Reviewed documents of factory communication in

Country Law/Legal

Employment decisions will be made solely on the basis of

adidas' internal monitor has already explained in

Updates

Employers will utilize consistent written disciplinary practices

FLA Principle of Monitoring, Obligation of Companies:

Completed

Factory to develop wage policy that defines component of wage

Pending

Training of Management in

4. Harassment or Abuse

Other

FLA Audit Profile

Cutting, Sewing, Finishing, Packing, Embroidery, Printing

adidas AG

T-Group Solutions Pvt. Ltd.

safe evacuation (posting of evacuation plans, unblocked

by majority of the workers if different from the local language.

prescribed manner and in local language or language spoken

assignment of work, termination of employment, provision of

employment decisions will be subject to this provision.  They

education, training, demonstrated skills or abilities. All

in appropriate disciplinary practices.

Develop a secure communications channel, in a manner

prominent place (in the local languages spoken by employees

Standards orally and through the posting of standards in a

"thinner" being used and there was a strong odor of the fumes.

Management interview,

Management interview,

Visual observation;

Document review,

Document review,

Record review,

Management interview,

Interviews

PC conducted training on Workplace Standards to

Document review

Document review

PC conducted training on Workplace Standards to

Factory has only prepared increment structure and not the wage

production areas. 2) Factory to develop written policy on health and

safety.

1) Factory does not have any written policy on Harassment and

Adidas has not conducted any training/awareness programs for

(October 16, 2007)

PC conducted training on Workplace Standards to

document review

Pending, 1

PC conducted training on Workplace Standards to

Pending, 1

PC conducted training on Workplace Standards to

Pending

PC conducted training on Workplace Standards to

Pending
<table>
<thead>
<tr>
<th>Finding</th>
<th>Description</th>
<th>Status</th>
<th>Action Taken by</th>
<th>Date</th>
<th>Company Follow Up</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Factory to conduct risk assessment on one hand operation of die-making sections to reduce high working temperature.</td>
<td>Pending</td>
<td></td>
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<td>2</td>
<td>No update on this.</td>
<td>Pending</td>
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<td>3</td>
<td>Factory received remediation recommendation from BOI.</td>
<td>Pending</td>
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<tr>
<td>4</td>
<td>No update from factory. Factory to complete the remediation recommendation as stated in the factory walkthrough report.</td>
<td>Pending</td>
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<td>5</td>
<td>Factory to establish procedure on first aid and designate first-aid kits, etc. shall be in place, maintained as prescribed and easily accessible.</td>
<td>Pending</td>
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<td>6</td>
<td>All production machinery and equipment shall be maintained, serviced after regular interval as per the operation of the machinery.</td>
<td>Pending</td>
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<tr>
<td>7</td>
<td>Factory to conduct test on drinking water on regular basis.</td>
<td>Pending</td>
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<tr>
<td>8</td>
<td>First aid procedures not posted at first aid box for easy identification. All first aid boxes unlocked and stocked, observed expired septic used to treat wounds in first aid box for easy identification.</td>
<td>Pending</td>
<td></td>
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<tr>
<td>9</td>
<td>Factory has submitted certificates of first aid trained personnel and of the H&amp;S Committee.</td>
<td>Pending</td>
<td></td>
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<tr>
<td>10</td>
<td>Mesh safety gloves for cutting machine; iii) Masks for dust and solvent vapors, noise, dust, etc.</td>
<td>Pending</td>
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<tr>
<td>11</td>
<td>All chemicals and hazardous substances should be properly handled and stored in approved containers.</td>
<td>Pending</td>
<td></td>
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<tr>
<td>12</td>
<td>Visual inspection (Optional)</td>
<td>Pending</td>
<td></td>
<td></td>
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<tr>
<td>13</td>
<td>PPE required for certain workstation based on its associated health hazards.</td>
<td>Pending</td>
<td></td>
<td></td>
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<tr>
<td>14</td>
<td>Hand wash areas have pieces of fabric for wiping/drying.</td>
<td>Pending</td>
<td></td>
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<tr>
<td>15</td>
<td>Workers shall wear appropriate protective equipment (gloves, mesh safety gloves).</td>
<td>Pending</td>
<td></td>
<td></td>
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<tr>
<td>16</td>
<td>Hand wash facilities in all women's restrooms.</td>
<td>Pending</td>
<td></td>
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<tr>
<td>17</td>
<td>Provide exit gate in each story of the building; ensure all areas are completely safe with proper drainage facilities.</td>
<td>Pending</td>
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<tr>
<td>18</td>
<td>Factory to conduct regular monitoring on fire exits, fire extinguisher tested monthly, hydrant, alarm system checked.</td>
<td>Pending</td>
<td></td>
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<tr>
<td>19</td>
<td>Conduct training on PPE for workers.</td>
<td>Pending</td>
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<td>20</td>
<td>Conduct regular monitoring system.</td>
<td>Pending</td>
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<tr>
<td>21</td>
<td>Conduct regular cleanup/housekeeping maintenance that includes regular inspection on fire exits, fire extinguisher tested monthly, hydrant, alarm system checked.</td>
<td>Pending</td>
<td></td>
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<tr>
<td>22</td>
<td>Mesh safety gloves for cutting machine; iii) Masks for dust and solvent vapors, noise, dust, etc.</td>
<td>Pending</td>
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<tr>
<td>23</td>
<td>PPE required for certain workstation based on its associated health hazards.</td>
<td>Pending</td>
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<tr>
<td>24</td>
<td>Hand wash areas have pieces of fabric for wiping/drying.</td>
<td>Pending</td>
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<tr>
<td>25</td>
<td>Workers shall wear appropriate protective equipment (gloves, mesh safety gloves).</td>
<td>Pending</td>
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<tr>
<td>26</td>
<td>Hand wash facilities in all women's restrooms.</td>
<td>Pending</td>
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<tr>
<td>27</td>
<td>Provide exit gate in each story of the building; ensure all areas are completely safe with proper drainage facilities.</td>
<td>Pending</td>
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<tr>
<td>28</td>
<td>Factory to conduct regular monitoring on fire exits, fire extinguisher tested monthly, hydrant, alarm system checked.</td>
<td>Pending</td>
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<td>29</td>
<td>Conduct training on PPE for workers.</td>
<td>Pending</td>
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<tr>
<td>30</td>
<td>Conduct regular monitoring system.</td>
<td>Pending</td>
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<tr>
<td>31</td>
<td>Conduct regular cleanup/housekeeping maintenance that includes regular inspection on fire exits, fire extinguisher tested monthly, hydrant, alarm system checked.</td>
<td>Pending</td>
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<td>32</td>
<td>Mesh safety gloves for cutting machine; iii) Masks for dust and solvent vapors, noise, dust, etc.</td>
<td>Pending</td>
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<tr>
<td>33</td>
<td>PPE required for certain workstation based on its associated health hazards.</td>
<td>Pending</td>
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<tr>
<td>FLA Code/Compliance Issue</td>
<td>Country Law/Legal Reference</td>
<td>FLA Benchmark</td>
<td>Noncompliance</td>
<td>Risk of Noncompliance</td>
<td>Evidence of Noncompliance</td>
<td>If Not Corroborated, Explain Why</td>
</tr>
<tr>
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<tr>
<td>Employer Interference/Formation of Alternative Organizations</td>
<td>In cases where a single union represents workers, the employer will not interfere in any way in workers' ability to form other organizations that represent workers.</td>
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<td>Management denied any such effort on their part.</td>
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<tr>
<td>Union representative interviewed Factory to establish policy on probationary that defines: 1) Probationary period is maximum 3 months. 2) All decisions on upgrading employment status from probationary workers to regular workers made solely based on worker's performance and in accordance with factory's non-discrimination policy. 3) Factory to develop policy on Freedom of Association that respects worker's rights to join and organize associations on their own and to bargain collectively. Factory to develop procedure that allows effective communication between management, specifically between Japanese CEO and union workers.</td>
<td></td>
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<td>9/30/2007 Pending</td>
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<tr>
<td>Factory has developed company policy that states commitment on Nondiscrimination and Freedom of Association. However, no complete policy that covers the required points such as maximum probationary period was included. Factory to complete the remediation by December 15, 2007.</td>
<td></td>
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<tr>
<td>Pending</td>
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<tr>
<td>Factory maintains the same status as December 16, 2007, i.e., factory has developed company policy that states commitment to Non-Discrimination and Freedom of Association; however, no complete policy that covers required points, such as maximum probationary period, has been created. Factory probationary period is 6 months and extended to another 6 months. However, factory informed that they are committed to have 3 months as probationary period which will be implemented immediately.</td>
<td></td>
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<td>Document reviews management interviews, appointment letter review</td>
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</tbody>
</table>
Documentation

Overtime hours worked in excess of code standard will be

except in extraordinary business circumstances, employees

work hours record shows statement that overtime is

noncompliance

personnel files and payrolls of outsourced workers were not

factory has sent update on work hours tracking chart

country law/legal

pending

10. Overtime Compensation

overtime limitations

Voluntary OT

Overtime Limitations

off in every 7-day period.

country will not limit hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least 1 day

An extraordinary business circumstance is a temporary

period of extra work that could not have been anticipated or

alleviated by other reasonable efforts.

Instances of security guards working continuously for 60 hours

9 hours OT in July 2006 and 74.5 hours a week during the

being given between shift changes. 3) Some workers in cutting

hours continuously without a break. Also, adequate rest not

for last 3 months revealed guards have worked between 24-44

of 1943, 19 of 1945, 22 of

children Act No. 47 of 1956.

Women, young persons and

States terms this would include W-4s, I-9s, green cards, 941s

verified.

Issues for these workers could not be

outsourced. Hence, compliance on these

Employment records and records

pertain to wage and benefits are not

factory and workers on the same. Factory has agreed to complete

and overtime hours. No communication has happened between

factory and workers on the same. Factory has agreed to complete

remediation process which will be verified during next audit. No

communication has happened between

company and workers. On March 29, 2007, company will

complete remediation by December 15, 2007.

If Not Corroborated,

Explain Why

Evidence of

Noncompliance

If Not Corroborated,

Explain Why

Documentation Used

Management or Company

(February 18, 2009)

Pending

Other

Pending

Completed,

Pending,

Completed,

Ongoing

Notable Features Implemented by Factory

Plan

Ongoing

Completed,

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