

*The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.*

### What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

### What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

**Note on Language**

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]", etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

**Instructions for Printing**

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	Vietnam
Factory name	360084340E
IEM	Global Standards
Date(s) in facility	September 28 & 29, 2006
PC(s)	Puma AG
Number of workers	470
Product(s)	Bags & wallets
Production processes	Cutting - sewing - inspection - packing

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings						PC Remediation plan	Target Completion Date	Remediation		Documentation	(Status)	
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company			PC Internal audit findings (Optional)	Factory Response (Optional)			Company follow up (April 20, 2007)
<b>1. Code Awareness</b>															
Worker/management awareness of Code		<b>FLA Principle of Monitoring, Obligation of Companies:</b> Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	No training provided on CoC or labor law or HSE.					Management interview, worker interview, record review		Provide briefing to all employees on the elements of the Code of Conduct together with the related labor laws and the laws on occupational health, safety and environment.  Make briefing of incoming employees a regular practice.  Keep record of all briefings/trainings done.	1/21/2007		Briefings already made to new and old staff and workers; copy of the Labor Handbook posted at section boards.  Records of briefings with attendance and photos not yet regularly done.	Training reports and some photos.	On-going
Confidential non-compliance reporting channel		<b>FLA Principle of Monitoring, Obligation of Companies:</b> Develop a secure communications channel in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on non-compliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	The Company has not put in place a confidential non-compliance reporting channel direct to PC.					Management interview, visual inspection		Puma will place stickers on the Code of Conduct with contact information for confidential reporting of non-compliance issues.	1/21/2007		Stickers with information for confidential reporting are already provided on all Code of Conduct posters.	Workplace COC Posters.	Completed
<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.															
Employment Records		Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision.		Factory lacks clear procedures and documentation on resigned or terminated workers.				Record review, management interview		Develop procedures to be followed by employees when filing resignation.  Grounds for termination and the corresponding termination procedures must be clear and made part of the disciplinary system.  Employees must be informed of both procedures for resignation and termination. Such procedures must be part of the briefing given to incoming employees.  Keep in respective employment files the record of resignation or termination.	1/31/2007		Resignation and termination procedures already developed; included as part of the Labor Handbook  Revised disciplinary procedures include detailed descriptions of various causes for termination.  Workers briefed about the new policy guidelines.	Labor Handbook and Policy Guidelines.	Completed
<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 young 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.	Proof of age/ID documentation are not kept in all worker's personnel files.	Factory does not have written policy on child labor.				Worker interview, management interview		Require copy of age documentation from all employees and keep in respective employment files.  Formulate policy on child labor and inform all employees about the policy. Include the policy in the briefing of new employees.	1/31/2007		Individual workers file now include age documentation in the form of national ID, family book or school certificate.  New policy guidelines on child labor, young and female workers are already developed and included in workers' briefings.	Workers' individual files.	Completed
Legal compliance for juvenile workers	<b>Article 6, 119-112 of Labor Code</b> <b>Joint Circular No. 09/TT-LB</b>	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.	Some young workers found working in violation of factory policy and without special protection required by law.					Worker interview, management interview		Develop policy for young workers including the special protection provided to them under the law.  Inform all employees of the policy.	1/31/2007		New policy guidelines on young workers are already developed and included in workers' briefings. Policy guidelines include the special protection required under the law.	Workers' individual files.	Completed
<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.															
Disciplinary Practices	<b>Chapter VIII of labor code</b> <b>Decree 41/CP-1995</b> <b>Decree 33/2003/ND-CP</b> <b>Circular 19/2003/TT-BLDTBXH</b>	Employers will utilize consistent written disciplinary practices that are applied fairly among all workers.	No written records kept on discipline.					Management interview, worker interview		Develop a clear and reasonable disciplinary system with graduated penalties corresponding to the gravity of offense including procedures for appeal. Inform all employees including management staff about the disciplinary system.  Keep record of disciplinary action in respective employment files.	1/31/2006		Disciplinary Procedures still lack classification of offenses and provisions for corresponding graduate penalties.	Copy of disciplinary procedures	Pending
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices.	Managers and supervisors have not been trained on appropriate disciplinary practices.					Record review, management interview		Develop a clear and reasonable disciplinary system with graduated penalties corresponding to the gravity of offense including procedures for appeal. Inform all employees including management staff about the disciplinary system.  Keep record of disciplinary action in respective employment files.	1/31/2007		Disciplinary Procedures still lack classification of offenses and provisions for graduated penalties.  Training not yet done.	Interview	Pending
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.		The factory lacks written policy or system to prevent H&A.				Management interview, worker interview, record review		Formulate policy and guidelines on harassment or abuse. Policy must include sanctions to any employee committing acts of harassment or abuse regardless of their rank.  Inform all employees about the policy and guidelines.	1/31/2007		Basic policy guidelines on harassment and abuse already developed; included in new workers' briefing.	Document review	Completed
<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.		Factory lacks written policy on discrimination.				Record review, management interview		Formulate policy and guidelines on non-discrimination. Inform all employees about the policy and guidelines.	1/31/2007		Factory is using the SAFE Pocket Guide as training materials during workers briefings.  Factory has not yet developed its own policy and guidelines.	Interview	Pending
<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.															

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	IEM Findings				Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan	Remediation			(Status)
				Risk of Non-compliance	Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Target Completion Date					Factory Response (Optional)	Company follow up (April 20, 2007)	Documentation	
Fire Safety Health and Safety legal compliance	<b>Labor Code - Article No. 97 Decree No. 06/CP</b> dated 1/20/1995 giving detail instruction for the enforcement of relevant stipulation of the Labor Code on occupational safety and health. <b>Circular No. 13/BYT-TT</b> date 10/24/1996 giving instructions for the administration of occupational health, employee's health and occupational diseases.	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.	No annual internal environment test report was available for review as per law.					Record review, management interview		Conduct periodical test on environment as required under Art. 97 of the local labor code.  Brief members of the Health and Safety Committee about this requirement and include it in the annual health and safety plan.	1/31/2007		Government environmental tests done in April 2007	Official Report on file.	Completed
Fire Safety Health and Safety legal compliance	<b>Decree No. 06/CP</b> dated 1/20/1995 giving detail instruction for the enforcement of relevant stipulation of the Labor Code on occupational safety and health. <b>Circular No. 13/BYT-TT</b> date 10/24/1996 giving instructions for the administration of occupational health, employee's health and occupational diseases.	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.	No annual health checks conducted for workers as required by law.					Record review, management interview		Provide annual health check up to all employees as required under Art. 102 of the local labor code.  Keep record and details of health check up on file and make it available to auditors during audit.	Feb. 28, 2007		Annual medical check up involving all workers already done in April 2007; Official reports on file.	Official Report on file.	Completed
Fire Safety Health and Safety legal compliance		Others	Factory signed an agreement with local health center to staff clinic but this has expired since August 17 without renewal.					Record review, management interview		Advise Administrative Department to ensure that staffing requirement of the clinic is addressed timely and adequately. Timely renewal of contract with the local clinic is a must.	1/31/2007		A full time nurse is available. New contract agreement signed with local hospital for emergency treatment of workers valid up to 12/31/2007.	Document on record.	Completed
Document Maintenance/Accessibility		All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.	No MSDS available.					Visual inspection, worker interview		Secure a copy of MSDS in local language for all chemicals and post at areas where the chemicals are stored or used.  Provide briefing on the MSDS to all people involved in the storage and use of chemicals.	1/31/2007		Only one type of MSDS is available; should be provided for all types of adhesives and paints.  Briefing on MSDS must be conducted upon securing the other copies.	Inspection	Pending
Evacuation Procedure	<b>Article 102 of labor code Circular No.08/LDTBXH-TT</b> dated 11 Apr 1995 & <b>Circular No.23/LDTBXH-TT</b> dated 19 Sept 1995	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.	Factory has no approved fire plan. Plan reportedly submitted to authorities two months ago; no approval received and no plan for monitors to review.					Record review, management interview		Prepare an annual plan of activities for fire safety. Execute the plan according to schedule and keep record of all activities.	1/31/2007		Latest fire fighting and evacuation drill training done on 04/04/2007, were duly certified by local government authority.	Document review	Completed
Evacuation Procedure	<b>Article 102 of labor code Circular No.08/LDTBXH-TT</b> dated 11 Apr 1995 & <b>Circular No.23/LDTBXH-TT</b> dated 19 Sept 1995	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.	Fire alarm is nonstandard and inadequate (consists of a bell activated by a light switch connected by cables to a car battery).					Visual inspection, management interview		Install an automatic fire alarm system with access buttons at the different working areas and with sound different from time alarm.  Include in the regular safety inspection. Use in conjunction with fire drills.	2/28/2007		Fire alarm system already in place with switch buttons in the different main sections. Connection to car battery is an emergency provision to activate the alarm even with electric power out.  Fire alarm will be regularly checked and used during fire drill.	Inspection	On-going
Evacuation Procedure		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.	Emergency lighting and illuminated exits sign are lacking.					Visual inspection, management interview		Install emergency lights at every stairways and at production areas to provide light to the exits. Install also lighted exit signs. Include both the emergency lights and exit signs in the regular safety inspection.	2/28/2007		Emergency lights and lighted exit signs are already installed at major entry/exit doors.	Inspection	Completed
Evacuation Procedure		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.	Fire drill was reportedly conducted 2-3 times per year, but factory has no photos, records or documentation.					Record review, management interview, worker interview		Keep record of every fire drill including photos of the proceedings. Include an evaluation of the fire drill for the purpose of determining deficiencies and to implement the necessary improvements.	1/31/2007		Latest fire drill conducted in March 2007 already included detailed assessment and evaluation report and photos.	Review of record for fire drill.	Completed
Evacuation Procedure		Others	Fire extinguishers are not checked regularly, but inspected every six months.					Visual inspection, management interview, worker interview		Include the monthly inspection of fire extinguishers as part of the annual safety plan. Attach a tag to every unit to record the monthly inspection. Arrange also an annual inspection of the units by an outside professional agency.	1/31/2007		All fire fighting facilities are now provided with inspection tags with record of monthly inspection.  Annual inspection by outside group is also done.	Inspection	Completed
Safety Equipment	<b>Circular No. 13/BYT-TT</b> dated October 24th, 1996: "3.1.1. At the workplace holding harmful and dangerous elements likely to cause occupational accidents the employer shall provide medical technical facilities such as first aid medicine, anti-dose, emergency charts, dressing, cotton-wool, gauze, scissors, stretchers, gas mask, poison prevention and ambulance car."	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	First aid kits are not regularly stocked or checked and contain pills and medicines used for self treatment by workers without medical supervision.					Visual inspection		Provide a list of the basic contents at all first aid boxes.  Arrange a regular inspection of the units to ensure that they are properly maintained.  Except for over-the-counter medicines, other medicines to be taken internally must be transferred to the clinic for dispensation by doctor or nurse.	1/31/2007		First aid box supplies and tools already adequate with checklist posted; Company nurse performs regular inspection and replenishment of stock.	Inspection, interview	Completed
Chemical Management	<b>Decree No. 168/2005/ND-CP</b> dated 05/20/2005.	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.	Factory lacks system of policies, procedures or training for safe handling of chemicals: no list of chemicals kept, chemical containers are unlabeled, no MSDS available. "Nuoc bong" (varnish water) used for finishing leather of unknown origin and contents with no label. Workers use gasoline/ kerosene for spot cleaning at the same time as lighters for burning threads.					Visual inspection, management interview		Develop a management system for proper handling and storage of chemicals. Provide briefing on chemical safety to employees involved in the storage or use of chemicals.  Secure copy of MSDS in local language for all chemicals. Provide briefing on MSDS to employees involved in chemicals. Post copy of the MSDS at areas where chemicals are used or stored.  Provide labels and danger signs on all containers of chemicals including the small containers at the production areas.	2/28/2007		Only a few workers are involved in handling chemicals. Briefings already done. Facilities for storage, spill control and PPE are already in place and MSDS already posted. However there is only one type of MSDS on record.	Inspection	On-going

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings						Remediation				(Status)			
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan	Target Completion Date	Factory Response (Optional)		Company follow up (April 20, 2007)	Documentation	
Machinery Maintenance	<b>Article 98 of Labor Code</b> "The employer must have adequate protection for parts which may easily cause dangers and sections of machinery and equipment within the enterprise."	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Lack of machine guarding for sewing and button machines.					Visual inspection			Install the necessary protective device on sewing and buttoning machines. Arrange a regular inspection of the machines.	2/28/2007		Needle guards already provided to flatbed machines. No buttoning machine found during the audit because there were no more products that required buttons. Machines are regularly maintained	Inspection, interview	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.	Toilets lack toilet paper and soap for hand washing.					Visual inspection			Provide soap and hand driers at toilets. Inspect regularly to check provision.	1/31/2007		Running water and soap available for hand washing in all toilets.	Inspection	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.																
Compliance to local collective bargaining laws	<b>Chapter V of labor code; Decree No. 196/CP; Decree No. 93/2002/ND-CP</b>	Employers will comply with all national and local laws and regulations concerning collective bargaining and free association. Where conflicts are known to exist, employers will use the standard that provides the greatest protection for workers.		New CBA has not been signed yet. No CBA in effect.				Record review, management interview			Puma encourages management-workers cooperation and will not interfere for as long as there is no indication of management's obstruction in the exercise of the workers' right to organize.			Local labor organization is organized, duly certified by local labor bureau and reports activities. Interviewed workers confirmed payment of union dues in the amount of VND 6,000 directly to the union and not through payroll deduction. No CBA has been signed ever since.	Document review, interview	Completed
<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.																
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.	No pay slip/statement provided to workers.					Record review, staff interview, worker interview			Provide copy of pay slip to workers. Pay slip should contain information on attendance and details of earnings and deductions and should be in local language.	1/31/2007		Pay slip now provided to workers; Verified during workers interviews.	Document review, interview	Completed
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.	Time recording system is not used consistently and accurately. Some inconsistencies between time cards and manual records. Sunday work not always recorded.					Record review, staff interview			Record of hours worked must be complete and accurate, indicating therein the daily time in-time out entries including during break time.  Time worked by employees should be documented by time cards or any other accurate and reliable electronic system.  Hours worked must be compensated based on legally prescribed regular or overtime rates or for work on rest days.	1/31/2007		According to management, Sunday work has been completely eliminated, due to low volume of orders; This was verified by workers during interview. Week day works are consistently recorded using the time card system.  Recorded time are properly compensated as reflected on payroll.	Document review, interview	completed
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.	Sunday work is sometimes required but not recorded on time cards but by hand and paid separately from the payroll.					Record review, staff interview, worker interview			Record of hours worked must be complete and accurate, indicating therein the daily time in-time out entries including during break time.  Time worked by employees should be documented by time cards or any other accurate and reliable electronic system.  Hours worked must be compensated based on legally prescribed regular or overtime rates or for work on rest days.	1/31/2007		According to management, Sunday work has been completely eliminated, due to low volume of orders; This was verified by workers during interview. Weekday works are consistently recorded using the time card system.  Recorded time are properly compensated as reflected on payroll.	Document review, interview	Completed
Deduction of services	<b>Labor Code - Article No. 141</b> "In respect of an employee who works under definite term labor contract with a duration of less than three months, in seasonal jobs, social insurance contributions shall be included in the wage paid by the employer in accordance with regulations of the Government in order to enable the employee to participate in social insurance on a voluntary or self-funding basis. Where the employee continues to work or enters into a new labor contract upon expiry of the duration of a labor contract, compulsory social insurance shall apply in accordance with the provisions of clause 1 of this article."	Deductions for services to employees will not exceed the cost of the service to the employer. If questioned, employers will demonstrate the reasonableness of these charges.	Government inspection on 05/05/2006 found that the factory did not pay additional 21% of salary for social insurance, medical insurance and annual leave to seasonal workers. Factory has yet to fully correct this practice.					Record review, staff interview, worker interview			Enroll all employees for coverage under the social insurance system and remit in a timely manner the proper amount of contribution of each employee to the insurance fund.  Keep a record of remittances to the fund with details of every employee's contribution.	1/31/2007		Latest payment of Social Insurance premiums included 6% share collected from workers and 17% shared from the factory  List of workers covered not overlooked and not checked.	Document review	Completed  Pending
Deduction of services		Deductions for services to employees will not exceed the cost of the service to the employer. If questioned, employers will demonstrate the reasonableness of these charges.	Factory use fines and deductions to punish workers who are absent one or more days without permission.					Worker interview, management interview			Stop the practice of monetary fines as disciplinary penalty. Apply the applicable rules in the disciplinary system.  Inform all employees about the stop to the monetary penalties.	1/31/2007		Factory follows the policy of 'No Work - No Pay' on matters of absences, tardiness and undertimes. No fines imposed on absences without permission.	Document review, interview	Completed
Legal Benefits	<b>Labor Code - Article No. 74 Decision No. 1152/QĐ-BLĐTBXH</b>	Employers will provide all legally mandated benefits to all eligible workers.	Sewing workers are not granted 14 days of annual leave as per law.					Worker interview, management interview			Revise the benefits policy to include provision of 14 days annual leave to all workers.  Inform all employees about the new policy.	1/31/2007		12 days of annual leave paid in 2006; management said they will implement payment of 14 days in 2007 after consultation with local labor department.	Document review, interview	Pending
<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	Country Law/Legal Reference	FLA Benchmark	Non-compliance	IEM Findings				Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan	Remediation			(Status)
				Risk of Non-compliance	Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Target Completion Date					Factory Response (Optional)	Company follow up (April 20, 2007)	Documentation	
Overtime Limitations	Article 72 of the Labor Code In every week, each employee shall be entitled to a break of at least one day (twenty four consecutive hours). <b>Circular No. 14/2003/TT-BLDTBXH</b> In special cases where, due to the production cycle, it is impossible to arrange weekly rest, it must be ensured that laborers shall have at least 4 rest days in a month; <b>Article 68, 69 of the Labor Code</b> <b>Circular No. 15/2003/TT-BLDTBXH dated 06/03/2003</b> The overtime must not exceed 4 hours a day, 16 hours a week, 14 hours in 4 consecutive days and 300 hours a year.	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	Workers worked 12 consecutive days in August and only received 3 days off in this month with an extra day to compensate in July. This does not comply with provisions of the labor code.				Record review, worker interview			Formulate a policy that in case work on rest day cannot be avoided, a compensating day off in the following week will be provided.  Inform all employees about the policy.  Apply the policy uniformly to all employees.	1/31/2007		Sunday work has been eliminated; However factory will prepare policy guidelines about treatment of Sunday work (paid as overtime) and compensating day off, if required, according to local labor laws.	Document review, interview	Pending
Legal compliance with protected workers	Art.115 of labor code and Art.122 of labor code: -Workers with 7th month of pregnancy or nursing a child under 12 months of age will be entitled 7 hrs/day with full pay, no OT work, no night work. -Juvenile workers will be entitled 7 hrs/day with full paid, work suitable to the health, separated personal file to follow up.	The factory will comply with all applicable laws governing the nature and volume of work performed by women or workers under the age of 18.	Pregnant and nursing workers work OT as usual without special treatment as per law.				Record review, worker interview			Comply with the labor law provisions that apply specifically to pregnant and nursing mothers. Include the labor law requirements in the company policies and inform all employees, particularly production management staff, about the policy.	1/31/2007		Pregnant and nursing mothers are already provided one hour off with pay during regular hours; staff and workers briefing already done. Nurse maintains records of pregnant workers and makes sure they are not required to work overtime.	Document review, interview	Completed
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary.		Factory has no written policy / procedures on voluntary OT.			Record review, worker interview			Formulate guidelines on voluntary overtime including provision that no action shall be done against those who refuse to work overtime.  Devise a voluntary overtime form that workers will sign when working overtime.	1/31/2007		Interviewed workers confirmed that overtime is voluntary; that they can refuse overtime if they choose to; Factory has been advised to develop a written overtime authorization form to be signed by workers.	Document review, interview	Pending
<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	<b>Circular No. 15/2003/TT-BLDTBXH</b> Incases where laborers work overtime for more than 2 hours a day, before the overtime work, employers must arrange for them an additional rest time of least 30 minutes which shall be counted into the overtime.	Employers will ensure reasonable meal and rest breaks, which, at a minimum, must comply with local laws.	Factory does not pay an extra 30 minute break for workers who work OT more than 2 hours per day as required by law.				Record review, worker interview			Comply with the requirement of the government Circular No. 15/2003/TT-BLDTBXH requiring thirty-minute break with pay during overtime work of more than two hours in a day.  Inform all employees, including managers and payroll staff, about this government circular.	1/31/2007		Factory is paying the equivalent meal allowance only to workers who worked 3 hours of overtime; will follow local guidelines upon verification.	Document review, interview	Pending
OT Compensation	<b>Art.61 of labor code:</b> Over time work will be paid at least equal to 300% on public holiday and rest days with payment such as annual leave, marriage leave... <b>Circular No. 14/2003/TT-BLDTBXH</b> Where laborers work overtime but are arranged rest time as compensation thereof, enterprises and agencies shall only have to pay a 50% difference of the actually paid hourly wage of the performed jobs, if laborers work overtime on weekdays; 100% if laborers work overtime at weekends; 200% if laborers work overtime on paid festive days or holidays.	The factory shall comply with applicable law for premium rates for overtime compensation.	When Sunday work is required factory has 2 different and unequal policies: regular workers receive a compensating day off, while sample room workers receive 200% pay without compensating day off. Not in compliance with local law.				Record review, worker interview			Formulate a policy that in case work on rest day cannot be avoided, a compensating day off in the following week will be provided.  Inform all employees about the policy.  Apply the policy uniformly to all employees.	1/31/2007			Document review, interview	Pending