No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or harassment of abuse.

5. Nondiscrimination

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.

3. Child Labor

There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

2. Forced Labor

Harassment or Abuse

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.

6. Health and Safety

No person will be subject to any discrimination in hiring, salary, benefits, advancement, discipline, termination or

4. Harassment or Abuse

There will be no freedom of speech or expression or threatened or actual freedom of speech or expression or threat of such freedom or expression, as to prevent such speech or expression or threat of such freedom or expression from being exercised.

7. Freedom of Association and Collective Bargaining

Sanitation in Dining Area

Maintains a good system of training in first aid.

Sanitation in Dining Area

Other equipment necessary for efficient running of education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.

It was found that no refrigeration is available in the canteen and visit records through workers interview corroboration.

13, 2005, the auditor confirmed that a refrigerator have been placed in canteen and visual observation of right to freely associate.

Visual Observation

Corroborated through equipment and about 130 personnel trained in first aid.

Visual Observation

Corroborated through general awareness of the employees of code standards of PCs through visual observation.

Visual Observation

Bureau Veritas Consumer Product Services, India

FLA Audit Profile

Country

FLA Code/Compliance

Issue

COC of Participating Companies:

Standards to Company factories as well as to Companies:

January 1, 2005

January 1, 2005

February 19, 2005, the auditor confirmed that it has plans to continue this practice and maintain on file.

Written records of code of conduct standards of PCs through maintained on file.

Corroborated through the induction but no specific written records are maintained to set an example the factory has recruited the workers on health and safety issues as it possesses all legally required permits.

Visual Observation

Corroborated through workers interviews and visual observation.

Visual Observation

Documentation and visit records through workers interview corroboration.

Visual Observation

Corroborated through the workers on health and safety issues as it possesses all legally required permits.

Visual Observation

Corroborated through workers interview and visual observation.

Visual Observation

Corroborated through workers interview and visit records through workers interview corroboration.

Visual Observation

Documentation and visit records through workers interview corroboration.

Visual Observation

Documentation and visit records through workers interview corroboration.

Visual Observation

Documentation and visit records through workers interview corroboration.

Visual Observation

Documentation and visit records through workers interview corroboration.

Visual Observation

Documentation and visit records through workers interview corroboration.

Visual Observation

Documentation and visit records through workers interview corroboration.

Visual Observation

Documentation and visit records through workers interview corroboration.

Visual Observation

Documentation and visit records through workers interview corroboration.

Visual Observation

Documentation and visit records through workers interview corroboration.

Visual Observation

Documentation and visit records through workers interview corroboration.
<table>
<thead>
<tr>
<th>FLA Code/Compliance Issue</th>
<th>Country Law/Legal Reference</th>
<th>FLA Benchmark</th>
<th>Monitor’s Findings</th>
<th>Documentation (If Finding Corroborated/Verified Via Multiple Sources, List All)</th>
<th>Was Finding Corroborated?</th>
<th>If Not Corroborated, Explain Why</th>
<th>Best Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>No violation observed. Factory has given freedom of association and policy has been displayed in factory. Joint Worker-Management Committee exists in the form of a Welfare Committee, Canteen Committee and Grievance Committee. Workers are given right to elect representatives of their choice (management and worker representatives). The committee comprises of equal number of management and workers' representatives. The worker's representatives are elected by workers themselves. Also, workers have option to drop their complaints/grievances in the complaint box in the factory. Worker's interviews covering all the sections/departments of the factory. Corroborated through records of visits of NGOs.</td>
<td>N/A</td>
<td>N/A</td>
<td>There are 2 NGO groups visiting facility at regular intervals (at least once a month) and workers communicate their grievances with representatives of said group. The contact information of said group are ***. The factory has actively promoted this element of code as NGOs visit in factory and workers are free to approach them also for their problems other than usual way of reporting through grievance committee and to the Welfare Officer.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Field</td>
<td>Compliance Issue</td>
<td>Country Law/Legal Reference</td>
<td>PLM Benchmark</td>
<td>Manager's Findings</td>
<td>Observations</td>
<td>Action Plan</td>
<td>Factory Response (Proposed)</td>
</tr>
<tr>
<td>-------</td>
<td>-----------------</td>
<td>-----------------------------</td>
<td>---------------</td>
<td>-------------------</td>
<td>-------------</td>
<td>------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td><strong>Overtime Limitations</strong></td>
<td>9. Hours of Work</td>
<td>Section 52 of The Factories Act, 1948</td>
<td>(i) Adult worker shall be required or allowed to work in a whole day on 1 of the 5 days immediately before or on the 12th days, there is a delay of 2 days. Due to this reason, factory will ensure that workers of sewing and finishing departments had normally give them within 10 days.</td>
<td>No</td>
<td>Nil</td>
<td>Nil</td>
<td>Extends the time period for non-compliance with wage policies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&amp; FLA.</td>
<td>Factory gives 1 day off per 7 day week. Workers of factory gives 1 day off per 7 day week from Feb 19, 2005, auditor confirmed that security guards provided by *****.</td>
<td>Yes</td>
<td>Nil</td>
<td>Nil</td>
<td>Extends the time period for non-compliance with wage policies.</td>
</tr>
<tr>
<td><strong>Wages and Benefits</strong></td>
<td>8. Wages and Benefits</td>
<td>Section 52 of The Factories Act, 1948</td>
<td>More than 60 hours or legal limits at factory, then factory is to work excessive hours and/or during their rest period at your working excessive hours and/or during their rest period at working excessive hours and/or during their rest period at working excessive hours.</td>
<td>No</td>
<td>Nil</td>
<td>Nil</td>
<td>Extends the time period for non-compliance with wage policies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&amp; FLA.</td>
<td>Factory maintains a good system of working excessive hours and/or during their rest period at working excessive hours and/or during their rest period at working excessive hours.</td>
<td>No</td>
<td>Nil</td>
<td>Nil</td>
<td>Extends the time period for non-compliance with wage policies.</td>
</tr>
<tr>
<td><strong>Record Maintenance</strong></td>
<td>7. Record Maintenance</td>
<td>Section 64 (4) of Factories Act, 1948</td>
<td>Factory maintains a good system of working excessive hours and/or during their rest period at working excessive hours.</td>
<td>Yes</td>
<td>Nil</td>
<td>Nil</td>
<td>Extends the time period for non-compliance with wage policies.</td>
</tr>
<tr>
<td>---------------------------</td>
<td>----------------------------</td>
<td>--------------</td>
<td>-------------------</td>
<td>---------</td>
<td>---------</td>
<td>-----------</td>
<td>-------------</td>
</tr>
<tr>
<td>Accurate recording of OT hours worked</td>
<td>3. According to Rule 25 (2) of the Minimum Wages Central Rules, 1950, a register of overtime shall be maintained by every employer in Form IV in which entries the column specified therein shall be made as and when overtime is worked, in any establishment. Register shall be kept at workspot and maintained up to date. Where no overtime has been worked in any wage period, a “nil” entry shall be made across body of register at end of wages period, indicating also in precise terms the wage period to which the “nil” entry relates.</td>
<td>Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work. The manual time in and time out records of the security guards shown on the first day of audit indicated only 8 hours work in a day. However, the payroll records provided by the outside security agency for the security guards indicated that the security guards have been paid for maximum 44 shifts in a month. However, no time cards supporting the payment were available/shown by the factory.</td>
<td>For security guards, the payment records of one month provided by the security agency</td>
<td>Yes</td>
<td>Nil</td>
<td>Please see above rest day and working hours requirement.</td>
<td>12/1/2004</td>
</tr>
<tr>
<td>OT Compensation</td>
<td>2. According to Section 59 (1) of The Factories Act, 1948 where a worker works in a factory for more than 9 hours in any day or more than 48 hours in any week, he shall in respect of overtime work be entitled to wages at rate of twice his ‘ordinary’ rate of wages. Where there is increase in working hours but increase is below maximum working hours, a workman is entitled to proportionate extra wages for this extra work.</td>
<td>The factory shall comply with applicable law for premium rates for overtime compensation. Security guards are paid overtime at a single rate instead of a legal rate of double the normal rate. No documents provided</td>
<td>Security guards must be paid for overtime at rate higher than wages for legally prescribed workday in accordance with local law. Factory must require, and then enforce, its security agency to pay retroactive wage payments for overtime hours, of wage differential to meet double normal rate. (Note: Back payment up to time of Reebok production). A requirement to provide proper overtime wage payments should be incorporated in your contract with security agency. Please assign an individual to monitor wages paid to security guards for all hours worked at <em>factory</em> to ensure compliance with wage payments.</td>
<td></td>
<td></td>
<td>12/10/2004</td>
<td></td>
</tr>
</tbody>
</table>

**Miscellaneous**

10. Overtime Compensation In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation.