records inspection, workers interview, management interview	Due to change in immigration labor regulations in mid-2009, the factory must shoulder the payment of the levy. As such, no levy contributions should be deducted from laborers at the onset of the new regulation. However, it was found that the factory was still deducting the levy and has been advised to stop doing so and to return the amounts deducted up to the onset of the new regulation (since April, 1 2009) Based on the latest advice from the factory, the deduction for the levy has been stopped. For further verification	records inspection, management interview

				IRM Findings						Remediation					Updates (Cite Date of Follow up)		Third Party Verification		Company Verification Follow up	
FLA Code/ Compliance issue	**Country Law/Legal Reference**	**FLA Benchmark**	**Non-compliance**	**Risk of Non-compliance**	**Evidence of Non-compliance (uncorroborated)**	**If not corroborated, explain why**	**Sources/Documentation used for corroborating**	**Notable Features implemented by Factory Management at Company**	**PC Internal audit findings (Optional)**	**PC Remediation plan**	**Target Completion Date**	**Factory Response (Optional)**	**Company follow up (April 24, 2007)**	**Documentation**	**Status1 Completed; Pending; On-going**	**Company Follow up**	**Documentation**	**External Verification February 17, 2009**	**Documentation**	**Company Follow up 2009 August 7,**	**Documentation**
Accurate recording of wage compensation		All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately.	The wages are calculated based on piece-rate (target) on top of the basic salary. However, calculation on July '06 was found inaccurate as per Employee's Daily breakdown list as the sum total for the first two weeks should be RM248.78, but the amount paid shown in Annual Employee's Wage Statement was RM245.30 (RM1.48 less) instead. The last two weeks' wages on the same month were also found to be RM8.34 less.				Worker interview, documents review			Correctness of wage payments should be ensured through checking of payroll computations before actual distribution. Guidelines should be provided on how workers can complain about and be paid for errors in wage payments. Brief payroll personnel and workers on this. Arrange payment of back wages.	11/30/2006		Errors were also noted between piece-rate records and payroll records, some of which were either due to late submission of piece rate tickets by workers or simply errors by payroll staff. Factory HQ was advised to strictly monitor the payroll operations of branch staff. No guidelines were yet developed on how the workers can complain about the payroll errors with the payroll staff.	Document review, interview	Pending			Payroll records of October to December 2008 of the employees who previously worked in ****Name of the previous branch**** were reviewed. There are 46 wage slips and time cards of previous branch employees. The total wage on the wage record, the daily breakdown of earnings and pay slip appear consistent with each other. However, during the payroll audit, discrepancies were found between overtime wage calculated based on the overtime hours on the time cards and overtime hours reflected on the wage records/pay. The overtime compensation and overtime hours on the wage records are larger than the amount of overtime hours in the provided time cards. **[Pending]**	Records inspection, workers interview, management interview	It was found during interviews that several workers from the branch voluntarily agreed to work overtime beyond the limit set by the Code of Conduct during December 2008. Every worker interviewed confirmed they received full payment for all actual hours worked. The factory was advised that transparency is a critical issue and that all working hours had to be reflected on all records. Factory committed that they will observe the limit on overtime hours and the provision of weekly rest day.	records inspection, management interview, worker interviews
Minimum wage/ Incentives		Regardless of any production quotas, incentives will not be reduced or unpaid if the result will be wages below the minimum wage.	The basic salary for Vietnamese worker stated on the Employment Contract is RM18.50 but Daily breakdown list of a worker showed less pay, RM15.579 on 1/6/06, thus, daily wage is not guaranteed on a daily basis.				Documents review			Strictly observe compliance with the terms of employment contracts entered into with employees. Daily rate as indicated in the contract should be guaranteed. Correctness of wage payments should be ensured through checking of payroll computations. Brief payroll personnel on this. Arrange payment of back wages.	11/30/2006		Factory policy is that daily basic rates are guaranteed only for the first three months, after which the worker salary is based exclusively on piece-rate. Factory maintains that they conducted briefings with all workers using worker leaders as translators to explain this. Daily rate indicated on the contract must be guaranteed.	Document review, interview	Pending			There is no law regulating minim wage in Malaysia. The amount of basic wage is determined and agreed in the employment contract. The employment contract states that the company will guarantee the minimum salary for first 3 months but the payroll audit shows that the employees are guaranteed the basic wage of RM 18.50 although their piece rate earning is less than the basic wage. **[Completed]**	Records inspection, workers interview		
5. 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.																					
Time Recording System		Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate.																During the verification audit, time cards of October to December 2008 were requested. However, time cards of December 2008 were not available for review. The management stated time cards of December 2008 for the employees at ****Name of the previous branch**** had been missing since factory moving. While reviewing time cards and wage record/pay slip, inconsistency was detected between the time cards and wage records/pay slips regarding the total overtime hours. The wage records reflect more overtime than time cards. The employees stated that sometime they punched out their time cards at 9:00pm but worked until 11:00pm. For example, the time cards show total overtime as 30 hours/2 weeks but the wage record and pay slip show total overtime of the same workers as 42.5 hours/2 weeks. Because of these inconsistencies, the audit team was unable to fully assess the actual overtime hours worked by the employees. **[New finding]**	Records inspection, workers interview, management interview	It was found during interviews that several workers from the branch voluntarily agreed to work overtime beyond the limit set by the Code of Conduct during December 2008. Every worker interviewed confirmed they received full payment for all actual hours worked. The factory was advised that transparency is a critical issue and that all working hours had to be reflected on all records. Factory committed that they will observe the limit on overtime hours and the provision of weekly rest day.	worker interviews, management interview, records inspection
Overtime Limitations:1		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.	Based on all employees' time records review, some workers worked OT in excess of 12 hours a week. Details as follows: - August 2005, maximum OT was 25.5 hours/week. - October 2005, maximum OT was 17.5 hours/week. - November 2005, maximum OT was 23.5 hours/week. - December 2005, maximum OT was 24.5 hours/week. - January 2006, maximum OT was 16 hours/week. - March 2006, maximum OT was 14.5				Worker and Management interview[s] and document reviews			Calculate workload based on normal working hours. Implement operations review to determine causes for excessive overtime or work on rest days and institute control of overtime and eliminate work on rest days through effective planning and coordination among production sections.	12/31/2006		No more work on rest days found. There is even less weekday overtime. Factory branch workload is pending review as the factory plans to merge this branch with another branch in order to implement better production systems.	Document review, management interview	On-going			Although there was indication that not all overtime hours on weekdays are recorded on employees' time cards, the audit team kept trying to assess the total overtime based on provided time cards. The time cards indicate that overtime is worked over 12 hours week, up to 28.5 hours in October 2008 on 31 employees and up to 37.5 hours in November 2008 on 32 employees. The audit team also found time cards of two employees working daily hours more than the legal limit of 12 hours /day, up to 13.5 hours or they worked until 11:00pm for 14-16 days /month in October and November 2008. **[Pending]**	Records inspection, workers interview	It was found during interviews that several workers from the branch voluntarily agreed to work overtime beyond the limit set by the Code of Conduct during December 2008. Every worker interviewed confirmed they received full payment for all actual hours worked. The factory was advised that transparency is a critical issue and that all working hours had to be reflected on all records. Factory committed that they will observe the limit on overtime hours and the provision of weekly rest day.	worker interviews, management interview, records inspection
Overtime Limitations:2		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.	Sunday work was detected; the workers worked consecutively without a rest in every seven days period in July'05, August'05, Oct'05, Nov'05, Dec'05, Jan'06, Mar'06, April'06, June'06 and July'06. For example: Sewing employees worked on Sunday consecutively for five weeks, starting from the end of May till June '06; some workers worked on Sunday since the end of May till early August '06. Both records were from Annual Employee Wages Records.				Worker and Management interview and document reviews			Calculate workload based on normal working hours. Implement operations review to determine causes for excessive overtime or work on rest days and institute control of overtime and eliminate work on rest days through effective planning and coordination among production sections.	12/31/2006		No more work on rest days found. There is even less weekday overtime. Factory branch workload is pending review as the factory plans to merge this branch with another branch in order to implement better production systems.	Document review, management interview	On-going			During the verification audit, time cards of October to December 2008 were requested. However, time cards of December 2008 were not available for review. The management stated time cards of December 2008 for the employees at ****previous branch**** had been missing since factory moving. Based on the provided time cards and wage records, the audit team still found lack of a 7th day rest. The time cards and wage records indicate 31 employees in October, 32 employees in November and 34 employees in December 2008 worked on 1-4 Sundays /month. **[Pending]**	Records inspection, workers interview, management interview	It was found during interviews that several workers from the branch voluntarily agreed to work overtime beyond the limit set by the code of conduct during December 2008. Every worker interviewed confirmed they received full payment for all actual hours worked. The factory was advised that transparency is a critical issue and that all working hours had to be reflected on all records. Factory committed that they will observe the limit on overtime hours and the provision of weekly rest day.	worker interviews, management interview, records inspection
6. Overtime Compensation																					
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																					
Miscellaneous																					