



2008

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Puma
COUNTRY: China
FACTORY CODE: 360015904G
MONITOR: Level Works
AUDIT DATE: September 9 – 10, 2008
PRODUCTS: Down Garments
PROCESSES: Cutting, Sewing, Embroidery,
Stuffing, Inspection, Packing
NUMBER OF WORKERS: 1398



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Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: Not all workers in factory were entitled to 5 types of social insurance schemes. Only 245 of 1505 employees entitled to 5 types of social insurance (retirement; illness or injury; disability caused by work-related injury or occupational disease; unemployment; childbearing). Furthermore, all 1505 employees were covered by commercial accident insurance.

Remarks: From management interviews, it was noted that all workers (local and migrant workers from other provinces) could participate in all 5 types of social insurance.

Legal references: PRC Labor Law, Article 72: Employing unit and workers must participate in social insurance and pay social insurance premiums in accordance with law; Article 73, laborers shall enjoy social insurance benefits under the following circumstances: a) retirement, b) illness or injury, c) disability caused by work-related injury or occupational disease, d) unemployment; and e) childbearing. Therefore, according to this national law, all 5 types of social insurance schemes mentioned above should be provided for all employees of a factory.

Supporting evidence/sources: document review, management interview

Plan Of Action: According to Puma’s Code of Conduct, workers shall be entitled to all legally mandated benefits, such as social insurance program which covers pension, medical care, unemployment, work place injury and maternity. Where local law does not require full coverage of workers in these programs, factory should ensure legal compliance as a bottom line. On top of this, factory needs to have a plan to collect legal guidelines with regard to social insurance and ensure all workers are covered in social insurance program step by step.

Deadline Date: 12/31/2009

Supplier CAP: We are planning to increase the insured number from 245 to 398 since March 2009. And we are aiming to provide social insurance to all employees as law requires by the end of 2009.



Supplier CAP 03/15/2009

Date:

Action Taken: According to factory records, they have increased the insured number month by month, and have planned to provide insurances to all employees.

Plan Complete:

Plan Complete 02/27/2009

Date:

Wages, Benefits and Overtime Compensation: Minimum Wage

WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Noncompliance

Explanation: Factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Supporting evidence/sources: Production record and administrative records (e.g., metal detection contamination records, inspection records in each section, daily production records in each section, special overtime application records) showed workers from metal detecting workshop, embroidery section and cutting section worked June 9, July 27, August 24, September 7, 2008 (Sundays or normal working days) and OT hours from 9:00pm – 11:00pm August 1, 5:30pm – 12:00am August 2, and 12:00am – 4:00am August 3, but these work hours were not indicated on workers’ time attendance records. Moreover, there is no information shown on payroll records to demonstrate these work hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

Plan Of Action: All suppliers should be in line with Puma’s Code of Conduct, and pay all workers at least above local minimum wage standard. In Puma SAFE audit, we will cross check all records including payroll, attendance and related production records, to ensure workers are paid above minimum wage standard.



Deadline 10/31/2008
Date:

Supplier We have compensated all workers who are paid below minimum wage, and posted wage
CAP: policy publicly to make sure all workers understand the policy.

Supplier CAP 12/30/2008
Date:

Action From factory records, they have compensated workers for the deficiencies according to
Taken: legal requirements.

Plan
Complete:

Plan 02/27/2009
Complete
Date:

Wages, Benefits and Overtime Compensation: Payment for All Hours Worked

WBOT.7 Workers shall 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. (S)

Noncompliance

Explanation: Factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Supporting evidence/sources: Production record and administrative records (e.g., metal detection contamination records, inspection records in each section, daily production records in each section, special overtime application records) showed workers from metal detecting workshop, embroidery section and cutting section worked June 9, July 27, August 24, September 7, 2008 (Sundays or normal working days) and OT hours from 9:00pm – 11:00pm August 1, 5:30pm – 12:00am August 2, and 12:00am – 4:00am August 3, but these work hours were not indicated on workers’ time attendance records. Moreover, there is no information shown on payroll records to demonstrate these work hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.



Plan Of Action: Puma requires all suppliers to record all work hours accurately and to compensate workers according to legal requirements. In order to make sure all factories implement our policy properly, we will conduct SAFE audits in factories to check if they are following our rules.

Deadline Date: 10/31/2008

Supplier CAP: It is true that some workers' attendance records were not recorded properly; we have checked all records and compensated the workers for the deficiencies. We will reinforce the monitoring system on the recording and compensation of work hours.

Supplier CAP Date: 12/30/2008

Action Taken: According to factory records and telephone confirmation, factory has recorded working hours properly, and compensated the deficiencies to workers accordingly.

Plan Complete:

Plan Complete Date: 02/27/2009

Wages, Benefits and Overtime Compensation: Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Noncompliance

Explanation: Factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Supporting evidence/sources: Production record and administrative records (e.g., metal detection contamination records, inspection records in each section, daily production records in each section, special overtime application records) showed workers from metal detecting workshop, embroidery section and cutting section worked June 9, July 27, August 24, September 7, 2008 (Sundays or normal working days) and OT hours from 9:00pm – 11:00pm August 1, 5:30pm – 12:00am August 2, and 12:00am – 4:00am August 3, but these work hours were not indicated on workers’ time attendance records. Moreover, there is no information shown on payroll records to demonstrate these work hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

Plan Of Action: In Puma standards, clear requirements on wages are stated. Regardless if they are paid piece rate or hourly rate, all workers have to be paid above local minimum standard. In order to ensure all workers are paid above local minimum wage standard, we will check all related records, such as payroll and production records to identify if there any work hours that are not paid properly.

Deadline Date: 10/31/2008

Supplier CAP: We realize some piece rate workers are paid below local minimum wage because of unrecorded working hours; we have already compensated workers for the deficiencies. We will reinforce the monitoring system on the recording and compensation of work hours.

Supplier CAP Date: 12/30/2008

Action Taken: Based on factory records, they have recorded working hours properly, and compensated the deficiencies to workers accordingly.

**Plan
Complete:**

**Plan
Complete
Date:** 02/27/2009

Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Noncompliance

Explanation: Factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Supporting evidence/sources: Production record and administrative records (e.g., metal detection contamination records, inspection records in each section, daily production records in each section, special overtime application records) showed workers from metal detecting workshop, embroidery section and cutting section worked June 9, July 27, August 24, September 7, 2008 (Sundays or normal working days) and OT hours from 9:00pm – 11:00pm August 1, 5:30pm – 12:00am August 2, and 12:00am – 4:00am August 3, but these work hours were not indicated on workers’ time attendance records. Moreover, there is no information shown on payroll records to demonstrate these work hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

**Plan Of
Action:** Payroll records and attendance records should be reliable and transparent; all workers must be paid with legally required overtime compensation.

**Deadline
Date:** 10/31/2008

**Supplier
CAP:** It is true that some workers’ attendance records were not recorded properly, we have checked all records and compensated workers for the deficiencies according to law. We will reinforce the monitoring system on the recording and compensation of work hours.



Supplier CAP 12/30/2008

Date:

Action Taken: According to factory records, they have recorded working hours properly, and compensated the deficiency to workers accordingly.

Plan Complete:

Plan Complete 02/27/2009

Date:

Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

Noncompliance

Explanation: Factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Supporting evidence/sources: Production record and administrative records (e.g., metal detection contamination records, inspection records in each section, daily production records in each section, special overtime application records) showed workers from metal detecting workshop, embroidery section and cutting section worked June 9, July 27, August 24, September 7, 2008 (Sundays or normal working days) and OT hours from 9:00pm – 11:00pm August 1, 5:30pm – 12:00am August 2, and 12:00am – 4:00am August 3, but these work hours were not indicated on workers’ time attendance records. Moreover, there is no information shown on payroll records to demonstrate these work hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

Plan Of Action: According to Puma standards, payroll records and attendance records should be reliable and transparent; all workers must be paid above local minimum wage standard and overtime compensation with accurate calculation.



Deadline 10/31/2008
Date:

Supplier We have announced our wage policy publicly after having realized some workers are
CAP: paid below minimum wage because of unrecorded working hours. We have also
 provided training to workers on wage system as well as benefit program.

Supplier CAP 12/30/2008
Date:

Action Base on factory records and telephone confirmation, they has announced wage policy
Taken: including how wages and overtime are computed as well as related benefits to all
 workers.

Plan
Complete:

Plan 02/27/2009
Complete
Date:

Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Supporting evidence/sources: Production record and administrative records (e.g., metal detection contamination records, inspection records in each section, daily production records in each section, special overtime application records) showed workers from metal detecting workshop, embroidery section and cutting section worked June 9, July 27, August 24, September 7, 2008 (Sundays or normal working days) and OT hours from 9:00pm – 11:00pm August 1, 5:30pm – 12:00am August 2, and 12:00am – 4:00am August 3, but these work hours were not indicated on workers’ time attendance records. Moreover, there is no information shown on payroll records to demonstrate these work hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

Plan Of Action: Payroll records and attendance records should be reliable and transparent; all workers must be paid above local minimum wage standard.

Deadline Date: 10/31/2008

Supplier CAP: We will reinforce the monitoring system on work hours. We have also requested all departments to record all work hours properly.

Supplier CAP Date: 12/30/2008

Action Taken: After telephone confirmation with factory, they have recorded work hours properly, and compensated workers for the deficiencies accordingly.

Plan Complete:

Plan Complete Date: 02/27/2009

Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Uncorroborated Evidence of Noncompliance

Explanation: 12 out of 25 workers were not aware of the legally mandated benefits; 7 out of 25 workers did not hear about the wages calculation system.

Supporting evidence/sources: Worker interviews.

Plan Of Action: Wages and benefits should be clearly explained to all employees. Factory should provide adequate awareness training to workers on wages, benefits and other law requirements.

Deadline Date: 10/31/2008

Supplier CAP: All newly hired workers will be trained on benefits and wage calculation system. We will assign more people to do the training to ensure all workers are aware of their wages and benefits.

Supplier CAP Date: 12/15/2008

Action Taken: According to factory records, they have trained all workers on their legal benefits.

Plan Complete:

Plan Complete Date: 02/27/2009

Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall 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, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: **FLA Comment:** The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union - the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.

Notes: There was 1 trade union in the factory, which belongs to ACFTU. There was also a H&S Committee in the factory. The union representatives were elected by workers through a branch election meeting.

Plan Of Action: According to Puma's Code of Conduct, workers are entitled to freedom of association; the right to join unions or other work or industry-related associations; and the right to collective bargaining in accordance with local law. As independent unions at work place are restricted by law in China, we are asking suppliers to set up a Welfare Committee or other parallel means of organization in the work place to ensure smooth communication between management and workers. Grievance policy and procedure should be set up to ensure workers are treated fairly and equitably with regard to the rights of freedom of association and collection bargaining in the work place.

Deadline Date: 10/31/2008



Supplier CAP: We respect the rights of employees, who have the right to exercise their mandated right of freedom of association. In the future, we will make more workers aware of how to exercise their rights.

Supplier CAP Date: 12/30/2008

Action Taken: According to telephone conversation with factory management, they have conducted regular awareness training on freedom of association to workers.

Plan Complete:

Plan Complete Date: 02/27/2009

Freedom of Association: Other - Freedom of Association and Collective Bargaining

Other

Noncompliance

Explanation: Factory did not have a written policy recognizing and respecting freedom of association and collective bargaining.

Supporting evidence/sources: document review. management interview

Plan Of Action: According to Puma's Code of Conduct, workers are entitled to freedom of association; the right to join unions or other work or industry-related associations; and the right to collective bargaining in accordance with local law. As independent unions at work place are restricted by law in China, we are asking suppliers to set up a Welfare Committee or other parallel means of organization in the work place to ensure smooth communication between management and workers. Grievance policy and procedure should be set up to ensure workers are treated fairly and equitably with regard to the rights of freedom of association and collection bargaining in the work place.

Deadline Date: 10/31/2008



Supplier CAP: We have already established a written policy to implement the rights of freedom of association and collective bargaining. We respect workers' right to freedom of association and will also facilitate the development of an internal Workers' Committee.

Supplier CAP Date: 12/30/2008

Action Taken: According to factory records, a clear freedom of association policy was included in the employee handbook and also announced.

Plan Complete:

Plan Complete Date: 02/27/2009

Child Labor: Young Worker Identification System

CL.8 Employers shall have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws. (P)

Noncompliance

Explanation: It was noted that the factory did not have a system for identifying workstations and operations that are inappropriate for young workers according to applicable laws.

Supporting evidence/sources: document review, management interview

Plan Of Action: Puma has a clear requirement for all suppliers to establish effective procedures to identify workstations for young laborers or child laborers.

Deadline Date: 10/31/2008

Supplier CAP: We have already included an underage policy in our employee handbook, and are committed to implementing the policy accordingly. We will identify young workers and child laborers skillfully during interviews, checking of valid documentation, etc.



Supplier CAP 12/30/2008

Date:

Action Taken: Based on factory records, they have included a young worker policy in their employee handbook.

Plan

Complete:

Plan Complete 02/27/2009

Date:

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: 1. Some aisles between product lines in sewing, stuffing and cutting sections were blocked by material; 1 emergency exit in stuffing section was blocked and locked.

Legal reference: PRC Fire Service Law, Article 14(6): Enterprises and business units shall ensure that all evacuation passages and emergency exits are clear and posted with fire safety evacuation signs.

Supporting evidence/sources: factory tour, management interview

2. It was noted that 1 door in the embroidery section and 1 door in the fabric warehouse, both used as emergency exits, were open in the opposite direction of evacuation.

Legal reference: Fire Safety of Building Design Regulation (GB50016-2006), Article 7.4.12: Evacuation doors shall conform to the following requirements: a) Evacuation doors of civil and factory buildings shall open in the direction of evacuation. For those rooms where 1) there are no more than 60 people and 2) the average evacuation capacity for each door is not more than 30 people (except factory buildings of classes A and B), there is no limitation on the opening direction of doors. B) Evacuation doors of civil and factory buildings shall be flush doors. Pulling and pushing doors, roller doors, hanging doors and revolving doors shall not be used. C) Warehouse doors shall be flush doors that open outwards. Pulling and pushing doors or roller doors may be set up on the exterior side of their walls, but pulling and pushing doors or roller doors shall not be used as doors of warehouses which store materials of classes A and B. d) Evacuation doors in densely populated sites where 1) personnel is controlled upon entering or exiting at the usual time, or 2) the outside doors of residential buildings are installed with access control systems shall be ensured that they are easy to open from the inside without any tools, like a key in cases of fire; signs and tips for use shall be set up in a remarkable position.

Supporting evidence/sources: factory tour, management interview

Plan Of Action: All factories are required to follow both local law requirements and Puma standards on fire safety concerns. In order to ensure the implementation of related fire safety requirements, factory should assign at least 1 full time and qualified SAFE officer to conduct factory tours to check all these issues.



Deadline 10/31/2008
Date:

Supplier We have already established clear fire safety procedures, and will conduct routine
CAP: inspections of workshop to ensure aisles are free from obstruction, and all exits are kept
open.

Supplier CAP 11/12/2008
Date:

Action According to telephone confirmation with factory, they have established routine
Taken: inspection system on fire safety issues; there is also 1 full-time compliance officer to take
care of these issues.

Plan
Complete:

Plan 02/27/2009
Complete
Date:

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: 1. 16 fire extinguishers around factory and 1 fire hydrant in cutting section were blocked by materials.

Legal reference: Code for Design of Extinguisher Distribution in Buildings (GB 50140-2005), Article 5.1.1: Fire extinguishers shall be installed in distinct and easily accessed locations, and shall not hinder the safety evacuation.

Supporting evidence/sources: factory tour, management interview

2. 3 fire extinguishers in sewing section and 1 fire extinguisher in warehouse were installed at a height of about 1.80m from the top of extinguisher to factory floor.

Legal reference: Code for Design of Extinguisher Distribution in Buildings (GB 50140-2005), Article 5.1.3: Portable fire extinguishers shall be installed in a way that the height from the top of extinguisher to floor is less than 1.50m, and the height from the bottom of extinguisher to floor is not less than 0.15m.

Supporting evidence: factory tour, management interview

3. It was noted that 50% of lights in the material warehouse were not explosive proof.

Legal reference: Rules Concerning Warehouse Safety and Fire Control, Article 38: For warehouses that store category C goods, high temperature lighting fixtures shall not be used, e.g., iodine-tungsten lamps and incandescent lamps of more than 60W. When low temperature lighting fixtures, e.g., daylight lamps, and other flame-retardant lighting fixtures are used, fire prevention measures for heat insulation and heat rejection should be taken for the ballast to ensure safety. (Flammable solids of category C include chemicals; artificial fibers and their fabrics; paper; cotton; fur; silk; hemp and its fabrics; cereals; flour; natural rubber and its products; bamboo; wood and its products; Chinese herbal medicines; TV sets; recorders; other electronic products; disks with recorded data of computer rooms; fish and meat in the refrigerator.)

Supporting evidence/sources: factory tour, management interview

4. All first aid kits in sewing section were empty.

Supporting evidence/sources: factory tour, management interview



Plan Of Action: All factories are required to follow both local law requirements and Puma standards on fire safety concerns. In order to ensure the implementation of related fire safety requirements, factory should assign at least 1 full time and qualified SAFE officer to conduct factory tours to check all these issues.

Deadline Date: 10/30/2008

Supplier CAP: We have re-installed all fire extinguishers to a standard portable height, and provided training for workers on keeping aisles and fire safety facilities free from obstructions at anytime. We have also assigned a CR team to reinforce the inspections of first aid kits, to ensure they are sufficient and have not expired.

Supplier CAP Date: 11/12/2008

Action Taken: According to telephone confirmation with factory, all fire extinguishers are placed at the proper height now, and CR team is in charge of checking that all fire safety equipment is properly maintained.

Plan Complete:

Plan Complete Date: 02/27/2009

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: Factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Supporting evidence/sources: Production record and administrative records (e.g., metal detection contamination records, inspection records in each section, daily production records in each section, special overtime application records) showed workers from metal detecting workshop, embroidery section and cutting section worked June 9, July 27, August 24, September 7, 2008 (Sundays or normal working days) and OT hours from 9:00pm – 11:00pm August 1, 5:30pm – 12:00am August 2, and 12:00am – 4:00am August 3, but these work hours were not indicated on workers’ time attendance records. Moreover, there is no information shown on payroll records to demonstrate these work hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

Plan Of Action: According to Puma’s Code of Conduct, factory should provide at least 1 rest day in 7 days, and total work hours per week should not more than 60. If workers must work on a rest day, an alternative day off must be provided within that same 7-day period or immediately following the 7-day period.

Deadline Date: 10/31/2008

Supplier CAP: We will adjust the work hours arrangements and make sure we are following clients’ requirements to provide at least 1 rest day in 7 days and total work hours within 60 per week.

Supplier CAP Date: 12/30/2008

Action Taken: According to telephone confirmation with factory, they have controlled their working hours within our limits recently.

Plan Complete:

Plan Complete Date: 02/27/2009

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Supporting evidence/sources: Production record and administrative records (e.g., metal detection contamination records, inspection records in each section, daily production records in each section, special overtime application records) showed workers from metal detecting workshop, embroidery section and cutting section worked June 9, July 27, August 24, September 7, 2008 (Sundays or normal working days) and OT hours from 9:00pm – 11:00pm August 1, 5:30pm – 12:00am August 2, and 12:00am – 4:00am August 3, but these work hours were not indicated on workers’ time attendance records. Moreover, there is no information shown on payroll records to demonstrate these work hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

Plan Of Action: In Puma’s standards, all suppliers are not allowed to rely on double book keeping practices. All time card or payroll records provided by suppliers must be transparent and reliable.

Deadline Date: 10/31/2008

Supplier CAP: We will reinforce our monitoring program on work hours to make sure all work hours are recorded properly.



Supplier CAP 12/30/2008

Date:

Action According to factory records, they have recorded all work hours properly.

Taken:

Plan

Complete:

Plan 02/27/2009

Complete

Date:
