

<b>FLA Audit Profile</b>		<b>IEV Profile</b>	
Country	Sri Lanka	Country	Sri Lanka
Factory name	02007041C	Factory name	02007041CV
IEM	BVCPS (Sri Lanka) and T-Group Solutions Pvt. Ltd.	IEM	T-Group Solutions Pvt. Ltd.
Date of audit	July 27, 2004	Date of audit	May 18-19, 2006
Days in the facility	1.5 days	Days in the facility	
PC(s)	Eddie Bauer	PC(s)	Eddie Bauer
Number of workers	1044	Number of workers	
Product(s)	Apparel	Product(s)	
Production processes	Cutting, Sewing, Finishing, Packing, Quilting, Embroidery	Production processes	

Findings						Remediation			Third-Party Verification		Company Verification Follow Up	
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation Plan	Target Completion Date	Company Follow Up (Cite Date)	Documentation	External Verification (May 18-19, 2006)	Documentation	Company Follow Up (November 2, 2006)
<b>1. Code Awareness</b>												
Code Posting/Information		<b>FLA Principle of Monitoring, Obligation of Companies:</b> Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	Eddie Bauer's (EB) Code of Conduct (COC) found in the factory. No formal communication of COC to factory by any of the participating brands.	posted code, visual inspection		1) Factory should ensure that workers and management are aware of code provisions, by including information in workers' handbook about code standards. 2) Code awareness should also be communicated to workers via a training session.		11/20/2004	Employee handbook issued to all workers. Orientation for all new workers.	1) Pending: EB's COC is posted with the local contact number. However, worker handbook does not clearly spell out all code-related information. 2) There are no training sessions conducted for workers on code awareness.	random worker interviews	Factory has reported to EB that "code awareness training was conducted June 25 for office staff and all new workers are being advised on same and existing workers are being trained in batches." EB will review training documentation and interview workers regarding training during next follow-up visit. <b>11/02/2006:</b> Completed. EB's COC awareness training included in workers' orientation. Documents provided for review that indicated that EB's COC training was arranged on the first day of workers joining the company. This was verified in worker interviews; factory's training record was also provided for review.
Worker/Management Awareness of Code		<b>FLA Principle of Monitoring, Obligation of Companies:</b> 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.	Workers are not aware of code. Not all management were aware of the COC.			1) Factory should ensure that workers and management are aware of code provisions by including information in workers' handbook about code standards. 2) Code awareness should also be communicated to workers via a training session.				Pending: Management to a certain extent is aware of the code elements; however, workers are still not quite aware of code elements. 2) Management stated that training sessions will commence shortly.	worker and management interviews	<b>11/02/2006:</b> Completed. EB's COC training included in workers' orientation. Documents provided for review which indicated that EB COC training was arranged on the first day of workers joining the company. This was verified in worker interviews; factory's training record was also provided for review.
Confidential Noncompliance Reporting Channel		<b>FLA Principle of Monitoring, Obligation of Companies:</b> 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.	There was no noncompliance reporting mechanism existing in the factory.	visual inspection		1) Factory should establish grievance policy and procedures in the factory, whereby workers are able to report problems or abuses without fear of management retaliation. 2) EB will issue the updated version of its Factory Workplace COC that includes local EB contact information. While EB encourages factories to develop and utilize internal procedures for resolving workplace disputes, this communication channel is provided as an additional resource for workers to report noncompliance issues directly to EB.		11/20/2004	Grievance policy included in employee handbook; however, the policy lacked appropriate details at the time of the follow-up audit. EB will continue follow up on this action item during the next factory visit.	Pending: Grievance policy is NOT included in the handbook; the system of reporting stated by management (suggestion box and open door policy) is too ineffective. However, there is an informal reporting mechanism, which is not very transparent.	worker interviews	Factory's current handbook outlines an informal grievance procedure in which workers are invited to report any comments to the factory's Suggestion Box or Personnel Division. EB has requested the factory to elaborate upon its grievance policy and maintain records of grievances received/how they were resolved, in accordance with FLA guidance on grievance procedures. According to factory, "We are reprinting a separate page in English and Sinhala with regard to grievance policy and will be added to the handbook for the new recruitments and we have displayed same in order that present workers will be aware of same." EB will assess effectiveness and transparency of grievance procedure during the next follow-up visit. <b>11/02/06:</b> Completed. Grievance procedures included in employee handbook written in both English and Sinhalese. New employees provided with employee handbook and trained
<b>2. Forced Labor</b>												
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.												
Freedom in Employment		All workers will have the right to enter into and to terminate their employment freely.	There is a risk in the case of a worker not providing 1 month's notice at the time of leaving their job, in that the letter of appointment indicates either 1 month's salary or notice to be rebursed. Copy of contract with subcontractors were not available with the facility management.	appointment letter		No deductions should be made from the wages of workers wishing to terminate their employment. Workers should receive wages due for all hours worked. Factory should revise its letter of appointment accordingly.		11/20/2004	Appointment letter revised. Notice for revised policy in place for existing workers.	Completed: Facility has deleted this clause from all old appointment letters by issuing a cover note and new letters have no limitation with regards to notice of resignation.	random inspection of personnel files, worker interviews	
<b>3. Child Labor</b>												
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 Verification		In those cases where proof of age documentation is not readily available, employers will take precautions to ensure that all workers are at least the minimum working age, including medical or religious records, or other means considered reliable in the local context.	Although no noncompliance issues observed with facility employee's personnel files, there were no age verification documents available for the canteen employees.			Factory should maintain age documentation records for all workers.		11/20/2004	Age documentation in the form of birth certificate copies or ID card maintained for production workers and the 4 outsourced canteen workers. Policy in place to ensure age documentation is necessary for hiring.	Completed: All age records are updated; canteen workers personnel files have proof of age certificates, as well as national ID card copies.	employee interviews, workers' file inspection	
<b>4. Harassment or Abuse</b>												

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Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.												
Disciplinary Practices		Employers will utilize consistent written disciplinary practices that are applied fairly among all workers.	No written disciplinary policy or procedure was available.			Factory should develop and communicate a disciplinary policy for all staff (including production and supervisory staff). Disciplinary measures should be based on the severity of infractions and the factory should develop and document an example list of unacceptable behavior, the corresponding disciplinary actions, and the person(s) responsible for enforcement of discipline.		11/20/2004	Included in employee handbook, but lacks details. EB will continue follow up on this action item during next factory visit.	Pending: Handbook clearly states what a worker "cannot do," but it does not state what will be the disciplinary action taken by the facility in case of such actions by a worker, it needs more focus and clarity. Handbook does not state who will be responsible for handling disciplinary procedures.	handbook review, employee interviews	The factory has reported to EB that they will include the following in the next version of the handbook: "If a worker commits 1 of the following, action will be taken as follows. Verbal warning will be given by Group Personnel Manager. If same mistake is repeated, a warning letter will be given (this will be repeated twice). If the mistake occurs again, worker will be interdicted, pending inquiry, and will decide at inquiry if this particular person will continue to work or to be terminated." EB will review updated handbook upon completion and assess application of the disciplinary procedures during the next follow-up visit. <b>11/02/06:</b> Completed. Employee handbook clearly outlined the progressive nature of the disciplinary procedures, starting with a verbal warning, written warning, and leading up to termination. It matched with what the management and
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices.	No training was provided to either management or staff.			Training on the new disciplinary policy and procedures should be executed for supervisors and workers.		11/20/2004	Management staff being sent to classes on disciplinary issues. Internal training for supervisors and workers have yet to take place. EB will continue follow up on this action item during the next factory visit.	Pending: Both management and workers have yet to undergo any formal training. There has been NO action taken with regards to training on disciplinary matters.	random interviews with workers and management	Once disciplinary procedures are updated and finalized in the handbook, factory has been requested to train its employees in the policy and procedures. EB will check on the status of this during next follow-up visit. <b>11/02/06:</b> Completed. Revised handbook provided for review, which indicated the factory's disciplinary procedures. Training on employee handbook is given to workers upon hire. Disciplinary training included in workers' orientation. Training documents provided for review indicated the same information.
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	No records were maintained and per facility management, there were no disciplinary actions taken against employees in past years.			Factory should maintain written records of disciplinary measures taken.		11/20/2004	Disciplinary log book reviewed.	Completed: Since July 2004, the facility's human resources department is maintaining a log that indicates the following: date of the incident/# of worker/ nature of incident/disciplinary process/action taken.	inspection of logs kept on disciplinary proceedings, employee interviews	
Monetary Fines and Penalties		Employers will not use monetary fines and penalties for poor performance.	If an employee was late by 21 minutes, a fine would be deducted from their overtime hours for 30 minutes.	payroll review		Factory shall immediately discontinue the use of monetary deductions or fines as a means of discipline. Workers should receive their wages due for all regular and overtime hours worked.		11/20/2004	Revised policy included in employee handbook.	Completed: The facility has discontinued the system of deducting money for late attendance and other fines; however, the handbook does not mention anything about a revised policy in regard to these deductions.	random worker interviews, handbook review	Factory handbook does not mention any deductions from workers' salaries for disciplinary reasons. The handbook does provide information on the calculation of regular and OT wages based on the number of hours worked. <b>11/02/06:</b> Completed. The factory's current disciplinary policy does not include monetary deductions.
<b>5. Nondiscrimination</b>												
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.												
Pregnancy Testing		Employers will not use pregnancy tests or the use of contraception as a condition of hiring or of continued employment. Employers will not require pregnancy testing of female employees, except as required by national law.	During the initial interview done by production management to inquire about pregnancy status, it was gathered that if the worker would be pregnant, she would not be hired.	employee interviews		The factory's recruitment and hiring process should be based on objective performance criteria and not discriminate against workers on the basis of pregnancy status. Factory should develop a non-discrimination policy; workers and managers should be made aware of the policy.		11/20/2004	Non-discrimination policy included in employee handbook. Factory management responsible for hiring aware of non-discriminatory requirements.	Completed: Management stated that they do NOT practice pregnancy testing and that this message has been conveyed to all and sundry within the organization.	random worker and staff interviews	
<b>6. Health and Safety</b>												
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.												
Fire Safety, Health and Safety Legal Compliance		Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.	1) Fire extinguishers were blocked in stores and sewing area. 2) All Emergency lights, except 1, were out of order.	visual inspection		1) Ensure unblocked access to fire extinguishers. 2) Ensure proper illumination.		11/20/2004	Fire extinguishers are free of obstructions. Proper illumination viewed.	Completed: Fire extinguishers can be accessed easily and are clearly marked. Emergency lights are charged and working.	visual inspection	
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.	Written H&S policy was not available. MSDS were not kept along with chemicals where stored and used.	visual inspection, document review		MSDS should be available and maintained in areas where chemicals are stored and used.			No chemicals except stain remover used by facility. Complete MSDS available for stain remover.	Completed: MSDS and Safety instructions are now posted in the local language.	visual inspection	
Evacuation Procedure	According to the Factories Ordinance 1956 Sec. 41 (8), aisles shall be kept free from obstruction during the working hours to allow rapid evacuation.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	1) Aisles were obstructed with fabric rolls and trolley in the stores and the sewing area. 2) Workstations along with sewing lines were obstructed with chairs and stools.	visual inspection		All aisles and workstations must be kept free from obstruction at all times. Ensure the provision of safe access to and egress from every place of work in the factory.			All aisles and workstations free from obstruction at the time of audit.	Pending: Few aisles in the main production floor were blocked with semi finished garments (jackets). The feeding tables/tools were blocking the pathways in the production lines.	visual inspection	EB requested factory to designate personnel in charge of monitoring health and safety at the factory on an ongoing basis. Factory has reported to EB that they have recently hired a new staff member responsible for compliance, who will be responsible for factory health and safety issues. This will be verified on site by EB during the next follow-up visit. <b>11/02/06:</b> Some improvement. A new compliance officer in charge of health and safety was hired in last 3 months. However, on day of visit aisles in raw materials' room blocked by materials and secondary exits were blocked.

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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.	An eye wash unit was not kept along with the chemicals where stored and used.	visual inspection		Install an eye wash unit in the area where chemicals are stored and used.			No washing or other processes that requires large amount of chemicals. Eye wash station deemed to be unnecessary. Eye wash lotion kept in first aid box.	Pending: A wash basin is available in stain removing area; however, does not serve the purpose of an eye wash which should have an up-turned shower to spray water into the eyes.	visual inspection	The factory has reported to EB that they have an eye wash. This will be verified on site by EB during next follow-up visit. <b>11/02/06:</b> Pending. Eye wash bottle with up-turned tube was provided.
Personal Protective Equipment (PPE)	1) In accordance with requirements of Factories Ordinance, Sec. 51 (1), facility shall ensure that employees use facemasks wherever dust is being generated. 2) In accordance with requirements of the Factories Ordinance, Sec. 58 B. (1), as amended in Law 12 of 1976, factory shall construct, install, protect, work and maintain as to prevent, as far as practicable, danger to persons working in the factory where electrical energy is generated, transformed, distributed or stored.	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.	1) Face mask were not used by cutters and overlock operators where dust is being originated. 2) PPE not used by chemical users during the working hours. 3) Heated iron rod using to drill fabric to make holes with out any PPE.	visual inspection		Workers must be provided with the appropriate PPE relevant to the performance of their job duties, and should be trained in PPE use and maintenance.			Appropriate PPE worn by workers at time of audit. H&S policy documents periodic training.	Completed: Observed workers wearing PPE while at work and also manual on health and safety is available and there is also a safety committee, which is functional.	visual inspection, employee interviews, inspection of H&S manual	
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) Chemicals were not labeled. 2) MSDS training was not provided to employees who use chemicals. 3) Stain removing section where using chemicals was not separated.	document review, visual inspection		1) All chemicals should be clearly and properly labeled. 2) Applicable workers should be provided training in MSDS and safe handling and storage of chemicals and hazardous substances.			See above.	Completed.	visual inspection, documentation, employee interviews	
Machinery Maintenance	In accordance with requirements of Factories Ordinance, Sec. 53 (1), as amended in Law 12 of 1976, factory shall provide suitable eye protection to workers who engage in activities which pose a risk of injury to the eyes.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Eye protection guards not available in most high speed machines (overlock and barrack).	visual inspection		Ensure that overlock machines and other high-speed machines are equipped with eye protection guards, and that workers are properly trained in safe use of such machinery.			This corrective action is in progress. Some eye guards are still missing from overlock machinery. EB will continue follow up on this action item during the next factory visit.	Pending. Few high speed machines did not have eye guards installed in them.	visual inspection	Factory has reported to EB that required machines have eye guards installed. This will be verified on site by EB during the next follow-up visit. <b>11/02/06:</b> Pending. Eye guards were installed for high speed machines including stitching machines and button hole machines. But, missing lower pulley guards for machines in training center. Factory has committed to installation in 1 month's time (by December 2, 2006).
Sanitation in Facilities	In accordance with requirements of Factories Ordinance Regulation made by Hon. Minister of Labor and Board of Investment Labor Standards and Employment Relations Manual October 2002, Sec.7.4, 1 toilet for every 25 female employees shall be provided.	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	1) Insufficient number of toilets for female employees. Only 26 available, instead of 32 toilets. 2) Soap not available in toilets. 3) Male toilet area not cleaned.			1) A sufficient number of toilets per worker should be installed in accordance with applicable local law. 2) Soap should be made available in all toilets. 3) Toilet areas should be kept clean and in good repair.			New building in progress. New toilets to be built before May 2005. EB will continue follow up on this action item during the next factory visit.	Completed. Number of toilets at the facility is 42. These include staff toilets. (Total number of staff and workers: 1040, number of toilets: 42.)	visual inspection, documentation	
Worker Participation		Workers should be involved in planning for safety, including through worker safety committees.	Safety committee was not formed.	document review, management interview		A health and safety committee comprising of workers and management representatives should be established.			H&S Committee present, but with no worker participation. EB will continue to encourage worker participation on health and safety committees.	Pending: Committee needs to be more proactive as there are numerous areas to improve upon.	visual inspection, random interviews with workers	Factory has reported to EB that they "have trained 2 workers for each section and the new compliance officer will look in to the safety matters as well." This will be verified on site by EB during the next follow-up visit. <b>11/02/06:</b> Completed. A compliance officer was newly hired in last 3 months is responsible for health and safety matters. The factory selected 2 workers from each section and provided fire fighting training to all of them on September 9, 2006. A total of 37 workers were trained and included in the H&S Committee. A meeting was held between workers and management in the H&S committee on October 14, 2006.
Other: Fencing was not provided.	In accordance with requirements of Factories Ordinance, Sec. 31 (2), as amended in Law no. 12 of 1976 where any person is to work at a place from which he is liable to fall a distance of more than 6 feet, this area should be at least fenced to ensure his safety.		Safety fencing was not provided to the stage in the cutting section.	visual inspection		Factory should ensure the adequate protection of workers' safety in accordance with applicable local law and regulations.			Rails built in cutting area.	Completed: The higher level in the cutting area had metal rails fixed.	visual inspection	
<b>7. Freedom of Association and Collective Bargaining</b>												
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.												
Right to Freely Associate		Workers will have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment.	Factory is in a process to form a management worker committee. However, management stated that the formation of an union is discouraged.	document review, management interview		1) Factory management shall respect right of workers to form or join organizations of their own choosing, and shall not interfere in any way with the ability of workers to exercise their right to freedom of association or collective bargaining. 2) The establishment of a management-worker committee should include a process for workers to freely choose their own representatives on the committee. Workers should be informed of the powers and duties of the committee and the process for electing representatives.		11/20/2004	Management interview revealed their recognition of workers' right to freely associate. Written policy to recognize that this right is to be included in employee handbook. EB will continue follow up on this action item during next factory visit.	Completed: The facility has a welfare association which consists of management and worker representative freely chosen. The hand book states the basic nature and function of the association which has a separate constitution and details of functions are listed.	handbook, random employee interviews	

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<b>8. Wages and Benefits</b>												
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally												
Payment of Legal Benefits	1) Wages Board Ordinance, 2) Employee Provident Fund Act, 3) Employee Trust Fund Act, 4) Gratuity Act	Legally mandated benefits will be provided or paid in full within legally defined time periods.	Neither contribution of EPF or ETF contributed nor remitted to relevant authorities during succeeding month. Last payment remitted in November 2003. Gratuity payments were not made from May for employees who resigned in May 2004.	payroll and document review		Factory must provide workers with all legally mandated benefits as prescribed by local law. Workers should be made informed of the benefits to which they are entitled under law.		11/20/2004	All legally required benefits provided. Payment receipts of recent benefits viewed.	Pending: EPF deposited payment up to December 2004, and for 1 month in 2005 (September). Therefore, there is a payment default of 11 months for 2005 and 3 months for 2006. Total default of 14 months pending deposit. ETF Completed. All ETF payments are up to date.	document review, interview with concerned staff members	EB has requested factory to ensure that EPF payments are made on time in future. Factory has reported to EB that "EPF part payment has been made and the balance will be paid this month and in future we will advise EB SL office with regard to payments." This will be verified by EB on a regular basis. 11/02/06: Completed. Payment receipts for EPF from January 2005-September 2006 provided for review. All payments are up to date. Factory is still required to send monthly payment receipts to the PCs Sri Lanka office to confirm that payments are on time for every month.
Timely Payment of Benefits	In accordance with requirements of 1) Employees Provident Fund Act, Sec. 47, as amended in Act No. 26, Sec. 10 of 1981, 8% of total earnings are to be deducted from employees and 12% contributed by employer and remitted to Central Bank of Sri Lanka. Per Sec. 47, as amended in Act No. 1 of 1985, this includes wages for work carried out on weekly holiday. 2) Employees Trust Fund Act, Sec. 16 (1), an amount equal to 3% of employee's total earnings are to be contributed and remitted by employer to Employee Trust Fund, and as per Sec. 44 as amended in Act No. 47 of 1988, this includes wages for work carried out on weekly	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 hold any 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.	1) Neither Provident Fund nor Trust Fund benefits provided for all workers as follows: contribution for EPF not remitted from November 2003, and contribution for ETF not remitted March 2004. 2) Neither Provident Fund nor Trust Fund benefits provided for work carried out on a Sunday, which is weekly holiday, no deductions from employee wages made nor was required employee contribution remitted as required for this work. 3) Correct compensation not made for employees who worked night shift. Paid only 1 time the wages instead of paying 1.5 the wages.	payroll and document review		Factory must provide workers with all legally mandated benefits as prescribed by local law. Workers should be made informed of the benefits to which they are entitled under law. Overtime work should be compensated at the legally prescribed overtime rate.			All legally required benefits provided. Payment receipts of recent benefits viewed.	Pending: EPF deposited payment up to December 2004, and for 1 month in 2005 (September). Therefore, there is a payment default of 11 months for 2005 and 3 months for 2006. Total default of 14 months pending deposit. ETF Completed. All ETF payments are up to date.	document review, interview with concerned staff members	11/02/06: Completed. Payment receipts for EPF from January 2005-September 2006 provided for review. All payments are up to date.
Legal Compliance for Holiday/Leave	According to Wages Board Ordinance Sec.24. (1), (d), if an employee works on a Sunday, which is considered to be weekly holiday for garment industry, then employee must be given an alternative day off during succeeding week.	Workers will be paid for holidays and leave as required by law.	An alternative days off were not provided to employees who worked on Sundays, which is weekly holiday.			If a worker works on a Sunday, they should be provided an alternative day off in succeeding week, as per local law. All workers must receive a day of rest in every 7-day period.			Facility in process of clarifying legal requirements with government. Correct OT compensation is paid if workers work on Sunday, thus no alternative day off is given. EB will continue follow up on this action item during the next factory visit.	Pending: Facility does not provide a day off in lieu of a Sunday worked. It has also neither contributed nor deducted social security amount, which is legally payable if worked on Sunday. Factory is currently paying 2 times the wages as Sunday wages if worked, which is beneficial to workers, but falls short of legal and code requirement.	document review, interview with concerned staff members	Factory has reported to EB that "At the moment we stop working on Sunday and if we work, we will pay over time for that day and also give a day off for same." EB will investigate whether factory is meeting its COC and legal requirements during next follow-up visit. 11/02/06: Completed. From provided payroll and timecards for July to September, there is no Sunday work. All OT hours were correctly paid at 150% and 200% per local labor law. This was verified in worker interviews.
Accurate Recording of Wage Compensation	In accordance with requirements of Women, Young Workers and Children Act, Sec. 2.2A. (2), (D), every woman who works at night shall receive payment of no less than 1.5 times the normal payment received by her.	All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately.	Legally required payment for night shift was not paid to employees worked night shift. Paid only daily rate instead of 1.5 the wages.	payroll and document review		Duplicate finding (see line 199).				Pending: Facility is paying regular wage for night work, whereas as per legal requirement it has to pay 1.5 times of regular wage in case of night work.	document review, interview with concerned staff members	Factory has reported to EB that they pay the legally required rate for night work. This will be verified by EB during next follow-up visit. 11/02/06: Completed. From provided payroll records and time cards for July to September, workers have not performed any night work. This was confirmed in worker interviews.
Timely Payment	Wages board ordinance Sec.3.	All compensation shall be paid in a timely manner.	Salaries were paid timely manner but other compensation (EPF, ETF, and Gratuity) were not paid timely.	payroll and document review		Factory should ensure timely payment of contributions to EPF and ETF, and all wages and benefits owed to workers, in accordance with local law.			Payment receipts reviewed.	Pending: Facility has not paid social security dues for all months in 2005 except September, as well as all months in 2006. A total default of 14 months (11 in 2005 and 3 in 2006).	document review, interview with concerned staff members	11/02/06: Completed. Social Security (ETP) Employee Trust Fund payment receipts from January 2005 to Sept 2006 provided for review. They indicated that payments are up to date. Factory is still required to send monthly payment receipts to PC office to confirm that payments are on time for every month.
<b>9. Hours of Work</b>												
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.												
Overtime Limitations	In accordance to Factories Ordinance, Sec. 68 (1) as amended in Act No.19 of 2002, facility shall ensure that total overtime hours do not exceed 60 hours per month for female employees. In accordance with Sec. 68(2) of Factories Ordinance Act as amended in Act No. 19 of 2002, that total hours of work do not exceed 60 hours per week for female employees. In accordance to Women, Young Workers, and Children Act, Sec. 2.2A. (2), C, no woman who has worked hours of 6am to 6pm shall be employed after 10pm on any day. In accordance with requirements of Sec. 2.2A.2.(b) Employment of Women, Young Workers, and Children Act as amended in Act. No.32 of 1982, employer shall obtain written sanction of Labor Commissioner prior to having women work after 10 pm at night. Furthermore, as per section 2 (2A) (2) (a), employer shall obtain from any woman who works during those hours, proof of consent, as per this section, no woman shall be compelled to work at night against her will.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	1) During in/out record review, found that all 5 female workers whose records were reviewed worked 3 shifts back to back in 1 day in June 2004 which, exceeds daily work hour limit. 2) Total weekly work hour limit had also been exceeded. Total weekly work hours for women are limited by law to 60 hours; however, actual total weekly working hours ranged from 60.5-78 hours for that week. 3) During in/out record review, found that 15 of 25 female workers whose records were reviewed, exceeded legal limit for women workers of 60 hours overtime per month. 4) Neither written approval from Department of Labor nor written worker consent obtained for night work carried out in June 2004.			Factory must comply with hours of work restrictions in accordance with local law and EB's Factory Workplace COC. Overtime should be voluntary at all times.		11/20/2004	Review of October and November time records indicate reduced hours to less than 60 workweek. Factory management to carefully plan production to avoid excessive hours during peak season.	Pending: 3 specific departments, namely Packing, Security personnel (please note Company has its own security staff) and Embroidery section work in excess of 60 hours per week as regular practice. While workers in Embroidery and Packing department work 60 to 70 hours per week, those on Security assignments work in excess of 100 hours per week. However, with regards to other sections, facility is strictly monitoring and controlling working hours to within 60 hours per week. Overtime is performed on a voluntary basis.	document review, worker and management interviews	Factory reported to EB that "Shift work will be done as required only that is to help another factory in the organization. If so, we will introduce shift work obtaining workers from factory that we are helping. Security working hours are 12 hours per shift and 2 hours OT, which is approved by Local Law. We have recruited 5 more Staff for the Security." Factory has been requested to monitor and control working hours of all workers within 60 hours per week. This will be monitored by EB during subsequent follow-up visits. 11/02/06: Some improvement. From provided time records (July to September 2006), no workers have worked more than 60 hours per week. There are a total of 15 security guards and 2 shifts a day. However, records did indicate that 2 young workers, aged 17, worked 12 hours OT per week in September 2006, which exceeds legal requirement of 6 hours per week. Facility has agreed to enforce legal restrictions on OT for young workers immediately.

FLA Code/Compliance Issue	Findings					Remediation				Third-Party Verification		Company Verification Follow Up
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation Plan	Target Completion Date	Company Follow Up (Cite Date)	Documentation	External Verification (May 18-19, 2006)	Documentation	Company Follow Up (November 2, 2006)
<b>10. Overtime Compensation</b>												
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	In accordance with requirements of Women, Young Workers and Children's Act, Sec. 2.2A. (2). (D), every woman who works at night shall receive payment of no less than 1.5 times the normal amount of payment she receives.	Factory shall comply with applicable law for premium rates for overtime compensation.	Legally required payment for night shift was not paid to employees who worked the night shift. They were paid only the daily rate, instead of 1.5.	payroll and document review		Overtime work should be compensated at the correct rate, as prescribed by law.		11/20/2004	Night shift allowance not paid at this time. EB will continue follow up on this action item during the next factory visit.	Pending: Night shift should be reimbursed at 1.5 times of regular wage, whereas facility continues to pay only regular wage rate at 1 time.	document review; worker and management interviews	Duplicate finding (See timely payments under Wages and Benefits.)