

<b>FLA Audit Profile</b>	
Country	Argentina
Factory name	070002374
CE	Centro S.A. C.
Demolish In facility	July 31-August 1, 2006
NAI	NAI, Inc
Number of workers	224
Products	Shoetory Apparel
Production processes	Cutting, Sewing, Quality Control, Ironing, Inspections, Shipping

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	EM Findings						Remediation				Status	Update (On Date of Follow Up)		Third Party Verification		Company Verification Follow Up				
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Incidents/Complaints)	If Not Complemented, Explain Why	Sources/Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (October 2006)		Documentation	Completed, Pending, Ongoing	Company Follow Up	Documentation	External Verification (Date)	Documentation	Company Follow Up (On Date)	Documentation	
<b>3. Code Awareness</b>																						
Worker/Management Awareness of Code		<b>FLA Principle of Monitoring, Obligation of Compliance:</b> Ensure that all company facilities 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 language spoken by employees and managers) and undertake other efforts to educate employees about the standards.	Workers do not have a clear knowledge of the Code of Conduct (COC) elements.			worker interviews		To provide recurring training about COC for all employees, in a way that they can clear about COC and share their knowledge with each other.	6/30/2007	Factory informed that COC orientation happens every time new employees are hired. Last trainings held in April (3 employees), July (5 employees), and August (8 employees). They are going to start a new process of re-training all current employees with a recurring training to be completed in June 2007.	Factory will send documents every time they have new employees and list with signatures of newly hired employees that received training on COC and photos. (07/02/2007) Factory had COC training meeting with all EEs and saw monitoring COC on training for new EEs as well.	attendance list, photos of training, 07/02/2007 attendance list, photos of trainings on COC	Completed									
Confidential Noncompliance Reporting Channel		<b>FLA Principle of Monitoring, Obligation of Compliance:</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.	No communications channel has been put in this factory to enable the workers to report confidentially to PC.			Manager and worker interviews		Factories do have a grievance system in place but, only the administrative people have access to the comments. The action we are suggesting is to start having representatives from production areas, so workers can be sure that their comments are being read and considered. Factory must establish a formal confidential grievance process. The factory should implement a written investigation procedure, which clearly establishes whose responsibility it is to investigate grievances, record consistent information and document findings. Factory should communicate this to all workers.	10/9/2006	Factory sent the communication letter to employees and posted it on the board. In the letter, they communicated to their employees that from October 9 on, they will open the grievance boxes in the presence of 1 representative from each production area, so that workers can be sure that their comments are being read and considered.	Factory sent on documents: copy of communication letter and pictures of board where letter was posted. Factory informed they are posting responses on board. If suggestion agreed, they also provide a formal response to the individual. If there were no suggestions in a month, they post a statement saying there were no suggestions in that month, their comments are being read and considered.	copy of communication letter, photos of letter posted in board	Completed									
<b>3. 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.																						
<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.																						
<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 or abuse.																						
<b>4. Non-discrimination</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, marital status or social or ethnic origin.																						
<b>4. Pregnancy Testing</b>		Employers will not use pregnancy tests or the use of conception as a condition of hiring or of continued employment. Employers will not require pregnancy testing of female employees, except as required by national law.	Pregnancy tests are a common practice during the hiring process at this facility.			worker and manager interviews, record review		Factory to remove the HCG hormone testing from the urine/blood test they usually do for the hiring process.	1/31/2007	Factory informed that blood and urine tests are a normal procedure for hiring purposes, but will send a letter requesting the lab to take out the HCG analysis from the tests.	Factory sent us copy of the letter that they sent to the lab. We will would like to see an exam of a newly hired person without HCG analysis. Factory agreed on October 20th to send a new exam as soon as they have one. Exams are only conducted after a person is hired and sent to HR manager, the only person who sees it. Exam results are not considered in hiring practice, only for workers health files. Information is kept confidential between factory HR and worker. 2/23/07: Factory sent 4 copies of hiring exam. They have taken off the HCG hormone analysis.	letter from factory to exam lab, 2/23/07. Copy of 4 exams, dated October, November, and January that do not have HCG hormone analysis anymore.	Completed									
<b>4. Health and Safety</b>																						
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, or in connection with, the operation of equipment or as a result of the operation of employer's facilities.																						
<b>5. Education Procedure</b>		If applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, subleased elevators, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	1) Auditors saw passageways blocked in sewing section on third floor of factory. 2) Auditors saw stairs connecting third floor warehouse with second floor hallway, between dining room and administration office, without a handrail. 3) In third floor warehouse, there is a narrow passageway close to a window. The window handle protrudes and might harm a person passing by.			1, 2, 3: visual inspection		1) To have a chair/railing with workers to remind them that passageways and corridors must remain clear for evacuation purposes. 2) To provide handrails for stairs that do not have them. 3) Place window handle in a higher position, so it does not harm anyone passing by.	4/30/2007	1) Factory will provide new training for workers in all areas, to remind the importance of keeping all passageways clear, starting October 2/3. 2) Factory informed that there is a local law that requires handrails only for stairs wider than 1.45m and those that are only 100m wide, but factory is willing to provide handrail for mentioned stairs by 12/31/06. 3) Factory will implement change to the window handle.	1) April 18: Factory sent document proof they had training on accident prevention, order, keeping all passageways clear, keeping access to fire extinguishers clear, and evacuation routes. 2) April 26: Factory sent pictures of stairs with handrail 1.8. Expecting to receive documents (list of presence and pictures) proving that they had this chair/railing with employees. 3) Factory sent a picture of a person standing next to the window showing that the window handle has been moved to a higher position.	1) attendance list, 2) photos of stairs, 3) photo of implemented change	1, 2, 3: Completed									
<b>Personal Protective Equipment (PPE)</b>		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, fumes, dust, etc.) to hazardous elements including medical waste.	Workers in spot cleaning section, where chemical solvents used, were not wearing respiratory masks.			visual inspection		To provide an air quality inspection with details of percentage measured and percentage accepted.	4/30/2007	Factory has requested more details of inspection results from air quality company. Factory is still expecting to receive it from them.	PC requested more detailed inspection results, as the one factory presented was not very specific. Even though PPE is not mandatory, factory posted material safety data sheet (MSDS) in area with details. The product is of domestic use and does not represent harm to users' health. MSDS also has a statement from Health State Ministry stating the product does not represent risks to health. 08/14/2007: In area where this issue was found, the product being used was of domestic use and does not represent harm to users' health. Factory sent documents: MSDS also had a statement from Health State Ministry stating this product does not represent risks to health. Besides that 1 product, for other chemicals used, factory assures that workers wear appropriate equipment by training and labeling through factory floor to make sure people are wearing PPE.	08/18/2006: Factory sent document of air quality inspection in area, photos of posted MSDS. 05/26/2007: from factory still, saw people using the 1 'domestic use' product work in a separated room and using proper PPE	Completed									

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			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Incomprehensible)	If Not Complemented, Explain Why	Sources/ Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Factory Response (Options)	Company Follow Up (October 2006)	Documentation	Completed, Pending, Ongoing	Company Follow Up	Documentation	External Verification (Date)	Documentation	Company Follow Up (Close Date)	Documentation
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.	No MSDS posted at spot cleaning location.					Visual inspection	Factory already addressed; refer to follow up.	4/30/2006	Factory informed that MSDS posted in location of use, but will provide MSDS with more details. Factory confirmed that the product is of domestic use and can be bought in any supermarket.	Even though PPE is not mandatory, factory posted MSDS in area with details. The product is of domestic use and does not represent harm to one's health. MSDS also has a statement from Health State Ministry stating this product does not represent risks to health.	08/26/2006 photos of posted MSDS. 10/27/2006 Factory sent more detailed MSDS and letter from supplier stating the product contains products allowed by Health and Sanitary Department; they also attached approved letter from Health and Sanitary Department	Completed						
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	On second floor of facility, there is a woman's job station by the side of a large ironing table. Woman's back is only 4 inches away from steam pipes installation and steam traps. Pipes protected with thermal isolation, but steam traps are not, presenting a danger of burns for this woman.					Visual inspection	To isolate area of steam pipes installation in a way that worker is protected.	9/18/2006	Worker should not be behind table, close to pipes. To avoid this, factory will place a fence to protect that area and to keep the employee from standing close to that area.	Factory sent pictures of the area, showing they placed a fence protecting steam pipe installation area from the workers' spot.	photos of change implemented	Completed						
Ventilation/Electrical/Facility Maintenance				In cooling section on first floor of factory, weather was extremely cold during 2 days audit took place.				Worker interviews, factory walkthrough	To provide a chart of people that get sick in that area during winter, and also an official chart showing the average temperature in winter season.	1/21/2006	Factory informed that the day of audit was one of the coldest days of the year, and that usually they have an average of 8 days in the year with the same temperature. They do not believe that door will help with cold. Because area is also a food and unloading area, which would cause doors to be frequently open. They will provide a chart of people that get sick in that area and also an official chart showing the average temperature in the winter season.	Factory sent documents on people that got sick in the area during last winter; it represents 4.3% of area's population. Factory also sent documents based on information from National Meteorology Service, on average temperature during winter: 1.8, 1.6, 1.7, 1.4, a maximum average, 10.6°C, the minimum average. On day of audit, minimum was 0°C. The risk of having portable heaters in this area sick in that area and also an official chart showing the average temperature in the winter season. Factory: On days when temperature is unusually cold, workers wear proper clothes for winter, May 2007. Even though average is not a very cold weather, factory addressed the issue providing warmer uniform for those people working in that area. As the area is a loading and unloading area, they also organized schedule to have operations so doors do not open every now and then. They are still maintaining to place a door between production and unloading area, but they still did not figure that out, since	Factory sent chart of people that got sick during last winter and a chart with average temperature each month. In sum, there is a chart with percentage of workers that got sick, representing a very small number due to cold in area. Also, there are very few sick during factory visit as identified in the previous findings. Due to the loading and unloading area, workers only work there in determined hours, which are now regulated.	Completed						
Sanitation in Facilities		All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	Women WC's outside doors do not have locking device for adequate privacy.					Visual inspection	To implement a locking device in the toilets.	10/18/2006	Factory informed they will promptly install locking device.	Factory sent pictures of WC doors showing they now have a proper locking device.	photos of change implemented	Completed						
<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.																				
<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.																				
<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 laws 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 14-day period.																				
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.																				
<b>10. Discipline</b>																				