

FLA Audit Profile	
Country	Thailand
Factory name	07037442C
IEM Organization	Global Standards
Date of audit	July 5-6, 2004
Days in facility	2
PC(s)	adidas-Salomon; Nike, Inc.; Puma
Number of workers	250
Product(s)	Backpacks
Production processes	Sewing, Packing, Fastening, Finishing

Note: IEM org was unable to complete independent audit at factory on July 5, 2004. PCs returned to factory and performed their own audit using this FLA tracking chart.

Note: After PCs conducted their internal audit using FLA tracking chart tools, factory moved production to a new facility. PCs performed a second audit of new facility using this tracking chart document.

Note: No follow up performed at the facility originally audited by IEM org and PCs. Follow up performed on audit of new facility and reported on in February and June 2005 in columns O and Q respectively.

Findings		PC Internal Audit Findings			Remediation				Updates							
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings Existing Building Facility (August 10-11, 2004)	PC Internal Audit Findings New Building Facility (February 22, 2005)	Company Remediation Plan	Factory Response (Optional)	Company Follow Up	Documentation	Factory Response (Optional)	Company Follow Up (At New Facility; February 22, 2005)	Documentation	Company Follow Up (At New Facility; June 5, 2005)	Documentation
<b>1. Code Awareness</b>																
Code posting/information		<b>FLA Principles of Monitoring, Obligations 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.	There is a PUMA, Adidas, Nike code posted in the factory	Visual inspection		Codes of Conduct of all PCs are posted at the factory	None of any Code of Conduct of any brand is observed as this facility has not been audited by any compliance team.	The factory moved to a new location since 28 January 2005. There is no longer any operation/production at the building originally audited by FLA. PCs will perform ongoing monitoring and remediation at the new facility. Remediation plan information will be noted in Company follow up columns.		The factory moved to a new location since 28 January 2005. There is no longer any operation/production at the building originally audited by FLA. PCs will perform ongoing monitoring and remediation at the new facility.	management interviews, visual inspection		The factory has not posted any code of conduct on the notice board because no official pre-production audit has taken place for this new facility.	Visual Inspection.	PC has completed internal audit of the factory and Code of Conduct posters for PCs have been posted.	Visual Inspection.
Worker/management awareness of Code		<b>FLA Principles of Monitoring, Obligations 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.	Needs further investigation			One worker knew about the Code but couldn't provide any details. Management not asked about awareness of the Code. (However, the code is the first thing that is discussed with factories during the first audit)	N/A			N/A			Orientation is done on a regular basis. All the workers at this new facility has been oriented about the workplace policy. The education was done for both transferred workers (from previous facility and the new workers in form of Orientation).	Document review for the worker orientation.	Ongoing orientation continued since last visit in February. The factory keeps records of workers who have undergone orientation.	Document review, worker interview.
Confidential noncompliance reporting channel		<b>FLA Principles of Monitoring, Obligations 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.	Needs further investigation		none	N/A				N/A			Factory has suggestion box in place which can be used as communication tool. Workers mentioned they know the purpose of this box but have never used it because there is no grievance they would like to raise. PC auditor observed that suggestion box still lacks written/procedure in local language on how to use box. Factory management to post written procedures for suggestion box in the local language.	Worker Interview.	There are currently 2 suggestion boxes, one in the production line and another one at the toilet area. The factory has posted the grievance procedures at each box.	Visual Inspection.
<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.																
Prison Labor		Employers will not use prison labor	Needs further investigation			Not checked	Not checked			N/A			Employees are not prison Labor.	Observation, worker interview.	N/A there is no further finding for this issue.	N/A
Indebtedness		Employers will not bind workers to employment as a condition of fulfilling terms of a debt to a third party or to the employer. Advances will not exceed three months pay or legal limits, whichever is less	Needs further investigation			Not checked	Not checked			N/A			Workers are not required to have any binding contract. There is no third party involved in the recruitment process. Factory recruit workers directly.	Observation, worker interview.	Factory still employs all the workers directly without involving the agent.	Document Review, worker interview.
In-kind Compensation		Workers will be compensated for their work directly through the provision of cash or its equivalent. In-kind compensation is permissible, if local law permits, so long as legal limits are complied with and receipt of in-kind compensation is voluntary	Needs further investigation			Workers received wages previously by direct payment in cash and starting July 2004 through ATM. No in kind payments made	N/A (All the labor issues for new facility is handled by existing factory, therefore enforcement is identical)			N/A			Workers are paid twice a month through the ATM banking system. Factory provide pay-slip to each workers.	Document review, worker interview.	N/A there is no further finding for this issue.	Document Review, worker interview.
Debt/bondage Labor		Workers will not be engaged to work in a factory by a family member, associate or friend so that the family member, friend or associate receives continuing remuneration, consideration, or other return from the employer. (This will not refer to normal references, referral bonuses or standard employment recruitment practices.)	Needs further investigation			Not checked	N/A			N/A			Workers in the factory work independently.	Worker interview.	N/A there is no further finding for this issue.	Worker Interview, Observation.
Employment Records		Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision	Needs further investigation			Factory maintains employment files for each worker	N/A			N/A			HR department maintains all the employment contracts. PC staff reviewed employment files and cross checked with workers.	Visual inspection, document review, worker interview.	N/A there is no further finding for this issue.	Visual Inspection, document review.
Freedom of Movement		If factory entrances are locked or guarded to prevent non-employee access to the premises for security reasons, employees will have free egress at all times.	Needs further investigation			Workers sat on the stairs while waiting for their turn to use the toilet; during lunch break, they went out of the premises freely after punching their time cards; one worker said that her supervisor wouldn't mind if she or fellow worker had to wait for their turn at the toilet	Not checked			N/A			PC staff observed that there is a guard house at the entrance. Workers are free to leave the factory during break to buy food/ make phone calls without any penalty. The workers need to apply the leave form if they want to leave the factory during working hours.	Document review, worker interview, attendance record review, observation.	N/A there is no further finding for this issue.	Observation, Physical Inspection during the overtime rest period.
Freedom in Employment		All workers will have the right to enter into and to terminate their employment freely.	Needs further investigation			One worker said that they can file their resignation anytime	Not checked			N/A			According to company regulation, all workers are required to notify the factory 30 days in advance if they would like to resign from the company. This is a common practice for Thailand factories. Workers understand this process as per worker interviews.	Document review, Worker interviews.	Worker interview still confirm the same practice is being used where the factory needs to provide at least 30 days resignation notice.	Document Review, worker interview.

FLA Code/Compliance Issue	Findings					PC Internal Audit Findings			Remediation				Updates				
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings Existing Building Facility (August 10-11, 2004)	PC Internal Audit Findings Building Facility (February 22, 2005)	New	Company Remediation Plan	Factory Response (Optional)	Company Follow Up	Documentation	Factory Response (Optional)	Company Follow Up (At New Facility; February 22, 2005)	Documentation	Company Follow Up (At New Facility; June 5, 2005)	Documentation
Employment Terms		Employment terms shall be those to which the worker has voluntarily agreed.	Needs further investigation			Employment contract contains only basic terms of employment. There are more than 100 workers who are hired on 'Temporary Contract'. This is the type of employment where the contract expires after 3 months.	Not checked							PC has reviewed the contract and noted that it had all the basic requirements together with a list of minor offences with their penalties. The contract is signed by the workers.	Document review.	N/A there is no further finding for this issue.	Document Review, worker interview.
Freedom of Movement		Employers are 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.	Needs further investigation			No findings about employment deposits, recruitment fees or withholding of identification documents. One worker said that she would still not work OT if she had an important thing to attend to even if her supervisor did not agree	Not checked							As observed, workers are not restricted in their freedom of movement. Only the photo copy of identity papers are kept by with acknowledgement of workers.	Document review, workers' interview	N/A there is no further finding for this issue.	Worker interview, Document Review.
<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 Documentation		Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.	Needs further investigation			All employment files that were checked contained copies of ID (date of birth indicated on the ID) and family record	Not checked if any of the worker at the new facility is under age or any sign of child labor.							Proof of age is done by providing the government issues identification card and house registration to the employers in photo copies.	Document review.	N/A there is no further finding on this issue.	Document review.
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.	Needs further investigation			Company accepts only applicants with ID and family record	Not checked if any of the worker at the new facility is under age or any sign of child labor.							N/A. Age verification document is available for all employees.	Document review.	N/A there is no further finding on this issue.	Document review.
Legal working age (Vocational)		Apprentices or vocational students will be at least the minimum working age	Needs further investigation			No workers below 15 years. Factory's hiring age policy is at least 18 years	Not checked							There is no apprentice or vocational students at the factory.	Document review.	N/A there is no further finding on this issue.	Visual Inspection/ Document review.
Legal Compliance (Apprenticeships)		Employers will comply with all regulations and requirements of apprentice of vocational education programs, and will be able to document to monitor that these are legally recognized programs. Informal arrangements, which result in students leaving school prior to attaining the compulsory age for schooling, are not acceptable	Needs further investigation			Not checked	Not checked							The factory does not have a policy to employ the apprentice. All workers are age 18 and above.	Document review.	N/A there is no further finding on this issue.	N/A
Legal compliance for juvenile workers		Employers will comply with applicable laws that apply to young workers, i.e., those between the minimum working age and the age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime	Needs further investigation			N/A	Not checked							Not checked	N/A	No finding of noncompliance	N/A
Juvenile worker Identification System		Employers will have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws	Needs further investigation			N/A	Not checked							Not checked	N/A	There is no Juvenile worker at this facility.	Document review, observation.
Lack of protection of under-age workers		Employers will ensure that, all workers engaged in operating or working close to hazardous equipment, working at dangerous heights or lifting heavy loads, or exposed to hazardous substances, are above the legal age for such work.	Needs further investigation			N/A	Not checked							Not checked	N/A	There is no Underage worker at this facility.	Document review, Worker interview, visual inspection.
<b>4. Harassment or Abuse</b>																	
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.																	
Progressive Discipline		Employers will utilize progressive discipline, e.g., escalating discipline using steps such as verbal warning, written warning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or assault, shall be in writing and clearly communicated to workers.	The factory has no progressive disciplinary policy. The sanction for infractions of the factory policy are 3 days leave without pay.	HR staff interview and records review (factory regulations)		Offenses are not classified as to gravity and no graduated penalties. Penalty imposed is usually suspension for three days	None of the disciplinary record shows any records for workers who work at the new building facility.							The factory has set up the progressive disciplinary practice in the workplace. Workers are aware of the progressive disciplinary policy and procedures.	Document Review, Workers' interview	The factory has included this item in the company handbook and distributed to all the workers last month.	Document review, Worker interview.
Physical Abuse		Employers will not use physical discipline, including slaps, pushes or other forms of physical contact (or threats of physical discipline).	Needs further investigation			No such findings	Not checked							There is no physical discipline in the workplace according to worker interviews.	Worker interview.	N/A No further finding on this issue.	Worker interview.
Sexual Harassment		Employers shall not offer preferential work assignments or other preferential treatment of any kind in actual or implied exchange for a sexual relationship, nor subject employees to prejudicial treatment of any kind in retaliation for refused sexual advances	Needs further investigation			Not checked	Not checked							No Finding according to worker interviews.	Worker Interview.	N/A No further finding on this issue.	N/A
Disciplinary Practices	While agreement on terms and conditions of employment or decision underway, employer must not terminate any employee due to any matters involving demand, except if they: (1) performs their duty dishonestly (2) commits criminal offence against employer; (3) intentionally causes damage to employer; (4) violates rules, regulations or orders that the employers warn in writing, except in severe cases; (5) neglect duties for 3 consecutive working days without reasonable causes; (6) perform any acts of incitement, encouragement or persuasion to create a violation of agreement on terms and conditions of employment or the arbitrative decision.	Employers will utilize consistent written disciplinary practices that are applied fairly among all workers	There is no written documentation of the type of sanctions for breach of factory policy.	HR staff interview and records review (factory regulations)		No classification of offenses as to gravity and corresponding penalties at graduated levels. Have been cases in past where financial penalty occurs if worker found negligent of duty or if was mistake related to production process reported by supervisor. PC noted that currently are no longer any financial penalties in facility according to worker interview in February 04. 5 years ago this system was in place and company still maintains old records of warning letter with financial deduction. During that time, enforcement decided by previous factory manager who used financial penalty as a tool; this manager resigned and has not been employed since 2003. Worker interviews confirm this.	Not checked							Done. There is a policy in place. This policy on disciplinary practice is posted and announced to all workers.	Worker Interview, Policy review.	N/A No further finding on this issue.	Worker interview.

FLA Code/Compliance Issue	Findings					PC Internal Audit Findings			Remediation				Updates				
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings Existing Building Facility (August 10-11, 2004)	PC Internal Audit Findings Building Facility (February 22, 2005)	New	Company Remediation Plan	Factory Response (Optional)	Company Follow Up	Documentation	Factory Response (Optional)	Company Follow Up (At New Facility; February 22, 2005)	Documentation	Company Follow Up (At New Facility; June 5, 2005)	Documentation
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices	Needs further investigation			No training given	No training given to the supervisor at the new building facility							The factory has not provided the training in regards to this policy to the staff in the factory. Provide training to management on disciplinary practices.	Observation, worker interview.	As of June there are trainings that factory has provided to the supervisors in relation to disciplinary practice.	Document review, Worker interview, Observation.
Disciplinary Action Punishment of Abusive Supervisors/Manager		Management will discipline (could include combinations of counseling, warnings, demotions, and termination) anyone (including managers or fellow workers) who engages in any physical, sexual, psychological or verbal harassment or abuse	Needs further investigation			Not checked	N/A							There is a policy in place, however, further investigation is required.	N/A - need further investigation.	The factory has notified all the workers of the disciplinary policy. The policy clearly states the progressive disciplinary system that includes the steps of verbal warning, written warning, suspension, and lastly termination which will be administered for any breaches of the disciplinary policies.	Document review, Visual Inspection.
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	5 disciplinary records (issued on the same date) found did not detail the case for sanctions - only "negligence" stated.	records review		Disciplinary records filed separately from workers' individual employment records; most cases noted were for mistakes of QC workers and absences for at least three days without notice as well as negligence of duty/worker is not working in 'full ability'. This penalty is written as part of factory regulation. PC noted that this system was in place 5 years ago; however, this system is no longer exists.	Not checked							There is a clear disciplinary policy and procedures in place. The disciplinary practice (if there's any case for a particular worker) will be kept in each personal file. Ongoing monitoring is required.	Document Review, Ongoing monitoring is required.	There is no disciplinary practice where financial deduction is made to a worker due to production mistakes. According to document review, there are no warning letters issued so far since the factory moved to a new location. Worker interviews indicated that no warning letters have been administered to date. PC to perform ongoing monitoring.	Worker Interview, Document review.
Verbal abuse		Employers will prohibit screaming, threatening, or demeaning verbal language	Needs further investigation			Workers said that they have not experienced any such form of abuse nor have seen other supervisors do it.	Not checked							No clear policy has been established in regards to this issue. But no case of verbal abuse was identified. Develop written policy on harassment and abuse, communicate policy to all employees, post policy in a public place.	document review, workers' interview.	According to the most recent audit, there is no violation for the threatening for workers. This is according to worker interview. PC staff has requested factory to clearly announce the policy to the worker in relation to this issue. Policy has been created. Management has called the meeting with all head of supervisors and inform the policy.	Worker Interview, Observation.
Gender Sensitive Security		Security practices will be gender-appropriate and non-intrusive.	Needs further investigation			Not checked	Not checked							No finding.	No finding.	There is no body search conducted at this factory.	Observation, Worker Interview.
Access to Facilities		Access to food, water, toilets, medical care or health clinics or other basic necessities will not be used as either reward or punishment	Needs further investigation			Except for lining up to wait for their turn at the toilets (only in the case of women because toilets for men are enough for their number), workers have equal opportunity to have access to these facilities.	Most workers who are assigned to work at the new building can travel freely between old factory and new factory by motorbike. There is 1 security guard in the front who is responsible for asking names of workers who leave premises. During lunch time, worker from new factory can come back to existing factory and meet their friends.							All workers are free to access the toilets and other benefits provided such as drinking water, clinic, first aid box.	Observation, worker interview.	N/A No further finding on this issue.	N/A
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	Factory regulations state that "workers shall not walk or talk (other than work related activities) during work time".	records review		Though factory regulations state that "workers shall not walk or talk (other than work related activities) during work time", there is no restriction of movement. PC noted that the new factory does not restrict freedom of movement. Workers interview confirmed that they are free to use bathroom, drink water.	Not checked							No finding, all workers are free to access any of the mentioned facilities at any time.	Observation, worker interview.	N/A No further finding on this issue.	N/A
Monetary Fines and Penalties		Employers will not use monetary fines and penalties for poor performance	In disciplinary records workers were punished by 'leave without pay'.	records review		In disciplinary records, some workers were fined for mistakes relating to quality. PC noted that this policy has been eliminated and is no longer practiced.	PC staff observed and interviewed the workers at the new facility and confirmed that this practice no longer exists.							No finding.	No finding.	No finding.	No Finding.
<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.																	
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement	Needs further investigation			No hiring discrimination is found.	From the interview, most workers indicated that all the existing workers will be hired and continue their work in the new factory.							Factory has a clear evaluation form to determine applicant's qualification as basis for making hiring decision. Most workers observed to be hired based solely on skill. However, is regulation that prohibits hiring of relatives of workers. Remove regulation that prohibits hiring of worker's relatives. Hiring decisions should be based solely on applicant's ability to perform job. This policy should be clearly stated, communicated to workers, and implemented. Follow up needed.	Long-term investigation is required.	Factory removed clause prohibiting hiring of relatives of workers. However, this condition still applies to staff in Accounting and Sales Department who are handling sensitive positions. According to management, company would hire daily production worker based on skill. From worker interview, were some workers who mentioned their husband/sister still working in factory and there is no practice to prohibit hiring of Relatives in Daily workers.	Worker interview, Observation.
Sex discrimination		There shall be no differences in compensation and benefits attributable to gender	Needs further investigation			Majority of the workers, regardless of sex, receive the same rate as the minimum wage	Not checked.							No finding.	No finding.	No finding	No finding
Marital Discrimination		Employers will not prohibit the employment of married women	Needs further investigation			Some workers who were interviewed were already married when they joined the factory	Not checked.							No finding.	No finding.	No finding	No finding
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.	Needs further investigation			Not checked.	Not checked.							No finding.	No finding.	No finding	No finding

FLA Code/Compliance Issue	Findings					PC Internal Audit Findings			Remediation				Updates						
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings Existing Building Facility (August 10-11, 2004)	PC Internal Audit Findings Building Facility (February 22, 2005)	New	Company Remediation Plan	Factory Response (Optional)	Company Follow Up	Documentation	Factory Response (Optional)	Company Follow Up (At New Facility; February 22, 2005)	Documentation	Company Follow Up (At New Facility; June 5, 2005)	Documentation		
Pregnancy Discrimination		Information arising from pregnancy testing undertaken voluntarily will not be used as a factor in involuntarily reassigning, firing or making any other employment decision that disadvantages a pregnant woman	Needs further investigation			Not found - Pregnant workers need to be report to Human Resources to ensure that they did not perform overtime work. This is according to the labor law which does not allow pregnant workers to work overtime.	Not checked.							No finding.	No finding.	No finding	No finding		
Pregnancy Dismissal		Employers will not, on the basis of a woman's pregnancy, make decisions that result in dismissal, threat to dismiss, loss of seniority, or deduction of wages	Needs further investigation			One of the workers interviewed was pregnant; Payroll records show payment of maternity benefits	So far the document review did not indicate that any of the new factory workers was pregnant. There being no change in management, the policies in the old facility would also be applied in the new facility.							No finding.	No finding.	No finding	No finding		
Pregnancy Risk		Employers will ensure that pregnant women are not engaged in work that creates substantial risk to the health of the pregnant woman.	Needs further investigation			Pregnant workers are not allowed to work overtime.	N/A							No finding.	No finding.	No finding	No finding		
Reproductive Health		Employers will ensure that women are not engaged in work that creates substantial risk to their reproductive health	Needs further investigation			N/A	N/A							No finding.	No finding. Ongoing investigation is required.	PC staff observed that women are not engaged in work that would risk their reproductive health.	Observation. Physical inspection.		
<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	Notification of the Ministry of Interior, Safety at Work Related to Fire Prevention and Protection of Workplace for Employee Safety.	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	In the 2nd floor storeroom (behind stairwell) there is no fire extinguisher.	Visual inspection		Factory to provide fire extinguisher for 2nd floor behind stairwell. No fire hydrant / hose in the facility.	No Fire hydrant/fire hose reel around the new building facility. Non Smoking sign is not prominently posted in work area. According to management, the new building facility has not been inspected by local authority as it is not yet complete. However, the factory presented the building permits which have been obtained from local authority.							N/A		All fire extinguishers in place in new facility in locations throughout factory; regular inspections of fire extinguishers performed. PC observed factory management has become more aware of safety law and had engaged services of safety experts in setting up this new facility. Factory management has also sought advice from PC in regards to health and safety requirement for this new factory including wastewater treatment.	Physical inspection, observation. Document review.	a) Factory has designated safety officer and sent this manager to attend Safety Officer Course in the nearby local labor bureau. Annual safety plan been set up and announced to workers in March 2005. Ongoing monitoring is required for checking effectiveness of Safety Officer. b) All fire extinguishers inspected on monthly basis by Safety Officer.	No finding.
Document Maintenance/Accessibility	Notifications of Ministry of Interior, Notification of Ministry of Interior, Re: Safety at Work related to hazardous Chemicals	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	There is no MSDS available either at the point of use or storage of chemicals. There is no designated chemical storage. Chemicals are located throughout the factory. There are forms of solvent and spot reagent used. In addition, machine oil is stored next to rags and other materials. Records and policies need further investigation.	Visual inspection		MSDS is not available at the storage area	After the first FLA audit, factory transferred all screen printing work to the new building facility. There were no more chemicals used in the old facility. At the new facility, the MSDS notice board was located in a different area from where chemicals are being used/stored.							N/A		The factory made the MSDS and chemical handling policies available in the local language, but PC observed that many workers were still not using masks properly. Factory to provide training to workers on chemical handling and the proper use of protective equipment.	Observation, policy review.	Factory provided training on PPE and related issues to the workers. There were still workers who did not wear the proper mask. Factory to ensure that proper system is set up to check the type of mask being provided to workers. PC will conduct follow up visit to verify this issue.	Observation. Physical inspection. The action plan is needed to be follow up next audit.
Evacuation Procedure	Notifications of Ministry of Interior, RE: Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety.	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	The evacuation map does not match actual floor plans in some locations, it is missing "you are here", it is blocked by fabric in some locations, it is too small and directional arrows are hard to follow. Aisles and some fire exits are partially blocked with materials and workers sitting on the floor. The extension rooms have a stairwell which has small steps and is dangerous for use in emergency evacuation. Painted lines are not available in some areas and worn out in others.	Posted evaluation map		The evacuation maps are not properly positioned to match with the actual floor arrangement. Aisles and some fire exits are partially blocked by materials. No lines to mark the aisles on the second floor. The stairs at the extension building have steps that are narrow and not flat which will be dangerous for emergency evacuation.	No evacuation route and evacuation map at the new building facility.							N/A		Evacuation maps have been provided at the new facility. Factory conducted the fire drill on 9th February 2005. There were 70 workers who were trained in the fire-fighting course for beginners. Worker interview confirmed this. Currently, the factory has more space for workers and machinery; aisles are not blocked/crowded, workers do not sit on the floor or stairwell, aisle space is indicated with floor markings.	Document review, worker interview.	Factory conducts fire-drill once a year, the next round is due in February 2006.	Document review.
Safety Equipment	Notifications of Ministry of Interior, Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety.		Some fire extinguishers were blocked and not properly marked.	Visual inspection		Access to many units of fire extinguishers was blocked; no mark for restriction box at each unit; many units are dusty; one is corroded. No first aid box on the fourth floor; first boxes do not have complete kit for wound cleaning and dressing; cotton not wrapped properly.	Most of fire extinguishers at the new building are blocked by materials. All of them are placed on the wall without any visual display such as sign or labeling. All the fire extinguishers are still in the plastic bag when they are hung on the wall.							N/A		Most fire extinguishers at the new facility are new and were provided with location indicator signs and restriction boxes. Every unit was provided with inspection tag. Extinguishers are no longer blocked, the factory has provided clear signage to each position of the fire extinguishers. They can be seen from a far distance.	Physical inspection, Document review.	No further finding on this	Document review, worker interview.
PPE	Notification of Ministry of Interior, RE: Labor Protection, Notification of the Ministry of Interior, Notification of the Ministry of Interior, Safety at Work related to Hazardous Chemicals	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.	The only PPE found (cotton mask) was in the sewing rooms. No PPE for handling of chemicals or usage of specialized machinery. Policies and records need further investigation	Visual inspection		The only PPE found (cotton mask) was in the sewing room. No PPE for handling of chemicals or usage of specialized machinery. Policies and records need further investigation.	The majority of screen printing workers at the new facility are using only cotton mask. None of the workers wear gloves when working with chemicals. Bandknife workers who are assigned to work near a large cutting machine do not wear ear plugs/hearing protection. There is no warning sign for workers to be aware of the noise hazard. No training has been provided to the workers.							N/A		Factory still needs to improve the Personal Protective Equipment training to all workers. Although there has been a training on PPE since 19 February, however, PC observed that workers are not using the PPE correctly. Further monitoring is required.	Physical inspection.	On March 4th factory announced policy to conduct training on PPE for workers every 2 months. PC staff provided training on 11 March 2005. PC staff observed that most workers were given proper mask for screen printing process. However, were still workers who did not have proper mask. Factory provided proper masks to all workers and will conduct regular check to ensure workers are using correct PPE.	Physical inspection.
Chemical Management	Notification of Ministry of Interior, RE: Labor Protection, Notification of the Ministry of Interior, Notification of the Ministry of Interior, Safety at Work related to Hazardous Chemicals	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	No chemical storage present in the facility. Training and policies requires further investigation	Visual inspection	NA	Chemical storage at the new building is not enclosed; chemicals are not properly grouped and labeled; no training on handling chemicals nor briefing about MSDS.	Poor chemical management. Many of the chemical drums/screen printing paints are left opened. There is spillage of paint on the floors. Lack of eye washing facility. There is no running water at the washing basin for screening blocks. Water treatment facility is not completed/ready to operate. It is not possible to review the drawing as the factory indicated that drawing is not available.							N/A		Factory has set up 3 separate chemical storage warehouses as advised by PC since last visit. Observed that factory has provided proper shelves (equipped with second containment). However PC observed that doors of storage room kept open. Warning signs are lacking. Ventilation system still needs to be improved. Lack of Standard Procedure to handle chemicals. a) Keep storage doors closed; b) post warning signs; c) improve ventilation; d) develop and implement policy and procedures for safe chemical handling and storage.	Physical inspection.	The factory has installed a proper room for chemical. However, there is still lack of Standard Operating Procedure (SOP) for chemical handling. Further improvement on roofing of Chemical is required in order to improve the ventilation. Warning and PPE signs have been posted to encourage worker to use PPE.	Physical inspection.

FLA Code/Compliance Issue	Findings					PC Internal Audit Findings			Remediation				Updates				
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings Existing Building Facility (August 10-11, 2004)	PC Internal Audit Findings Building Facility (February 22, 2005)	New	Company Remediation Plan	Factory Response (Optional)	Company Follow Up	Documentation	Factory Response (Optional)	Company Follow Up (At New Facility; February 22, 2005)	Documentation	Company Follow Up (At New Facility; June 5, 2005)	Documentation
Chemical Management for Pregnant women and juvenile workers	NA	To prevent unsafe exposure to hazardous chemicals, appropriate accommodations shall be made for pregnant women and minors as required by applicable laws in a manner that does not unreasonably disadvantage employees	Needs further investigation			Not checked	Not checked			N/A			No finding. Ongoing monitoring is required.	Physical inspection, observation.	No finding.		N/A

FLA Code/Compliance Issue	Findings					PC Internal Audit Findings			Remediation				Updates				
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings Existing Building Facility (August 10-11, 2004)	PC Internal Audit Findings New Building Facility (February 22, 2005)	Company Remediation Plan	Factory Response (Optional)	Company Follow Up	Documentation	Factory Response (Optional)	Company Follow Up (At New Facility; February 22, 2005)	Documentation	Company Follow Up (At New Facility; June 5, 2005)	Documentation	
Ventilation/Electrical/facility maintenance	Notification of Ministry of Interior, RE: Safety at Work in Work related to Electricity	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	In the cargo container there are many improper wiring practices and an open switchbox. Ventilation in the 1.5th floor is poor.	Visual inspection		Exposed and loose electrical wiring at the container van working area; electrical wiring of some electric fans not properly done; poor ventilation at the container van, working areas on all floors and at the cutting and at the new building	Screening section in the new building facility has poor ventilation. The factory uses natural light however, there is a strong vapors of chemical and paints in the screening section. There is no fan or airflow to provide comfortable working condition and minimize the exposure of chemical hazard.									Factory installed additional windows to ensure to lower level of VOC from Solvent. However, PC staff advised factory to improve roofing to be coated type to reduce heat during summer months. Factory has agreed and is getting this improvement underway. PC staff reviewed contracts from outside subcontractor for double coated roofing. Ongoing monitoring will be performed.	Physical Inspection, Management Interview, Observation.
Record Maintenance	Accident investigation report/ work-related illness report ( <b>Form JP. 4</b> ), Notification of Ministry of Interior (RE: Employee's work safety) page 96	All safety and accident reports shall be maintained for at least one year, or longer if required by law	Accidents reports are not available - only the claim form to social security which does not provide an account of the accident or future preventive measures.	records review		No reports on accidents (to determine cause and to institute preventive measures). No report submitted to the Labor Inspection Office for accidents and safety activities.	Not checked						No finding. This is a newly set up facility. Further investigation is required.	Further investigation is required.	The factory submitted the accident reports to local government bureau once every 3 months.	Document review.	
Machinery Maintenance	Notifications of Ministry of Interior, RE: Safety at Work in Work Related to Radiators. Notifications of Ministry of Interior, RE: Safety at Work in Work Related to Machinery	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	There are no needle guards on sewing machines (this is a significant hazard on the high speed machines). Belt covers on many sewing machines are missing. Special machinery used for finishing and other activities does not have any guards in place.	Visual inspection		No needle guards on sewing machines. Sewing machines do not have inspection tags.	PC staff observed that there is no machinery maintenance scheme for all machines being operated at the new facility.					Factory has agreed to install belt guard to all the sewing machines and set up proper system to maintain the machinery.	PC observed that there are some machines in the cutting area that need to have more regular maintenance. Needle guards of some sewing machines are not used properly. a) develop regular maintenance plan, maintain records of regular maintenance b) develop needle guard policy and procedures, provide training to workers, enforce policy and procedures.	Physical inspection.	Factory has installed most of sewing machine with needle guards. Mechanic has been given the proper workstation next to main sewing line to ensure that all the maintenance program is being inspected on a regular basis. However, ongoing monitoring is required to ensure that factory could sustain this practice.	Physical Inspection.	
Sanitation in Facilities	Notification of the Ministry of Interior, RE: Prescribing Welfare in Connection with the Health and Sanitation of Employees, Clause 2 (page 31) - 23 basic first aid / pharmaceutical supplies for ten or more employee-workplace + one room for medical treatment with one bed, at least one nurse and one 1st class physician in occasional attendance for factories with more than 200 workers	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	No clinic provided. Medicine in first aid boxes is insufficient. The extent of nurse and doctor visits needs further investigation	Visual inspection		No clinic or treatment room provided. Medicine in first aid boxes is insufficient. Doctor visits factory for one hour every Monday. Overall factory condition is dusty. Poor housekeeping and most fabric scraps are left on the floor. No routine cleaning is observed during a day or during break to ensure hygienic condition of the workplace.	Poor sanitation for drinking and restroom facility. None of the restrooms has running water while the factory has already transferred more than 10 workers to station in the new screen printing and cutting section. Drinking water is provided in a dirty plastic bottle where workers share the same cups. There is no housekeeper provided to regularly clean up the facility. It was observed that a group of workers are required to take turn and clean the facility according to the 'roster' which has been arranged on the signboard.					The factory has agreed to provide all the health care and canteen/kitchen health check as recommended by PC.	Toilet - Sufficient numbers of toilets according to PC requirement (1:40). Toilets cleaned; tissue/soap provided. Canteen/kitchen - Factory still required to conduct health check for food vendors. There is no proper food provider established at this new facility. Further investigation is needed. Clinic - Has not yet been fully set up. There is an allocated room with bed. However, no curtain to provide privacy to patient, no water supply for washing basin, no patient record established and statistics of accidents and illnesses. Further investigation is required. First Aid - First aid boxes checked by HR staff. There are sufficient first aid boxes in factory according to PC standards.	Physical inspection. Further investigation is required.	Toilets are in compliance with PC standard. Canteen food provider will be hired in August, factory to provide the Health Check every 6 months. The canteen will be up and running by October 2005. Clinic - right now the factory has set up a clinic with bed and curtain. There is a nurse on site full-time. Doctor comes to visit the factory once a week for the benefits of workers which is considered as 'Best Practice'.	Visual Inspection, Worker interview.	
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.	No dining area or cafeteria provided - many workers were sitting in the road eating lunch. Drinking water only available on the 1st floor (4 storey building)	Visual inspection		No dining area or cafeteria provided - many workers were sitting on the road eating lunch. Drinking water available only on the ground floor (4 storey building)	New facility has a dining area, however, are no chairs or tables where workers can sit down. Workers still sit on floor when eating. No drinking water provided to the workers in the new facility.						The kitchen is not yet operational. Further investigation is required.	Further investigation is required.	Factory already provided chairs and tables at dining area. During lunch time, worker can watch television as well. However, factory still in the process of installing kitchen and food vendors. It is expected to be completed by end of 2005.	Visual Inspection, Observation.	
Worker Participation		Workers should be involved in planning for safety, including through worker safety committees	There is no health and safety committee	Interview with H&S officer		No worker is member of the Safety and Health Committee	Not checked						No finding. Factory has set up Safety Committee as well as Welfare Committee in January 2005. There was a meeting for both meetings held in February 2005. Daily workers have participation.	Worker Interview, Document review.	No further finding. The Safety Committee is active and holds meetings monthly.	Document check.	
Other	Dept. of Industrial Work's Regulation RE: Hazard Identification, Risk Assessment and Risk Management Plan (B.E. 2543), Notification of Ministry of Labor and Social Welfare, RE: Safety at Work of Employee . Notification of Ministry of Labor and Social Welfare, RE: Occupational Health, Safety and Working Environment Committee . B92		Needs further investigation			Not checked	Not checked						No finding of noncompliance.	N/A	N/A	N/A	
Health and safety management			H&S officer could not demonstrate a basic understanding of the H&S systems in the factory.	Visual inspection and interviews with the H&S officer		No annual health and safety plan; the assigned Safety Officer is also the Production manager. There is no safety policy signed by management. Safety officer could not demonstrate the understanding of basic safety concept. There is no internal audit on safety issue.	Management interview indicated there was no safety management system in place for new building facility. Observed that although building was new, it lacked many fire safety requirements. Ongoing construction not segregated from new cutting department and relocation of screening and printing done without any proper plan. No system for both Chemical handling and fire safety. Fire safety map not available. No warning signs at the nearby construction site. Construction workers and factory workers allowed to enter site and no "No Smoking" signs posted; smoking on premises observed. It was recommended to management that they should seek professional help in installing safety requirements at new facility, especially in handling of chemicals. Expansion of new building should involve an expert in order to ensure maximum H&S conditions for new facility.						There is no annual safety plan for 2005. The factory needs to set up the safety plan. Management has sent one representative to attend the safety training class. PC has informed the factory to recruit one full-time staff for safety officer.	Document review.	The factory sent one staff person to attend the Safety Officer Course in the nearby local labor bureau. Safety plan was set up and announced to workers on March 2005. Ongoing monitoring is required for checking the effectiveness of the Safety Officer.	Document review, Observation.	
<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	Needs further investigation			Not checked	Not Checked - There is a small group of workers at the new facility (not over 20 people) at this stage, it is not possible to check the FOA issue.						No written policy on freedom of association. Develop a written policy on FOA, post policy, inform all workers of policy on FOA, include information in new employee orientation.	document review	The factory supports the worker for FOA issues. There is a Welfare Committee in the work place. According to worker handbook it was also stated that the factory will enforce the Section 92 on Welfare Committee program in the workplace. Welfare committee meets regularly.	Document review, worker interview, management interview.	

FLA Code/Compliance Issue	Findings					PC Internal Audit Findings			Remediation				Updates			
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings Existing Building Facility (August 10-11, 2004)	PC Internal Audit Findings Building Facility (February 22, 2005)	New	Company Remediation Plan	Factory Response (Optional)	Company Follow Up	Documentation	Factory Response (Optional)	Company Follow Up (At New Facility; February 22, 2005)	Documentation	Company Follow Up (At New Facility; June 5, 2005)
Employer Interference in registration		The employer will not interfere, to the detriment of worker's organizations, with government registration requirements regarding the formation of workers' organizations.	Needs further investigation			Not checked	N/A			N/A			Not checked	N/A	No finding of noncompliance	N/A
Unfair dismissal		The employer will not dismiss, discipline, or otherwise coerce or threaten workers seeking to form, join or participate in workers' organizations.	Needs further investigation			No case of dismissal identified	N/A			N/A			Not checked	N/A	No finding of noncompliance	N/A
Employer interference/intimidation		The employer will not interfere with workers' exercise of the right to freedom of association through intimidation, including illegal or unreasonable searches	Needs further investigation			Not checked	N/A			N/A			Not checked	N/A	No finding of noncompliance	N/A
Employer interference/external forces		The employer will not use force, or the presence of police or military, to intimidate workers, or to prevent peaceful organizing or assembly	Needs further investigation			Not checked	N/A			N/A			Not checked	N/A	No finding of noncompliance	N/A
Employer control/favoritism		The employer will not interfere with the right to freedom of association by controlling workers' organizations or favoring one workers' organization over another	Needs further investigation			Not checked	N/A			N/A			Not checked	N/A	No finding of noncompliance	N/A
Discrimination		The employer will not discriminate against workers who seek to exercise their right to organize and bargain collectively	Needs further investigation			Not checked	N/A			N/A			Not checked	N/A	No finding of noncompliance	N/A
Employer interference/formation of alternative organizations		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	Needs further investigation			No union at the factory	N/A			N/A			Not checked	N/A	No finding of noncompliance	N/A
Employer Interference/Elections		Workers' organizations have the right to elect their representatives and conduct their activities without employer interference	Needs further investigation			No union at the factory	N/A			N/A			Not checked	N/A	No finding of noncompliance	N/A
Union as the Bargaining Agent		In any case where the industrial relations system specifies certain unions as the exclusive bargaining agent, employers will not be required to engage in collective bargaining with other worker groups or organizations on matters covered by the collective agreement.	Needs further investigation			No union at the factory	N/A			N/A			Not checked	N/A	No finding of noncompliance	N/A
Blacklisting		Employers will not use blacklists of any kind.	Needs further investigation			Not checked	N/A			N/A			Not checked	N/A	No finding of noncompliance	N/A
Severance		Employers shall not offer or use severance pay (or " indemnization" in Latin America) as a means of restricting union formation or union operations	Needs further investigation			Not checked	N/A			N/A			Not checked	N/A	No finding of noncompliance	N/A
Other						Factory has a Welfare Committee composed of 5 persons to represent the management side and 5 persons form workers' side. Workers representatives elected by workers for term of 1 year.	N/A			N/A			No finding of noncompliance	N/A	N/A	N/A
<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 mandated benefits																
Minimum Wage		Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher	Needs further investigation			Lowest wage of workers is Baht 170 a day, the prevailing minimum wage in Bangkok.	All the workers at new factory managed by identical system to existing factory, they are under same payroll.			N/A			No finding of noncompliance	Document review, worker interview.	N/A	N/A
Training Wage		Where training wages are legally allowed, no worker will be paid a training wage for more than three months cumulatively	Needs further investigation			not applicable	N/A			N/A			No finding of noncompliance	N/A	N/A	N/A
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	Needs further investigation			Interviewed workers don't know how much they will receive if they worked on Sunday (according to them they have not yet worked on a Sunday)	N/A			N/A			No finding of noncompliance	Physical Inspection.	N/A	N/A
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 or law, will be kept at the factory and available for inspection	Needs further investigation			No such notice posted	N/A			N/A			Sample computation of wage is posted on the bulletin board	Physical Inspection.	The sample of how to calculate the wage is posted on the bulletin board.	Visual inspection.
Wage and Benefits Information Access		In general, workers will have access to understandable information about their wages and benefits, and will not express dissatisfaction with their ability to get information	Needs further investigation			It was observed that most workers can access the wage & benefits information by asking HR personal directly.	N/A			N/A			No finding of noncompliance	Worker Interview, Document inspection.	N/A	N/A
Voluntary Use of Benefits		All workers have a right to use or not to use employer provided services, such as housing or meals	Needs further investigation			No provision of such services	N/A			N/A			No finding of noncompliance	N/A	N/A	N/A
Deduction for Services		Deductions for services to employees will not exceed the cost of the services to the employer. If questioned, employers will demonstrate the reasonableness of these charges	Needs further investigation			Not applicable	N/A			N/A			No finding of noncompliance	N/A	N/A	N/A
Payroll Reporting		Accurate and reliable payroll reporting, including pay stubs will be provided	Needs further investigation			See comment on next item below	N/A			N/A		Factory has agreed to follow adidas suggestion	Factory to make the adjustment for the payroll column as per PC requirement.	Document review.	The factory has made the adjustment for the payroll system to ensure that the linkage of attendance record and payroll calculation can be done by computer to ensure accuracy.	Document Review

FLA Code/Compliance Issue	Findings					PC Internal Audit Findings			Remediation				Updates				
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings Existing Building Facility (August 10-11, 2004)	PC Internal Audit Findings Building Facility (February 22, 2005)	New	Company Remediation Plan	Factory Response (Optional)	Company Follow Up	Documentation	Factory Response (Optional)	Company Follow Up (At New Facility; February 22, 2005)	Documentation	Company Follow Up (At New Facility; June 5, 2005)	Documentation
Pay statement		Employers will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions	It was found that the workers do not receive a pay slip. The factory has workers to sign a payroll log - however signatures in this log were not those of the workers.	Records review and interview with HR officer		Workers are given strip of the payroll sheet showing the details of their pay. They then sign on the payroll sheet but the signatures in the payroll sheet were not those of the workers.	N/A			N/A		Factory has agreed to follow adidas suggestion	Workers now receive a pay slip, no signature for payroll sheet is required since workers receive a copy of the pay slip and payroll department retains a copy for their records. Pay slip contains all required items as per PC codes. However, PC has commented the factory to provide a larger pay-slip so it's easier for workers to check.	Pay-slip review.	Workers receive a pay slip and they sign to acknowledge receipt. Pay slip is larger and format complies with PC standards.	N/A	
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	Needs further investigation			Working hours are recorded by electronic system and are paid correctly.	The new factory uses manual clock card to record the time. It was observed that most clock cards reflect the clear in/out time for each worker. No noncompliance found.			N/A			No finding	Document review, worker interview.	N/A	N/A	
Record Maintenance		All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.	Needs further investigation			Payroll records of previous months were readily supplied by the factory. Interviewed workers confirmed the amount indicated on the payroll was what they received. (Payroll sheet was not shown to them. They were just asked to recall the amount they received during the last payday).	N/A			N/A			No finding. All the payment is made and workers sign their name to acknowledge receipt.	Document review, worker interview.	N/A	N/A	
Legal benefits		Employers will provide all legally mandated benefits to all eligible workers	Needs further investigation			Factory provides paid public holidays, annual leave, sick leave and maternity leave.	N/A			N/A			No finding of noncompliance	Document review, worker interview.	N/A	N/A	
Payment of wages		Legally mandated bonuses (e.g. 13th month payments and severance payments will be paid in full and in a timely manner	Needs further investigation			Payment of wages and other earnings is done twice a month on every 5th and 20th of each month	N/A			N/A			No finding of noncompliance	Further investigation is required.	N/A	N/A	
Payment of Legal Benefits		Legally mandated benefits will be provided or paid in full within legally defined time periods	Needs further investigation			See above comment	N/A			N/A			No finding of noncompliance	Worker Interview, Document inspection.	N/A	N/A	
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 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	Needs further investigation			Not checked	N/A			N/A			No finding of noncompliance	Worker Interview, Document inspection.	N/A	N/A	
Illegal Holding of Funds		All voluntary deductions (savings clubs, loan payments, etc.) will be credited to proper accounts and funds will not be held illegally or inappropriately by employers.	Needs further investigation			Not checked	N/A			N/A			No finding of noncompliance	Worker Interview, Document inspection.	N/A	N/A	
Legal Compliance for holiday/leave		Workers will be paid for holidays and leave as required by law	Needs further investigation			Factory provides paid public holidays, annual leave, sick leave and maternity leave.	N/A			N/A			No finding of noncompliance	Worker Interview, Document inspection.	N/A	N/A	
Accurate recording of wage compensation		All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately	Needs further investigation			Hourly wages and overtime pay are computed correctly	N/A			N/A			No finding. The factory is using the electronic clock card to record the hours of work. Overall the records and worker interview did not indicate any risk of miscalculation.	Worker Interview, Document inspection.	No finding.	Document Review	
Timely Payment		All compensation shall be paid in a timely manner	Needs further investigation			Payment of wages and other earnings is done twice a month on every 5th and 20th of each month	N/A			N/A			No finding. Ongoing monitoring is needed. At present, the factory pays workers twice each month on 5th and 20th. Workers are paid on time according to workers' statements.	Worker Interview, Document inspection.	No finding.	Document Review	
Minimum wage/ Quotas		Workers paid on the basis of incentive quotas will be paid not less than the minimum or prevailing wage, whichever is higher	Needs further investigation			Lowest wage of workers is Baht 170 a day, the prevailing minimum wage in Bangkok	N/A			N/A			No finding.	Worker Interview, Document inspection.	N/A	N/A	
Minimum wage/ Incentives		Regardless of any production quotas, incentives will not be reduced or unpaid if the result will be wages below the minimum wage	Needs further investigation			The lowest wage in the factory is equal to minimum wage enforced in the labor law.	N/A			N/A			No finding.	Worker Interview, Document inspection.	N/A	N/A	
False Payroll Records		Employers will not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.	Needs further investigation			Amount of earnings reflected on latest payroll confirmed by respective workers who were interviewed. (Payroll sheet not shown; workers asked if can remember amount they received on last pay day.)	N/A			N/A			No finding.	Cross check information with worker interview, Document inspection.	N/A	N/A	
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	Needs further investigation			Factory has individual ledgers for leave earned and taken	N/A			N/A			No finding.	Document review.	N/A	N/A	
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	Needs further investigation			See above comment	N/A			N/A			No finding.	N/A	No finding.	N/A	
<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.																	



FLA Code/Compliance Issue	Findings					PC Internal Audit Findings			Remediation				Updates				
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings Existing Building Facility (August 10-11, 2004)	PC Internal Audit Findings Building Facility (February 22, 2005)	New	Company Remediation Plan	Factory Response (Optional)	Company Follow Up	Documentation	Factory Response (Optional)	Company Follow Up (At New Facility; February 22, 2005)	Documentation	Company Follow Up (At New Facility; June 5, 2005)	Documentation
Forced overtime		Under extraordinary business circumstances, employers will make extensive efforts to secure voluntary overtime work prior to mandating involuntary overtime	Needs further investigation			Workers can refuse to work overtime according to payroll review and worker interview	N/A							No finding. The workers OT requisition form is available for PC review.	Document review.	No finding, all the OT request form is still being used.	Document review, worker interview.
Positive Incentives		Positive incentives will be utilized, and known by the workers	Needs further investigation			No incentives of any kind are given to workers	N/A							No finding.	Document review.	N/A	N/A
Negative Incentives		Negative incentives or punitive actions will not be used to induce overtime in excess of code standards	Needs further investigation			Not known	N/A							No finding.	Worker interview.	N/A	N/A
Reasonable Maintaining of Staff		Employer personnel practices will demonstrate an effort to maintain a level of staffing that is reasonable in view of predictable or continuing fluctuations in business demand	Needs further investigation			The factory has a system where workers who passed probation will become a permanent worker.	N/A							No finding.	Observation, Ongoing monitor is required.	N/A	N/A
Overtime Limitations		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	Needs further investigation			Overtime work is from Tuesday to Friday only (none on Monday and Saturday, sometimes even on other days) at 3 hours a day at the most.	It was observed from the clock cards for workers at the new facility that none of them worked overtime during that week. According to worker interview, all workers at the new building facility did not work overtime as the building was not ready to operate at night time.							No finding, all workers are working at limit of 60 hours per week.	Document review. Observation. Ongoing monitoring is required.	The same practice that worker worked not exceed 60 hours per week is still be applied. The company policy also states this clearly.	Document review, worker interview.
Reduce Mandated OT		The employer will demonstrate a commitment to reduce mandated overtime and to enact a voluntary overtime system to meet unforeseen situations	Needs further investigation			Not checked	Not checked							No finding of noncompliance.	N/A	Voluntary overtime system is in place.	Document review, worker interview.
Explanation of continued required OT		If the employer repeatedly requires overtime in order to respond to the same situation, the employer will explain why it will not have sufficient staff on hand to avoid the necessity of overtime.	Needs further investigation			Level of overtime is within the standards	N/A							Not checked.	Further investigation is required.	No finding, Overtime is still 12 hours per week.	Document review, worker interview.
Overtime Explanation		Employers shall be able to provide explanation for all periods when the extraordinary business circumstances exception has been used. Employers shall take reasonable steps to inform workers about the nature and expected duration of the circumstances	Needs further investigation			N/A	N/A							Not checked.	Further investigation is required.	No finding	N/A
Legal compliance with protected workers		The factory will comply with all applicable laws governing work hours, including those regulating or limiting the nature and volume of work performed by women or workers under the age of 18	Needs further investigation			Not applicable; no worker below 18 years old.	N/A							No finding.	Document review, worker interview.	N/A	N/A
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary	Needs further investigation			Workers can refuse to work overtime according to payroll review an worker interviews.	Not checked							No finding. All workers are required to sign the Overtime requisition form prior to any overtime work.	Document inspection.	No finding	Document Review.
<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 Breaks		Employers will ensure reasonable meal and rest breaks, which, at a minimum, must comply with local laws	Needs further investigation			Lunch break is for one hour. A thirty minute break is given before overtime.	Not checked							Lunch break is for one hour. A thirty minute break is given before overtime	Company policy, worker interview.	Normal OT break is applied as specified by labor law, No finding.	Observation, Visual Inspection.
Accurate recording of OT hours worked?		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	Needs further investigation			Working hours are recorded by electronic system and are paid correctly.	Not checked							Working hours are recorded by electronic system and are paid correctly.	Worker interview.	N/A	N/A
OT Compensation		The factory shall comply with applicable law for premium rates for overtime compensation	Needs further investigation			Factory pays legally required overtime premium	So far none of the worker in screening section has worked overtime, not possible to verify							Factory pays legally required overtime premium	Document review, Worker interview.	Overtime calculation is done correctly for workers.	Document review.
OT Compensation Awareness		Workers shall be informed about overtime compensation rates, by oral and printed means	Needs further investigation			Interviewed workers don't know how much they will receive if they worked on Sunday (according to them they have not yet worked on a Sunday)	Not checked							Workers interviewed indicated that they understand how to calculate the overtime. Sample computation of wage / OT is posted on the bulletin board.	Worker interview.	N/A	Document review, Security guard interview.
OT Compensation for Piece		Where workers are paid on a piece rate, the payment for overtime work performed shall result in no less payment than the premium pay required by law	Needs further investigation			Not applicable; all workers are paid by time / day	Not applicable; all workers are paid by time / day							Not applicable; all workers are paid by the hour / day.	N/A	N/A	N/A
<b>Miscellaneous</b>																	
Unauthorized subcontracting		A truck delivered cut materials to the factory (there are no cutting operations at the factory). The silk screen operations have been stopped at the factory and it was reported that silk screens are sent out to another factory. As per the factory management's response it is not clear if they understand the difference between vendors and subcontractors.	Visual inspection and HR interviews			Cutting and printing operations have been transferred and are currently done at the new factory. Except for embroidery, there is no other work for sub-contractors.	It was observed that all the printing is being done at the new building facility. However, this new facility has not been approved by PC.							PC has approved the printing subcontracting facility.	Physical inspection	N/A	Physical Inspection
Liability in sub-contracting						The embroidery is done by sub-contractor. Situation at the embroidery sub-contractor not checked.	N/A							The embroidery is done by sub-contractor. Situation at the embroidery sub-contractor not checked.	N/A	Embroidery is still done by outside sub-contractor.	N/A

FLA Code/Compliance Issue	Findings					PC Internal Audit Findings			Remediation				Updates				
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal Audit Findings Existing Building Facility (August 10-11, 2004)	PC Internal Audit Findings Building Facility (February 22, 2005)	New	Company Remediation Plan	Factory Response (Optional)	Company Follow Up	Documentation	Factory Response (Optional)	Company Follow Up (At New Facility; February 22, 2005)	Documentation	Company Follow Up (At New Facility; June 5, 2005)	Documentation
Possible homework						Not checked.	Not checked.			N/A				Not checked.	N/A	PC staff observed and found there is no indication of possible home work.	Visual Observation, physical inspection.