

| FLA Audit Profile | |
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| Country | Sri Lanka |
| Factory name | 10007093D |
| IEM | T Organ Solutions Pvt. Ltd. |
| Date(s) in facility | July 28 - 29, 2006 |
| PC(s) | Phillips-Van Heusen |
| Number of workers | 679 |
| Product(s) | Wovens |
| Production processes | Cutting, Sewing, Finishing, Packing |

| FLA Code/ Compliance Issue | Country Law/Legal Reference | FLA Benchmark | IEM Findings | | | | | Remediation | | | | | (Status) | | |
|--|-----------------------------|--|---|--|--|----------------------------------|---|--|---|---|-----------------------------|---|---|--|-----------------------------|
| | | | Noncompliance | Risk of Noncompliance | Evidence of Noncompliance (Uncorroborated) | If Not Corroborated, Explain Why | Sources/ Documentation Used for Corroborating | Notable Features Implemented by Factory Management or Company | PC Remediation Plan | Target Completion Date | Factory Response (Optional) | Company Follow Up (Cite Date of Follow Up) | | Documentation | Completed, Pending, Ongoing |
| I. 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. | PC's code of conduct posters posted in production hall and in canteen are in English and not in the local language. | | | | | Visual observation; interview with management and workers; record review | | This will be implemented and corrected immediately. | | | During audit conducted September 20, 2006, these issues had been remedied. Code of conduct trainings have been performed and workers are now aware of elements of code. The code posters have been given to factory in the local language of the workforce. | Verified through workers' interviews and observation | Completed |
| Worker Management Awareness of Code | | FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards 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. | 1) Participating Company has not conducted any training or awareness program for management and workers to explain code elements. 2) Most employees interviewed were not aware of the code elements. | 3) PC's code elements are not included in the agreements or communicated to subcontractors (Subcontractor named). Copy of agreement obtained, does not have the. | Finding was incriminating. | | Visual observation; interviews with management and workers; record review | | This will be implemented and corrected immediately. | | | During audit conducted September 20, 2006, these issues had been remedied. Code of conduct trainings have been performed and workers are now aware of elements of code. The code posters have been given to factory in the local language of the workforce. | Verified through workers' interviews and observation | Completed | |
| Confidential Noncompliance Reporting Channel | | FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so. | Name and contact number of PC's representative posted on notice board away from PC's COC poster. No explanation has been given as to why has been posted. Employees interviewed were not aware of any confidential noncompliance reporting mechanism by the PC. | | Visual observation | Finding was incriminating. | | | This will be implemented and corrected immediately. | | | During the audit conducted on September 20, 2006, this issue had been remedied. Name and contact number of PC is now posted on the code poster and workers are aware of the reporting mechanism in place between them and the PC. | Verified through workers' interviews and observation | Completed | |

| IEM Findings | | | | | | | | | | | | | | |
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| 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. | | | | | | | | | | | | | | |
| Employer Records | | Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with the code provision. | | Factory does maintain employment documents for outsourced workers (security guards, canteen and housekeeping workers) | Interview with Management | Finding was incriminating. | | | Implement system to monitor working hours of these 3rd party employees to ensure they are treated within minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During follow up conducted September 20, 2006, it was found that this issue had been remedied. Factory now holds records of all outsourced workers on premises of factory. | Verified through review of the employment records of the outsourced workers. | Completed |
| Employment Terms | | Employment terms shall be those to which the worker has voluntarily agreed. | | In absence of employment records for outsourced workers, cannot confirm whether terms of employment have been voluntarily agreed by worker. (security guards, canteen and housekeeping workers) | Interview with Management | Finding was incriminating. | | | Implement system to monitor working hours of these 3rd party employees to ensure they are treated within minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. Factory now holds records of all outsourced workers on premises of the factory. These employment records have been reviewed to ensure terms have been agreed to by outsourced workers of the factory. | Verified through review of the employment records of the outsourced workers. | Completed |
| Freedom of Movement | | Employers prohibited from practices that restrict a worker's ability to terminate his or her employment or freedom of movement, including physical or mental coercion, deposits, unreasonable financial penalties or recruitment fees, and access to and renewal of identity papers and/or work permits or other legal identification documents. | | Cannot confirm in absence of employment records for outsourced workers. (security guards, canteen and housekeeping workers) | Interview with Management | Finding was incriminating. | | | Implement system to monitor working hours of these 3rd party employees to ensure they are treated within minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds the records of all outsourced workers on the premises of the factory. | Verified through review of the employment records of the outsourced workers. | Completed |
| Recruitment Contracts | | There can be no employment terms (including contracts, recruitment arrangements, or any other instruments) which specify that employees can be confined or 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, good quality, etc.) | | In the absence of employment records for outsourced workers, cannot confirm. (security guards, canteen and housekeeping workers) | Interview with Management | Finding was incriminating. | | | Implement system to monitor working hours of these 3rd party employees to ensure they are treated within minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds the records of all outsourced workers on the premises of the factory. | Verified through review of the employment records of the outsourced workers. | Completed |
| 3. Child Labor | | | | | | | | | | | | | | |
| No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15. | | | | | | | | | | | | | | |
| Age Documentation | Factories ordinance of Sri Lanka. Employment of women, young persons and children Act No. 47 of 1956. | Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth. | | Factory does not maintain any proof of age document for outsourced workers. (security guards, canteen and housekeeping workers) | Interview with Management and outsourced workers. | Finding was incriminating. | | | Implement system to monitor working hours of these 3rd party employees to ensure they are treated within minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds the records of all outsourced workers on the premises of the factory. Age verification on outsourced workers has been performed. | Verified through review of the age records/employment records of the outsourced workers. | Completed |

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| 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 or abuse. | | | | | | | | | | | | | | |
| Freedom of Movement | | Employers will not unreasonably restrain freedom of movement of workers, including movement in canteen, during breaks, using toilets, accessing water, or to access necessary medical attention. | | Some toilet closets in ladies toilet block found locked. Management issued toilet keys had been allocated to workers by section/department and each section/department locked toilet closets allotted to them and kept the key. This was done as the workers were responsible for the maintenance of their own toilets. | | Interview with management and review of record visual inspection | | | Ensure all toilet closets are kept unlocked. | December 1, 2005 | Toilet closets will remain unlocked. | During follow-up visit conducted September 20, 2006, contract with agency for canteen workers renewed and signed. All toilets are unlocked as per factory policy. | Verified through review of the appropriate documentation and workers' interviews. | Completed |
| 5. Nondiscrimination | | | | | | | | | | | | | | |
| No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, rationality, political opinion, or social or ethnic origin. | | | | | | | | | | | | | | |
| Sex Discrimination | | There shall be no differences in compensation and benefits attributable to gender. | | Cannot confirm for outsourced workers, in absence of records, (security guards, canteen and housekeeping workers). | | Interview with Management | Finding was incriminating. | | Implement a system to monitor working hours of these 3rd party employees to ensure they are treated within minimum legal limits. | September 1, 2005 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 31/10/05 to monitor input times of these employees, too, in order to cross check working hours and wages paid meet legal requirements. To elaborate further, all these 3rd party employees have been given barcodes card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payroll to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds records of all outsourced workers on the premises of factory. Auditor has reviewed the terms of the workers' contracts to verify all legal requirements are upheld, i.e., wages and benefits. | Verified through review of the employment contracts of the outsourced workers. | Completed |

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| 6. Health and Safety | | | | | | | | | | | | | | |
| Employees 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 ordinance of Sri Lanka, ordinance no. 45 of 1942, No. 22 of 1948, Acts nos. 54 of 1961, 17 of 1965 & 29 of 1971, Law no. 12 of 1976, Acts 17 of 1982, 35 of 1984, 18 of 1998 & 33 of 2000. | Employer will comply with applicable health and safety laws and regulations. In any case where laws and codes of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits. | Boiler permit is not posted as required by law. | | Visual Inspection | Finding was incriminating. | | | Post boiler permit as required by law. | September 1, 2005 | This will be done accordingly. | During the follow up conducted on September 20, 2006, this finding has been corrected. | Verified through observation - during the walkthrough of the auditor | Completed |
| Document Maintenance/ Accessibility | | 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. | MSDS were not available at the boiler treatment chemicals kept outside the boiler room. | | Visual Inspection | Finding was incriminating. | | | MSDS need to be made available at the boiler treatment. | September 1, 2005 | This will be done accordingly. | During the follow up conducted on September 20, 2006, this finding has been corrected. | Verified through observation - during the walkthrough of the auditor | Completed |
| Evacuation Procedure | | 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, fire exit, and evacuation procedures. | 1. Emergency exit in CAD room blocked with chair and carton. 2. Side aisle in sampling room cramped. Another aisle partly blocked with chairs kept opposite desk. 3. Aisle markings in sampling room faded. Evacuation signs not posted. 4. "Keep clear yellow boxes" not marked in front of many exits. 5. Evacuation signs in some areas point to farther exit instead of closer exit. In some areas aisles on production floor, evacuation signs not posted. 6. Cutter frame of rotary cutter partly blocking aisle in cutting section. Some aisles in cutting section not marked and found to be partly blocked with bins, standing and sitting workers. 7. Evacuation plan posted in main fabric/bins store does not provide details of floor layout, evacuation signs, location of fire extinguishers and is in English. "You are here" not marked. Evacuation plan posted near emergency exit in cutting section does not match floor layout and is incorrect. 8. Some workers in sewing had blocked access to aisle with bins, while inspectors noticed where few workers working between 2 sewing operators blocked from all sides. 9. Some aisles have pillars running in middle which could prevent unobstructed movement during emergency evacuation. | | Visual Inspection | Finding was incriminating. | | | All emergency exits/aisles need to be completely unobstructed so all workers have accessibility in case of emergency. In addition, all exits and aisles need to be marked with yellow paint/bars to indicate these areas need to be kept free of debris and obstruction at all times. Readjust the locations of evacuation signs so workers use most accessible exit to them and install additional evaluation signs and plans. Amend evacuation plans posted so they provide detailed floor layouts and location of fire extinguishers. Ensure "You Are Here" is designated on all plans. | September 1, 2005 | This will be done accordingly. | During the follow up conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during the walkthrough of the auditor | Completed |

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| | | | 10. Aisles in collar section not marked with parallel yellow lines. Furniture/bins seen obstructing this passage. 11. Some beam-type emergency lights have weak illumination (70 to 80 lux when measured with light meter at distance of 1 foot) and may not serve required purpose should there be thick smoke. 12. Sewing bays located near runway section does not have aisles set aside for workers to access. Most of these sewing operators completely blocked with bins, furniture, other workstations, etc. 13. Evacuation passage connecting 2 exits in 'Stock-Lor' store blocked with hanger stand. 14. Medical Room has only 1 exit. 15. Aisle markings in canteen faded. Evacuation signs and plan not posted. 16. Empty canteen store totally disorganized. Canteen piled up in hazardous manner. Stocks not properly organized with aisles clearly demarcated between them. Exit totally blocked with canteen. This situation presents fire hazard | | Visual Inspection | Finding was incriminating. | | | All aisles need to be completely unobstructed so all workers have accessibility in case of emergency. In addition, all exits and aisles need to be marked with yellow paint/signs to indicate these areas need to be kept free of debris and obstruction at all times. Ensure all emergency lighting has strong illumination to aid workers in their possible evacuation from factory. Ensure all areas in factory have at least 2 exits in case of emergency. Evacuation plans need to be posted at all exits and all aisles need to be kept free of debris at all times to prevent a fire hazard. | September 1, 2006 | This will be done accordingly. | During the follow up conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during the walkthrough of the auditor | Completed |
| 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. Fabric and packaging material waste is piled up in a shed in a haphazard manner. Roof of shed partly damaged. There is no fire extinguisher and 'No Smoking' sign installed. | | Visual Inspection | Finding was incriminating. | | Re-organize the shed so that fabric and packaging materials are in an orderly manner. Repair roof of shed and post 'No Smoking' signs and a fire extinguisher. | September 1, 2006 | This will be done accordingly. | During the follow up conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during the walkthrough of the auditor | Completed | |
| PPE | | Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste. | A worker was seen using a tag gun without his name on it to ensure personalized usage. | | Visual Inspection | Finding was incriminating. | | Place tag names on tag guns to ensure personalized usage. | September 1, 2006 | This will be done accordingly. | During the follow up conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during the walkthrough of the auditor | Completed | |
| Chemical Management | | All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances. | 1. Shed for keeping diesel barrels outside generator room is too small, and 1 of the diesel barrels in fact was outside shed exposed to sun and rain. Is no fire extinguisher and 'No Smoking' sign installed. 2. There is no chemical store with water source nearby for storing cleaning and water treatment chemicals. | | Visual Inspection | Finding was incriminating. | | Diesel barrels need to be kept in a more spacious area as 1 barrel found outside shed exposed to sun and rain. Is no fire extinguisher and 'No Smoking' sign installed. Is no chemical store with water source nearby, for storing cleaning and water treatment chemicals. | September 1, 2006 | This will be done accordingly. | During the follow up conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during the walkthrough of the auditor | Completed | |

| IEM Findings | | | | | | | | | | Remediation | | | | (Status) |
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| Ventilation/Electrical/facility maintenance | | All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility. | 1. CAD room very poorly lit. Lighting levels ranged from 12 to 20 lux. 2. Lighting on machines with individual lamps ranged from 130 to 250 lux. machines without individual lamps ranged from 130 to 250 lux. Lighting on cutting and pressing tables ranged from 250 to 300 lux. In fusing area lighting was 100 lux while in fusing section was 220 lux. 3. Lint noticed on overhead lights in cutting section and in some areas on production floor. 4. Ventilation in fusing section poor. The area was warm and humid. Temperature ranged between 88 to 90°F. | | Visual Inspection | Finding was incriminating. | | | 1. Improve lighting in CAD room. Presently, lighting levels ranged from 12 to 20 lux. Lighting on machines with individual lamps ranged from 130 to 250 lux. machines without individual lamps ranged from 130 to 250 lux. Lighting on cutting and pressing tables ranged from 250 to 300 lux. In fusing area lighting was 100 lux while in fusing section was 220 lux. Remove lint on overhead lights in cutting section and in some areas on production floor. Improve ventilation in fusing section, area was warm and humid. Temperature ranged between 88 to 90°F. | September 1, 2005 | This will be done accordingly. | During the follow up conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during walkthrough of the auditor. The audit also measured the lighting to ensure it had been remediated. | Completed |
| Machinery Maintenance | | All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner. | 1. Pedal mats missing from numerous sewing machines. 2. Exhaust pipe of power generating set not insulated and could cause burn injuries to the operator. | | Visual Inspection | Finding was incriminating. | | | Install pedal mats on all sewing machines and insulate exhaust pipe of power generating set as it could cause burn injuries to the operator. | September 1, 2005 | This will be done accordingly. | During the follow up conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during the walkthrough of the auditor | Completed |
| Sanitation in Facilities | Per the Board of Investment Health & Safety Norms, Toilet Ratio are to be maintained at 1 per 25 workers. | All facilities including factory buildings, toilets, canteens, victuaries, and clinics, shall be kept clean and safe and be in compliance with applicable laws. | 1. Some doors in ladies and gents toilet closets need repair. 2. Aisle no sink/troughs with taps installed for hand wash outside of men's toilet blocks. Soap not available at gents toilet block while tiny pieces of soap seen outside ladies toilet blocks where 2 taps for washing feet installed. Hand dryers not installed. There is every possibility workers not washing hands appropriately after using toilet. Few workers, in fact, seen coming out of toilets and not washing hands. 3. Floor of ladies toilet block wet and slippery. 4. Garbage bins in most ladies toilet closets so full with used sanitary napkins/pieces of fabric bits could not close. This is unhygienic. 5. Per standards laid down by Board of Investment, for 221 male workers, should be 7 toilets (after taking into account the urinals installed). However, factory has only 5. | | Visual Inspection | Finding was incriminating. | | | Repair broken doors in ladies and gents toilet closets. Install sink/troughs with taps for hand wash outside of men's toilet blocks. Soap not available at gents toilet block while tiny pieces of soap seen outside ladies toilet blocks where 2 taps for washing feet installed. Hand dryers not installed. Floor of ladies toilet block is wet and slippery. Ensure garbage bins in ladies toilet closets emptied on regular basis. In addition, install an additional 2 toilets in men's lavatory. | September 1, 2005 | This will be done accordingly. | During the follow up conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during the walkthrough of the auditor | Completed |

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| Sanitation in Dining Area | | All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building. | 1. Lady serving food in canteen was bare handed to handle food items. Was not using polythene gloves. 2. Hygiene standards at canteen kitchen are poor. | Visual Inspection | Finding was incriminating. | | | All workers serving food in canteen are to wear gloves while handling food. Hygiene standards at canteen kitchen are poor. | September 1, 2006 | This will be done accordingly. | During the follow up conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during the walkthrough of the auditor | Completed |
| Other Fire Safety, Health and Safety Legal compliance | As per BCI standards 7.8 on "facilities for resting". Suitable facilities for resting have to be provided and maintained for use of all female workers whose work is done standing. | Employer will comply with applicable health and safety laws and regulations. In any case where laws and codes of practice are contradictory, the higher standards will apply. The factory will possess all legally required permits. | 1. All workers/employees, whether in standing or sitting jobs, found to be barefoot. No resting facility has been provided. | Visual Inspection | Finding was incriminating. | | | Ensure all workers not walking around with bare feet in factory. This will reduce the number of injuries. Provide a resting place for workers. | September 1, 2006 | This will be done accordingly. | During the follow up conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during the walkthrough of the auditor | Completed |
| Other | | | 2. Price list for food items sold in canteen is not posted. | Visual Inspection | | | | Price list of food sold in canteen not posted. | September 1, 2006 | This will be done accordingly. | During the follow up conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during the walkthrough of the auditor | Completed |
| F. Freedom of Association and Collective Bargaining | | | | | | | | | | | | | |
| Employees will recognize and respect the right of employees to freedom of association and collective bargaining | | | | | | | | | | | | | |
| G. Wages and Benefits | | | | | | | | | | | | | |
| Employees recognize that wages are essential to meeting employees' basic needs. Employees 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 | Wage Board Ordinance of Sri Lanka no. 27 of 1941, 40 of 1945, 15 of 1945, 22 of 1945. | Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher. | Factory does not maintain pay records for outsourced workers. Hence cannot confirm. (security guards, canteen and housekeeping workers) | Interview with Management | Finding was incriminating. | | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 01/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds the payroll records of all outsourced workers on the premises of the factory. Auditor has reviewed the records to find that the outsourced workers are being paid their appropriate and legal amount. | Verified through review of the payroll records of the outsourced workers | Completed |
| Wage Benefits Awareness | | Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law. | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, canteen and housekeeping workers) | Interview with Management | Finding was incriminating. | | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 01/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds records of all outsourced workers on the premises of the factory. Auditor has reviewed the records to find that the outsourced workers are being paid their appropriate and legal amount, as well as all their entitled benefits. | Verified through review of the records of the outsourced workers' interviews | Completed |
| Wage and Benefits Posting | | All notices that are legally required to be posted in the factory work areas will be posted. All legally required documents, such as copies of legal code of law, will be kept at the factory and available for inspection. | 1. BCI wage list is not posted as per BCI requirement. 2. List of Holidays are not posted as required by law. | Visual Inspection | Finding was incriminating. | | | Post the BCI wage list and the listing of Holidays as required by law. | September 1, 2006 | This will be posted accordingly. | During the follow-up visit conducted on September 20, 2006, these findings have been corrected. | Verified through observation - during the walkthrough of the auditor | Completed |
| Deduction for Services | | Deductions for services to employees will not exceed the cost of the service to the employee. If questioned, employees will demonstrate the reasonableness of these charges. | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, canteen and housekeeping workers) | Interview with Management | Finding was incriminating. | | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 01/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds records of all outsourced workers on the premises of the factory. Auditor has reviewed the records and has found that outsourced workers are not being deducted for outside services. | Verified through review of the records of the outsourced workers, as well as the outsourced workers' interviews | Completed |
| Payroll Reporting | | Accurate and reliable payroll reporting, including pay stubs will be provided. | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, canteen and housekeeping workers) | Interview with Management | Finding was incriminating. | | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 01/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds records of all outsourced workers on the premises of the factory. Auditor has reviewed the time records and payrolls of the outsourced workers. Pay stubs are being provided to these workers. | Verified through review of the records of the outsourced workers' interviews | Completed |
| Pay Statement | | Employees will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions. | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, canteen and housekeeping workers) | Review of records & interview with Management | Finding was incriminating. | | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 01/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds records of all outsourced workers on the premises of the factory. Auditor has reviewed the records and outsourced workers are receiving pay statements for each pay period, which shows earned wages, regular and overtime pay, bonuses and all deductions. | Verified through review of the records of the outsourced workers, as well as the outsourced workers' interviews | Completed |
| Time-Recording System | | Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. | Factory does not maintain any records for outsourced workers. (security guards, canteen and housekeeping workers) | Interview with Management | Finding was incriminating. | | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 01/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds records of all outsourced workers on the premises of the factory. Auditor has reviewed the time records of the outsourced workers. | Verified through review of the records of the outsourced workers' interviews | Completed |
| Record Maintenance | | All compensation records will be maintained accurately and should be acknowledged by the employee as accurate. | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, canteen and housekeeping workers) | Interview with Management | Finding was incriminating. | | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 01/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds records of all outsourced workers on the premises of the factory. Auditor has reviewed the time records of the outsourced workers, and time records are found to be in compliance. | Verified through review of the records of the outsourced workers' interviews | Completed |

| FLA Code/ Compliance Issue | Country Law/Legal Reference | FLA Benchmark | Noncompliance | IEM Findings | | | Notable Features Implemented by Factory Management or Company | Remediation | | | Company Follow Up (Cite Date of Follow Up) | Documentation | Status |
|---|--|---|---|---|--|--|---|---|---|---|---|---|-----------|
| | | | | Risk of Noncompliance | Evidence of Noncompliance (Uncorroborated) | If Not Corroborated, Explain Why | | Source/ Documentation Used for Corroborating | PC Remediation Plan | Target Completion Date | | | |
| Legal Benefits | | Employers will provide all legally mandated benefits to all eligible workers. | | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, cartmen and housekeeping workers) | Interview with Management | Finding was incriminating. | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/06 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds records of all outsourced workers on the premises of the factory. Auditor has reviewed the legal benefits given to the outsourced workers. All seems to be in compliance. | Verified through review of the records of the outsourced workers' interviews | Completed |
| | | Legally mandated benefits will be provided or paid in full within legally defined time periods. | | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, cartmen and housekeeping workers) | Interview with Management | Finding was incriminating. | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2005 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds records of all outsourced workers on the premises of the factory. Auditor has reviewed the legal benefits given to the outsourced workers. All seems to be in compliance. | Verified through review of the records of the outsourced workers' interviews | Completed |
| Timely Payment of Benefits | | All legally mandated deductions for taxes, social insurance, or other purposes will be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc. The employer will not holiday of these funds over from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g., monthly deposits, weekly pay). If the law does not specify, then deposits will be made before the next pay period in all cases. | | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, cartmen and housekeeping workers) | Interview with Management | Finding was incriminating. | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2005 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, it was found that this issue had been remedied. The factory now holds records of all outsourced workers on the premises of the factory. Auditor has reviewed the legal deductions of the outsourced workers. All seems to be in compliance. | Verified through review of the records of the outsourced workers' interviews | Completed |
| Legal Compliance for Holiday/Leave | | Workers will be paid for holidays and leave as required by law | | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, cartmen and housekeeping workers) | Interview with Management | Finding was incriminating. | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2005 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, review of the payroll and time records, outsourced workers are being paid for holidays and leaves taken. | Verified through review of the records of the outsourced workers' interviews | Completed |
| Accurate Recording of Wage Compensation | | All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately. | | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, cartmen and housekeeping workers) | Interview with Management | Finding was incriminating. | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2005 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, review of the payroll and time records, all hourly wages, piecework, bonuses, and other incentives are being calculated and recorded accurately for outsourced workers. | Verified through review of the records of the outsourced workers' interviews | Completed |
| Timely Payment | | All compensation shall be paid in a timely manner. | | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, cartmen and housekeeping workers) | Interview with Management | Finding was incriminating. | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2005 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up conducted on September 20, 2006, review of the payroll all compensation is being paid in a timely manner. | Verified through review of the records of the outsourced workers' interviews | Completed |
| Record Maintenance | | All legally required payroll documents, journals and reports will be available complete, accurate and up-to-date. (In the United States terms this would include W-4s, I-9s, green cards, 941s and supporting material. | Factory does not maintain pay records for outsourced workers. | Interview with Management | Finding was incriminating. | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/06 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up audit conducted on September 20, 2006, all legally required payroll documents, journals and reports are available complete, accurate and up-to-date. | Verified through review of the records of the outsourced workers | Completed | |
| 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. | | Factory does not maintain any records for outsourced workers. Hence cannot confirm. (security guards, cartmen and housekeeping workers) | Interview with Management | Finding was incriminating. | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/06 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up audit conducted on September 20, 2006, all employees are being credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled. | Verified through review of the records of the outsourced workers, as well as the outsourced workers' interviews | Completed |
| Hours of Work | | | | | | | | | | | | | |
| Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period | | | | | | | | | | | | | |
| Forced overtime | BOI (Board of Investments) standards of Hours of Work, Factories Ordinance Act 6 & 32 of 1984. | Under extraordinary business circumstances, employers undertake intensive efforts to reduce voluntary overtime work prior to mandating involuntary overtime. | There is no system in place to ensure that overtime is voluntary. | Interview with Management | Finding was incriminating. | | Factory needs to maintain a system to ensure all overtime work is voluntary. | September 1, 2005 | Will establish a policy for all workers to ensure overtime work is performed on a voluntary basis. | | During the follow-up visit conducted on September 20, 2006, the finding had been corrected. Workers are now signing the overtime agreement to verify their agreement to work overtime. | Verified through review of the appropriate documentation and workers' interviews. | Completed |
| Overtime Limitations | | Except in extraordinary business circumstances, 1. 1 security guard works on 24 hour shifts and takes off every alternate day. Other guards work on 12 hour shifts, which at times get extended to 24 hours in case reliever does not report for duty. 2. Housekeeping and cartmen workers work for 12 hours a day and at times they also work on Saturdays, which is a rest day. 3. Instances of divers working in excess of 60 hours per week and up to 80 hours. | | Interview with Security guards, Cartmen and House keeping workers | Finding was corroborated | Interview with Management, Security In-charge and Housekeeping supervisor. | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2006 | Details of such employment records, personnel files, payroll, etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 9/1/06 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcode card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow-up audit on September 20, 2006, review of time records showed security guards are no longer working 24 hour shifts and working hours are within the legal limit of 60 hours for cartmen, security guards and housekeeping. | Verified through review of the appropriate documentation and workers' interviews. | Completed |

| FLA Code/ Compliance Issue | Country Law/Legal Reference | FLA Benchmark | Noncompliance | IEM Findings | | | | Sources/ Documentation Used for Corroborating | Notable Features Implemented by Factory Management or Company | Remediation | | | | (Status) |
|--|--|---|--|---|--|--|---------------------|---|---|--|--|---|---------------|----------|
| | | | | Risk of Noncompliance | Evidence of Noncompliance (Uncorroborated) | If Not Corroborated, Explain Why | PC Remediation Plan | | | Target Completion Date | Factory Response (Optional) | Company Follow Up (Cite Date of Follow Up) | Documentation | |
| OT Overtime Compensation | | | | | | | | | | | | | | |
| In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate. | | | | | | | | | | | | | | |
| OT Compensation | BOI (Board of Investment) standards on Wages and overtime payment, Factories Ordinance Act 7 & 32 of 1984. | The factory shall comply with applicable law for premium rates for overtime compensation. | 1. 1 Security Guard works on 24 hour shift and takes off every alternate day. Other guards work 12 hour shifts which at times get extended to 24 hours in case reliever does not report for duty. These guards only get a monthly salary and a fixed allowance irrespective of number of hours of OT worked. 2. As practice, factory works for 8 regular working hours on Monday, 9 regular working hours on Tuesday and 9.5 regular working hours from Wednesday to Friday to work 45.5 hours weekly. Extra hours worked over 8 hours a day not compensated at OT premium. As per law, all hours worked over 8 hours a day should be compensated at OT premium rate. 3. Housekeeping and canteen workers work for 12 hours a day with no extra pay for extra hours worked over 8 hours a day. | Interviews with security guards, management and housekeeping workers records review | Finding was incriminating and was also corroborated. | Interview with security in charge and housekeeping supervisor. | | Implement a system to monitor the working hours of these third party employees to ensure that they are treated within the minimum legal limits. | September 1, 2005 | Details of such employment records, personnel files, payroll etc. of these 3rd party employees obtained from respective companies. A system has been implemented from 01/05 to monitor in/out times of these employees, too, in order to cross check working hours and wages paid meet legal requirement. To elaborate further, all these 3rd party employees have been given barcodes card which they swipe to mark in and out times. Meanwhile, we obtain payroll data from respective company and compare in/out data with payrolls to ascertain proper calculation of wages and also to ensure working hours kept within legal limits. | During the follow up audit on September 20, 2005, review of time records and payroll showed overtime wages are being paid accurately and according to the legal requirement. | Verified through review of the appropriate documentation and workers' interviews. | Completed | |
| Miscellaneous | | | | | | | | | | | | | | |
| Other | | | 1. While agreement with agency providing workers for housekeeping expired in December 2004, factory does not have any signed agreement with the agencies providing canteen workers and security guards. | Interview with management and review of record/ visual inspection | Finding was incriminating. | | | Factory does not have any signed agreement for the agencies providing housekeeping, canteen workers and security guards. | December 1, 2005 | The contracts will be signed for the individual agencies. | During the follow-up visit conducted on September 20, 2005, contract with agency for canteen workers renewed and signed. All toilets are unlocked as per factory policy. | Verified through review of the appropriate documentation and workers' interviews. | Completed | |