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### Payment of Wages

Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay wages latest on the 10th of the next month. No deductions can be made for any non-sanctioned reasons. Wages will be paid in accordance with local law and regulations.

### Legal Benefits

Employers are required to provide legally mandated benefits. These benefits include, but are not limited to, healthcare, retirement plans, and maternity leave. Employers must ensure that workers are aware of these benefits and have the opportunity to enroll.

### Sanitation in Facilities

All sanitation programs must be in place and followed. This includes proper handwashing facilities, waste disposal, and cleaning schedules. Sanitation inspections must be conducted regularly.

### Chemical Management

All chemicals and hazardous substances must be properly labeled and stored in designated areas. All chemicals must be used correctly and disposed of according to local regulations.

### Ergonomics

Ergonomics policies must be in place to ensure a safe working environment. This includes proper chair and workstation setup, as well as breaks for workers.

### Labor Law

All regulations relating to hiring, working conditions, and termination of employment must be clearly marked and available to workers. Workers must be trained in proper safety, first aid, and emergency procedures.

### Workplace Training

Workers must be trained in all necessary safety procedures, including emergency evacuation. Training must be documented and updated regularly.

### Reporter's Assurances

Workers have the right to report any issues anonymously. All reports must be investigated and addressed.

### Reporting Channels

Workers must have access to multiple reporting channels, including anonymous hotlines. All complaints must be acknowledged and addressed.

### Conflict of Interest

Conflicts of interest must be identified and managed to prevent any bias in decision-making.

### Labor Relations

Workers must be allowed to form and join trade unions. Management must engage with workers through these unions.

### Company Follow-Up

All recommendations must be followed up within the specified timeframes. Follow-up reports must be provided to FLA compliance staff.
| Fundamental | Acceptance | Evidence of noncompliance | Risk of noncompliance | Evidence of noncompliance (uncorroborated) | Risk of noncompliance if not corroborated, explain why |
|-------------|------------|---------------------------|----------------------|--------------------------------------------|__________________________________________________|
| FLA Code/Compliance | Country Law/Legal Reference | Noncompliance | FLA Benchmark | FLA Remedy Plan | Company Follow Up | Documentation used for corroborating |

### Notable Features

**PC Internal Audit Findings** (Optional) (November 16, 2005)

**PC Remediation Plan**

**Target Completion Date**

**Factory Response** (Optional)

**Company Follow Up** (September 13, 2006)

**Documentation**

**Company Follow Up** (May 8, 2007)

**Documentation**

**Company Follow Up** (November 20, 2007)

### Risk of Noncompliance

**Evidence of noncompliance**

**Noncompliance**

**Sources/Documentation Used For Corroborating**

**Completed, Pending, Ongoing**

**External Verification** (November 4, 2008)

**Documentation**

**Company Follow Up**

### Third-Party Verification

**Remediation**

**IEM Findings**

**Updates**

**Company Verification Follow Up**

### Miscellaneous

**OT Compensation**

**Factory** shall comply with applicable law for premium rates for overtime compensation.

**Overtime needed to attend quotas for production not paid or raised.**

**Workers must not do OT or work during breaks to fulfill quotas. OT policy must be documented (e.g., in worker handbook) together with a procedure by which worker can advise supervisor they are not available or not willing to do OT.**

**Train supervisors in relevant labor law provisions and adidas requirements in relation to 60 hour work week. If management asks for OT to reach production targets. OT + compensation will be paid.**

**From today onwards. Staff handbook will be revised: it will be mentioned that OT is always voluntary and that no one will be forced to work longer hours to reach quotas. All OT will be announced at least 48 hours in advance. Working during breaks will be forbidden.**

**Management interview**

**Visual inspection, documents (new version of staff handbook)**

**Staff handbook contains chapter regarding OT. It states: a) OT is voluntary; b) OT will be announced at least 48 hours in advance; c) all OT being paid according to local law. All workers have been verbally trained on new version of staff handbook; a copy was given.**

**Completed**

**All hours marked in time records being paid, but several employees observed working during break, either to meet hourly quota or to do repair jobs. Employee and management interviews reveal it is a voluntarily action from employees.**

**Pending**

**Worker and management interviews; visual observation**

**Miscellaneous**

**Except in extraordinary business circumstances, employees will (i) not be required to work more than lesser of (a) 48 hours per week and 12 hours overtime or (b) limits on regular and overtime hours allowed by law of country of manufacture or, where laws of such 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 off in every 7-day period.**

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