FLA Audit Profile Country Factory Code IEM Date of Original Audit Duration of IEM visit PCs Number of Workers	2 days adidas; Reebok International Ltd.; Nike, Inc.	FLA IEV Profile El Salvador 01032209AV ALGI August 31 - September 1, 2006 2 days adidas; Reebok International Ltd.; Nike, Inc. 898															
FLA Code/Complianc	FLA Benchmark and/or Legal Reference	Findings Cotecna Findings	PC Internal Audit Findings	Remediation PC Remediation Plan	Target Completion Date	PC Updates/Follow-up Comments (October 2002)	PC Updates/Follow-up Comments (December 2002)	PC Updates/Follow-up Comments (January 2003)	ALGI Verification (August 31 - September 1, 2006)	ALGI Verification (August 31 - Septemb	n	Target Completion Date	Factory Response (Optional)	Company Follow Up (January 24, 2008)	Documentation Pend Ongo	ding, (July 16, 2000)	Documentatio n Completed Pending, Ongoing
1. Code Awareness	FLA Principles of Monitoring IB Create an Informed Workplace: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standard 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.		Participating companies' COC is posted and training provided on brand codes.	No action required. Brands will continue to provide training COCs.	ng on				COC was observed posted during facility walkthrough.	facility walkthrough	No action required.						
2. Forced Labor 3. Child Labor Age Documentation	Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.								New Finding: There is no written age verification policy.	management interview, company policy review	1) Factory management to create policy that: (a) describes the commitment to protect juvenile workers, (b) defines minimum working age requirements and obligations, as well as references to local labor law and	cc	une 6, 2007: Management already created policies describing the ommitment to protect juvenile workers and has defined minimum working ge requirements. Policy is communicated during hiring process and has	, , ,	ars of interview,	Pending. Factory continues to only hire ac applicants, as factory argues, because the could be potentially risky to juvenile worke	production
											PC's code requirements, (c) restrictions and protections for juvenile workers (working hours, job placement, health, etc.), (d) describes consequences for violation of policy, (e) how policy will be communicated and (f) assign someone responsible for policy implementation. 2) Factory management to create procedures that: (a) describe how factory obtains and verifies age documentation as a condition to offer employment and how documentation is stored, (b) distinguish each job position as hazardous and non-hazardous and how juvenile workers placed in non-hazardous jobs, (c) describe how factory complies with local labor law (juvenile worker protections) and PC's code requirements, and (d) describe actions taken in instances where child labor is discovered.	res hiu ID file co the po	een posted at notice board. [Employee name] (Administrative Manager) is esponsible person for implementing and communicating the policy. During iring, personnel clerk makes a copy of every applicant's D.U.I. (Salvadora D) and attaches it to "applicant's record files" or puts in each employee's le. (b) According to juvenile protection policy, the company does not contract any juvenile workers. (c) Factory complies with local law because ney are not hiring juvenile workers, also, factory has posted a juvenile colicy to let workers know their commitment to comply with "juvenile work rotections law." (d) If it is found out that a juvenile worker has presented alse documentation (D.U.I.), factory will stop his/her activities immediately	long as employer follows legal requirements. 1) F management has been asked to revise policy to it that juvenile workers (workers under 18 years of a be considered for positions and working hours allocal law. 2) In addition, when workers under 18 a factory management must implement legal specific regarding employment of juvenile workers. 3) Once has been amended, factory management must verse.	actory adicate ge) will wed by e hired, cations e policy bally		
4. Harassment or Abuse No Harassment or Abuse				Workers and supervisors should be provided clear, writter rules and guidelines. 1) Factory management should creat and publish factory rules that define acceptable and unacceptable actions and the relevant disciplinary actions. Ensure that there is an appropriate relationship between rules, violations, and resulting disciplinary action. 2) Post work rules and disciplinary policy in several public places factory. 3) Provide employees with a copy of policy and the follow-up training. 4) Provide supervisors with a copy of policy and then follow-up leadership training. 5) All workers should be aware of formal grievance procedures or appeal system Management should identify confidential non-compliance reporting mechanism and provide training on grievance procedures to all workers. Include training in new employers	specifying a disciplinary public place training in public place training in procedures in the policy and then solicy bulld arm.	acceptable and unacceptable behaviors and resulting y action; both rules and Harassment and Abuse Policy posce. Employees provided with a copy of policy and received	procedures. As per worker and management interviews, no Harassment or Abuse reported to date. Employee interviews revealed that workers understand policy and know how to report an incident.	No Harassment or Abuse reported to date. Worker interviews reveal that workers understand policy. Ongoing monitoring will be performed.		rs upon management and employe	1						
Freedom of Movement	Employers will not unreasonably restrain freedom of movement of workers, including movement in canteen, during breaks, usin toilets, accessing water, or to access necessary medical attention.								New Finding: Despite fact that lunch periods are not competent employees are not free to leave facility during lunch breaks a written permission from management to do so.		1) It is factory practice to allow its workers to take their meals in a divided work schedule and not continuous one (as allowed by local law). Factory management will also seek Salvadoran Ministry of Labor (MOL)written approval of divided work schedule at factory. 2) Factory management to create procedures that, (a) describe factory regulations that ensure freedom of movement, (b) describe how employees can use factory's grievance system for investigation and resolution of complaints regarding lack of freedom of movement, (c) describe communication protocols and assign someone accountable for each step of the process.	regap Po Sa ha it, the free free pro an tin the wi W fol na us cle ca	une 6, 2007: 1) Facility allows its workers to take their meals in divided or schedule. They already have MOL written approval. "Internal rules an egulations" sent to MOL, and this includes meals schedule, which MOL pproved. Has been posted on notice board with stamp of MOL's approval folicy does not mention any specifics about lunch, and it is not written in salvadoran law that workers have to eat lunch in factory. However, factory as 2 different cafeterias. If workers decide to go out for meals they can do, but it is not recommended for safety reasons as it is too dangerous and nere are no places near factory to eat. 2) The management has policies of eedom of movement posted on notice board which describe procedures of eedom of movement. It should be noted that: (a) Factory has always racticed Policy of Freedom of Movement to let workers move in factory, and lets workers perform basic needs as they wish: to go to toilets at any me, go to drinking water station at any time and take meals according to heir meal schedule. Factory provides exit permits for ISSS appointments with any other private clinic, and will look over to comply with this policy. (Vorkers have suggestion box to file complaints, and HR is responsible to be suggestion sheets, write grievance and put it into suggestion box. HR lerk will check suggestion boxes every week and will report every single ase to HR manager, who will investigate all grievances to verify workers' parsion. Action will be taken by Administrative Manager if necessary.	Freedom of Movement policy indicating workers a move about factory. However, factory continues to permission to go outside during lunch hour. 1) Far management has been asked to revise procedure discontinue requiring workers to ask permission to 2) Once procedure has been revised, factory man must verbally communicate Freedom of Movemer to all workers in factory, including managers, sup	require documentation review and to go out.	1) Factory still has not indicated that work take their lunches outside factory should to so. Factory to amend Freedom of Movemer indicate that workers can eat outside of factory to vall managers, supervisors, and workers on Copy of training photos and sign-up sheets maintained for verification.	ey choose int policy to tory. 2) erbally train policy. 3)
Pregnancy Testing	FLA Code Benchmark IV. Non-Discrimination: B.4. 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.	Pregnancy test.	adidas internal audit findings indicate that pregnancy testing was performed prior to January 2002. The ongoing action plan has been that Adidas Salomon/brand will follow up to verify that no pregnancy testing is performed. This regular verification includes employee interviews (of new female employees), interviews with on-site nurse and doctor, and a review of medical files.	discrimination. Policy should state that recruitment and p hiring decisions are based solely on individual's ability to perform job. Policy should include a statement that no	post- according to or required monitoring ees. workers, hu all workers.	iployee interviews, no pregnancy testing performed or request to newly hired female employees no pregnancy test performed and no questions of pregnancy status asked. Ongoing g to be performed. Policy created, posted and distributed to numan resources and medical staff. Training on policy provides.	rmed to all	PC compliance staff has conducted and will continue to conduct interviews with new female employees. PC compliance staff verified that written policy has been distribute to HR and clinic staff. Copy of policy has been reviewed by PC compliance staff and a copy is available at headquarters and in factory office. PC compliance staff verified that training on policy has been provided to all workers. Ongoing monitoring will be performed.	C in	management and employe interviews	ree						
Hiring Practices									New Finding: Application forms of not hired applicants are	not kept. HR interview; company po review	Management to create process by which application forms of job applicants on thired are kept in HR office for a period of 1 year. Please advise once task is completed.		une 6, 2007: Management did create process to keep application forms on thired applicants since May 10, 2006.	Factory management is maintaining all applicants applications and test results.	documentation Complete review	ed	

		Findings		Remediation	Target	Remediation Updates	Remediation Updates	Remediation Updates	Findings	Documentation ALGI Verification		Target Target	Updates	[Sta	eted	[Status] Completed,
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6. H&S					Date					2000)		Date		Olig		Oligoling
Fire Safety Fire Safety/Evacuation	FLA Benchmarks VB, Health and Safety: B.1. Employer will	No current fire permit posted.		Obtain and post current local fire permit in a public place.	15-Oct-02	Local fire department does not issue fire permits. Certificates of fire safe	y PC's compliance staff verified that fire safety training	PC's compliance staff verified that fire safety training	As per document review, worker interviews and facility walkthrough i	it was company training log review;	No action required.					
Procedures	comply with applicable H&S laws and regulations. In any case where laws and COC are contradictory, higher standards will					training and recent records of fire evacuation drills are posted on public notice board. Certificates of fire safety training and records of fire	certificates posted on public notice board and kept on file.	certificates posted on public notice board and kept on file.	confirmed that facility is in compliance with fire safety procedures are that fire safety training certificates are posted and kept on file.	nd management and employee interviews						
	apply. Factory will possess all legally required permits. 2) All documents required to be available to workers and management					evacuation drills are kept on file.										
	by applicable laws (policies, MSDS, etc.) shall be made available in the prescribed manner and in local language or															
	language spoken by majority of workers if different from local															
	language.11) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe															
	and be in compliance with applicable laws.															
Fire Safety/Evacuation	FLA Benchmarks VB. Health and Safety: B.1. Employer will	Passageways in cutting section and in the reception warehouse we	ere	Aisles should be clearly marked and unobstructed. Clearly	15-Oct-02	Aisles are clearly marked. Ironing section exceeded the aisles markings	Aisles clear and free from obstruction, H&S Committee	Aisles clear of obstruction. New warehouse under construction	; As per facility walkthrough it was verified that aisles are clear of	facility walkthrough	No action required.					
Procedures	comply with applicable H&S laws and regulations. In any case where laws and COC are contradictory, higher standards will			mark all aisles and keep them free from obstruction. The H&Committee should regularly check aisles to ensure they are	&S	Management is constructing an additional warehouse space next door to existing plant. The increased space will reduce or eliminate the blocked	regularly checks aisles to ensure they are marked and clear	r of projected completion April 2003.	obstruction.	accounty treatments.						
	apply. Factory will possess all legally required permits. 3) All applicable legally required or recommended elements of safe			marked and unobstructed.		and obstructed aisles in the current packing area.	elements in factory checked by H&S Committee. Include unobstructed aisles as part of checklist; check, record									
	evacuation (posting of evacuation plans, unblocked aisles/exits,						findings, and remediate weekly. Management is constructing	g								
	employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first						additional warehouse space next door to existing plant (projected completion date November 2002). Increased space	ce								
	aid, and evacuation procedures. 11) All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall						will reduce or eliminate blocked and obstructed aisles in current packing area. October 2002: Ironing section exceed	led								
	be kept clean and safe and be in compliance with applicable laws.						aisles markings. Management will adjust workstations by December 30, 2002 so they do not obstruct designated aisless.	e								
							space. Warehouse is still under construction; projected completion date January 30, 2003. <u>December 2002</u> :									
							Workstations adjusted with respect to aisle markings. Aisle clear and free from obstruction.	es								
Safety Equipment Safety Equipment	All safety and medical equipment (fire fighting equipment, first								New Findings: At least 7 pulleys are missing from machines.	facility walkthrough	Factory management to create a comprehensive machine safety devices 1	15-Dec-06 June 6, 2007: a) Management has created a policy and training pro	ogram Factory management has procted on USE Policy	Ongoing	July 2009 factory visit: A number of machines continue	e Ongoing
Salety Equipment	aid kits, etc.) shall be in place, maintained as prescribed and								New Findings: At least 7 pulleys are missing from machines.	lacility waikthrough	review and enhance those with missing parts. Furthermore, factory to work	regarding mandatory use of safety devices and reasons behind the	highlighting production departments that require PPE a		to have pulley guards missing. Factory to review	e Ongoing
	accessible to the employees.										on following: a) Factory should post mandatory use of machine safety devices policy. b) Factory to implement safety plan which outlines following:	requirement, as well as how to properly use them. They already poinformation around factory. Factory management has created a	from various machines. 1) Factory management must	9	original action plan to address issue.	
											(i) what machine safety devices and personal protective equipment (PPE) are needed by each department; (ii) disciplinary measures of workers and	comprehensive machine safety device review. b). i.) Machine Safet for: Sewing Machine (Eye Protector, Finger Protector, Pulley Guar	d); pulleys and needle guards. 2) Factory management mu			
											supervisors for failing to advise about machine's missing safety parts, and for mechanics for failing to enhance machines as suggested, (iii) routine	Cutting Machines (Blade Guard), PPE for: Store (belt/harness, har Cutting (mental gloves); Spot Cleaning Room (safety mask, safety	gloves, require safety devices to ensure they are properly insta			
											inspections of safety devices on all machines, and (iv) training program for all employees on reasons why and how to properly use machine safety	apron, goggles, hearing protection) ii) Disciplinary procedures crea follows: 1st- verbal warning, 2nd- first warning letter, 3rd- second w				
											devices and PPE.	letter and 4th- last warning letter with possible suspension day. iii) Everyday, supervisor of each line checks his line to ensure every s				
												device is properly installed and used. iv) Management created PPE program for each department on reasons why and how to properly	* I			
Architectural												designated PPF				
Considerations Workplace			st 7 Neither FLA or adidas benchmarks specifically cover square mete	,		1) Factory uses local/national space per worker standard of 4.75m2 per			Monitoring team has verified through fire drill records that factory	facility evacuation log review						
Comfort/Workplace Cleanliness	comply with applicable H&S laws and regulations. In any case where laws and COC are contradictory, higher standards will	sq meters ILO recommendation.	per worker standard. However, each workstation should have sufficient clearance to exit in event of an emergency, and there		2)	warehouse area) and there are 906 workers for ratio of 4.75 m2 per person	n. perform and analyze evacuations to improve/decrease	in under 3 minutes.	(including sewing area) can be efficiently evacuated in under 3 minut	tes. evacuation drill performed who conducting the assessment	ile					
	apply. Factory will possess all legally required permits. 2) All documents required to be available to workers and management		should be enough space for workers to perform functions of their justification without overcrowding or danger.	in sewing area. 3) Analyze fire drill evacuation times to verify	fy	3) Factory conducted 2 fire evacuation drills: March 15 and July 5, 2002. Time elapsed to evacuate all employees was 2 minutes 42 seconds and	2 H&S team will continue to monitor aisles width. PC									
	by applicable laws (policies, MSDS, etc.) shall be made available in the prescribed manner and in local language or			that each worker in the sewing area has sufficient clearance to evacuate quickly in the event of an emergency. 4) Using		minutes 59 seconds, respectively; workers had sufficient clearance to evacuate quickly. 4) Management agreed to conduct regular drills and		in								
	language spoken by majority of workers if different from local language.11) All facilities including factory buildings, toilets,			results, determine if the current space allotment is safe, useable and practical.		record evacuation times to ensure that all workers can evacuate quickly and safely. Evacuation times increased slightly from drill held in March	under 3 minutes.									
	canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.					2002 to drill held in July 2002. Evacuation times should decrease or improve over time and times should not exceed 3 minutes.										
Evacuation Procedure	All applicable legally required or recommended elements of safe evacuation (posting of evacuation plans, unblocked aisles/exits,								New Finding: Exits 6 and 7 are roller doors designed with a 17-incle cement wall protecting the facility from water infiltration. This causes	0 7	Management to reduce the risk of tripping during emergency evacuations by 3 creating slopes (in emergency exits 6 and 7) from the inside to meet the	30-Dec-06 June 6, 2007: The management did create stairs as a alternative seemergency exits 6 and 7 instead of slopes.	plution at Factory management constructed an additional step to address height of cement wall. However, cement wall		Factory has leveled out emergency door to avoid workers tripping or falling during evacuation.	Completed
	employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first								tripping risk in case of emergency evacuation.		height of wall that prevents flooding in rainy seasons.		continues to be too high, and may cause an accident a the time of an evacuation. Factory management has be			
	aid, and evacuation procedures.												asked to remove wall.			
Workstation	All production machinery and equipment shall be maintained,								New Finding: Flat wooden chairs are provided.	facility walkthrough, employe	e No action required					
	properly guarded, and operated in a safe manner.									interviews						
Ventilation/Electrical/Facili	ity All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and								New Finding: As per interviews with workers, the temperature in bouildings is too high.	oth facility walkthrough, employed interviews	e Management to have building evaluated for heat exhaustion by professionals and report maximum temperature recorded and recommended	30-Dec-06 June 6, 2007: The management did request ISSS with a formal lett conduct evaluation. The company is waiting for ISSS' answer.	er to Factory management continues to wait for government's response regarding a possible temperature test.	s Pending	Social Security never conducted heat exhaustion test. Factory management to hire external consultant to	. Ongoing
ivialiteriance	prevent hazardous conditions to employees in the facility.								bullulings is too riigh.	linterviews	next steps based on results. A maximum of 35°C with 60% humidity could be parameter to prevent heat stroke. Please advise plan and timetable of	Conduct evaluation. The company is waiting for 1555 answer.	response regarding a possible temperature test.		verify that heat temperature inside of the factory is	
											execution.				within the legal limits.	
Waste & Chemical Mana Chemical Handling/Chemic	cal FLA Benchmarks VB, Health and Safety: 1) Employer will	Cleaning room is too small, requires better ventilation.	Ventilation in the spot cleaning room must be evaluated and an			At time of follow-up visit there were 4-5 operators in spot cleaning room.				facility walkthrough	Management to reinstall spot cleaning station and properly adapt exhaust 1	15-Dec-06 June 6, 2007: The factory did reinstall spot cleaning station with pr	oper Factory management has reinstalled exhaust tubes	physical Complet	d	
Materials	comply with applicable H&S laws and regulations. In any case where laws and COC are contradictory, higher standards will		appropriate ventilation system installed.	meters), number of people in room, number of workstations room, and any existing extraction systems in place. 2)	in	Management stated this was due to pending delivery time for product an unusual. No more than 4 workers should be in room at 1 time to prevent	evacuate in event of an emergency. A 3-horsepower extractor	or product in spot cleaning area was greatly reduced because		side	tube for proper ventilation to outside. Please submit documentation once task is completed. In addition, HSE Committee to periodically monitor spot	exhaust tube to prevent ventilation to outside room. The HSE Commembers have this on their inspection checklist.	causing fumes to be extracted directly outside.	observation		
	apply. The factory will possess all legally required permits. 8) All ventilation, plumbing, electrical, and lighting services shall be			Details will support best option for improving ventilation. 3) A relevant, appropriate ventilation should be installed that wou	As	· ·	was installed to increase downdraft extraction. December	management addressed source of problem. Corrective action			cleaning area to ensure that such is adequately maintained.					
	provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in facility. 11) All			include updraft and downdraft extraction to vent VOC fumes and/or windows, fans or air vents to improve air flow.	s	crowded conditions and improve space considerations in room. Septemb 23, 2002: Downdraft extraction was not sufficiently strong.										
	facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance					Management/maintenance will increase motor capacity for downdraft extraction to improve ventilation. Management will request air quality		emergency. <u>August 2003</u> : Only 3 people working in spot cleaning room, all wearing appropriate PPE. Extraction tubes								
	with applicable laws.					testing from government agency. October 28, 2002: Boxes and stacked		have been glued with rubber cement so there are no leaks, so								
						product removed from area; area is less crowded. Racks had not been installed; management agreed to install racks by December 30, 2002. A	I	extraction is done to 100% capacity.								
						workers in area trained in chemical handling and use. Management has requested air quality testing from government agency; date of testing not										
						yet assigned. Management will inform of testing date.										

		Findings		Remediation		Remediation Updates	Remediation Updates	Remediation Updates	Findings	Documentation		Remediation		Updates	[Status]	Updates	[Status]
FLA Code/Complia	nce FLA Borrok work on d/or Lorrol Boforonce		DC Internal Audit Findings		Target	PC Updates/Follow-up Comments	PC Updates/Follow-up Comments	PC Updates/Follow-up Comments	ALGI Verification	ALGI Verification	1. PC Remediation Plan	Target	Footow: Poononce (Ontional)	Company Follow Up	Completed,	Company Follow Up	Documentatio Completed,
Issue	FLA Benchmark and/or Legal Reference	Cotecna Findings	PC Internal Audit Findings	PC Remediation Plan	Date	(October 2002)	(December 2002)	(January 2003)	(August 31 - September 1, 2006)	(August 31 - September 2006)	1, PC Remediation Plan	Date	Factory Response (Optional)	(January 24, 2008)	Documentation Pending, Ongoing	(July 16, 2009)	n Pending, Ongoing
Sanitation Kitchen/Ca Bathrooms	FLA Code Benchmark V. Health and Safety: All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.		Based on OSHA standards for number of toilets in table below, there are sufficient number of toilets per female workers in the factory. There are 22 toilets for 664 female workers for a ratio of 1:30 toilets per female worker. Number of Employees Toilets 1- 15 16-35 2	and factory has 22 so this is in compliance. If management	s	Management plans to add toilets to new warehouse facility. Projected completion date of warehouse May 2003.			During facility walkthrough, some restrooms were identified as being added from prior constructions. Interviewees reported to have sufficient restrooms for their use.	, ,	No action required.						
			36-55 3 4 4 81-110 5 111-150 6 Over 150 add 1 additional fixture for each additional 40 employees.														
Drinking water	FLA Code Benchmark V. Health and Safety: 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.		Salvadoran government, has begun series of monthly water quality tests to be performed in various locations in plant every month going forward from October 2002. Water quality standards based on Norm Salvadorena Obligatoria Para La Calidad Del Agua Potable, World Health Organization (WHO) and EPA standards for drinking water. As a part of ongoing water quality maintenance and continuous improvement, [Factory] employees (a small select team) trained to clean and disinfect Oasis bottles and water dispenser tubing once a week. Plant management posted signs and made all employee announcements indicating that [filtered] water is the only potable water that should be used as drinking water. Factory management contracted Technologia de Agua Company in May 2001 to perform maintenance on water sanitization equipment on site and water	Agua Company. Keep results on file. Forward (fax) results to SOE Manager by 30th of each month. 2) Maintain log of weekly [filtered water] cleaning on file. 3) Hold regular H&S Committee meetings. Committee should verify water quality testing and monitoring plan is being followed and implement any corrective action necessary. 4) Contract independent lab for additional water quality testing by December 10. Augmen current testing to include testing for disinfection byproducts parameters as per US EPA National Primary Drinking Water Standards. Forward test results to SOE Manager by December 30. Keep results on file. 5) Provide verbal information updates to workers through Communication Committee monthly meetings. Explain potable water purification system, explain that workers are only to drink from [filtered water] bottles, and refer to printed material that is posted stating this information. Communication Committee	Ongoing		1) Min de Salud tests for October 2002 results negative/<1.1. Tests for December 2002 from independent lab found negative/<1.0. Mineralogical tests performed by independent lab were within legal parameters (ph, solids/dissolved solids, iron, magnesium, calcium). 2) Weekly log of [filtered water] cleaning on file. 3) H&S Committee meetings should include water quality standard information. 4) Independent lab tests performed by FUSADES (Fundacion Salvadorian para el Desarollo Economico y Social) analyzing coliforms and bacteria as well as pH, calcium, magnesium, iron and total amount of solids, results were within legal parameters. 5) Signs have been posted at all [filtered] drinking water bottles informing workers that water is purified and is potable. Signs also inform workers not to drink from any other source except purified drinking water bottles. All kitchen staff uses purified potable water for cooking. H&S and Communications Committee answers questions regarding water quality for workers.		Monitors verified latest report which confirmed that water standards a within legal parameters.	documentation review, testing results	No action required.						
7. Freedom of Association Membership	FLA Code Benchmark VI. Freedom of Association and Collective Bargaining: B.1. 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.	As per worker comments they are not free to form a union.	Workers should be aware of their rights to organize and bargain collectively.	1) Factory management needs to understand and be committed to rights of workers to join and organize associations of their choosing and to bargain collectively. 2) Management should not hinder or obstruct workers who wish to legally associate and collectively bargain. 3) Factory management needs to encourage worker management communication group started in 2001 and ensure that there are effective, formal communication channels between workers and managers. May 15, 2003: 1) adidas and brands can provide training on Freedom of Association and Collective Bargaining, and other standards of COC.	a see	Employee interviews revealed that some workers were familiar with COCs and ROA standard. Several workers stated they knew of union activity, but did not want to or feel need to be associated with union. Half workers interviewed were familiar with activities of communications committee. Management stated their commitment to FOA/ROA; management agreed they would not obstruct workers from organizing. Management has encouraged formation and development of worker management communication group which meets regularly to discuss workplace issues. Management reviewed COC with all employees, which includes verbal explanation and employees signing copy of code to verify they received explanation and understood meaning of codes. Worker management communication group continues to meet regularly; some suggestions have resulted in changes made by management in factory. Employee interviews revealed they understand and regularly communicated to committee members who relay comments to communication group and	communicate to committee members who relay comments to communication group and management. Ongoing employee interviews will be performed to ensure that communications group is an effective channel to voice grievances.	adidas June 2003. Training provided to a group of [Agent] suppliers ([X] factories), including 1 member of [factory] staff	handed to workers upon recruitment. Nevertheless in internal manual and policies provided to workers the topic of FOA is not mentioned. Specific training on FOA has not been implemented either. d to	ls interviews; facility walkthrough	Management to include a freedom of association policy in internal work manuals. Please include a training program that verbally explains factor policies including freedom of association.	1 1 · · ·	provided by factory. To follow by PC during Jan. 08 visit.)	Per factory audit, factory management has drafted and posted a policy indicating that workers are free to join a association of their choice, and that workers will not receive any repercussions for exercising their right to organize, or for using any communication channels established by the factory. However, workers have not been verbally trained on policy. Factory management must provide verbal training to all workers, including supervisors, managers, and operators on FOA policy.		Factory update: Training has been provided to new workers. However, factory has not provided ongoing training to existing workers. Factory management to schedule annual trainings to all workers, managers, and supervisors on factory's policies and adidas' Workplace Standards. Factory training materials and participants' sign up sheets to be maintained by factory management for verification.	Ongoing d
Union Harassment	The employer will not dismiss, discipline, or otherwise coerce of threaten workers because of their exercise of the right to freedom of association. When union officers are dismissed, demoted or otherwise suffer a loss of rights at work, a monitor should look with special attention at the possibility of anti-union discrimination.					management. Ongoing employee interviews will be performed to ensure that communications group is an effective channel to voice grievances.			Observation Corrected: During pre-audit assessment, monitors gathered details about facility on various public websites such as Workers Right Consortium (WRC), National Labor Committee (NLC) United Students Against Sweatshops (USAS) and found allegations discrimination in facility's hiring practices against former workers of a closed facility. During verification audit, was extensive review of documentation and confidential interviews conducted in order to verify allegations found during pre-assessment were valid and to test facility revised hiring and termination practices, COC training and its understanding by workers. Factory management/owner and staff were fully supportive, transparent, and cooperative throughout audit proces As result of thorough investigation, monitoring team reached 2 separate conclusions regarding allegation of discrimination against former work of factory: A) Allegations true during period from June 2005 - May 2006 (specifically June, July and August 2005). B) As of May 2006, facility	interviews; documentation review (personnel files, HR offices) y if ty's re ss. rate rate rkers 106	[Factory] management in collaboration with some PC's started enhancement of factory's hiring practices in May 2006. As a result, the following actions took place, (i) [Factory's] senior management particip in a multi-brand sponsored training for Salvadoran suppliers during white topics of freedom of association, blacklisting, union harassment and freedom of movement were studied, (ii) thereafter, factory's management stopped the practice of requiring new applicants of "constancia de trabe (certainty of work), (iii) Management enhanced its hiring process for new applicants which means, there is now data on applicant's performance basic application data and more transparent hiring decision making. [Former] workers [at another factory] have been formally invited to go through newly improved hiring process at [Factory], should they wish the work there. Further follow ups are required to review process integrity a effectiveness.	training for training for training for the training for t	07: Management participated in the multi-brand sponsored Salvadoran supplier in 2006.	Factory participated in FLA hiring practices' training. In addition, factory management revised their hiring policy tensure hiring results are transparent and based on applicants' ability to do work they are applying for. Because of high risk level of this issue, adidas' SEA teal will continue to monitor this issue and provide updates of changes as they become available.	m		
Factory Policy on									, , , , , , , , , , , , , , , , , , , ,	nts are for ng in en document review; managemer	Factory management to create a freedom of association policy that		provided by factory. To follow by PC during January 2008 vis	sit. Per factory audit, factory management has drafted and	1 -	July 2009 factory update: 1) Training has been	Ongoing
Independent Worker Representation									representation.		includes the following, (i) defining commitment to respect workers' righ participate in associations of their own choosing and specific channels way communication between workers and management on welfare and production issues; (ii) to define purpose and obligations of non-retaliation order to protect employees from negative consequences for open communication; (iii) to define conditions under which employees are alselect representatives and/or participate in factory problem-solving activities; (iv) assign someone responsible for policy/procedures implementation; and (v) create an employee training plan. Documenta to be submitted: Enhanced policies and procedures on freedom of association and worker representation, including your employee training plan.	for 2- on in le to tion		posted policy indicating workers are free to join an association of their choice, and that workers will not receive any repercussions for exercising their right to organize, or for using any communication channels established by factory. However, workers have not been verbally trained on policy. Factory management must provide verbal training to all workers, including supervisor managers, and operators on FOA policy.		provided to new workers. However, factory has not provided ongoing training to existing workers. Factor management to schedule annual trainings to all workers, managers, and supervisors on factory's policies and adidas' Workplace Standards. Factory training materials and participants' sign-up sheets to be maintained by factory management for verification	

		Findings		Remediation		Remediation Updates	Remediation Updates	Remediation Updates	Findings	Documentation	on	Rei	emediation		Updates	[Status]	Updates	[Status]
FLA Code/Compliance	FLA Benchmark and/or Legal Reference	Cotecna Findings	PC Internal Audit Findings	PC Remediation Plan	Target Completion Date	PC Updates/Follow-up Comments (October 2002)	PC Updates/Follow-up Comments (December 2002)	PC Updates/Follow-up Comments (January 2003)	ALGI Verification (August 31 - September 1, 2006)	ALGI Verificati (August 31 - Septer 2006)			Target Completion Date	Factory Response (Optional)	Company Follow Up (January 24, 2008)	Documentation Pending, Ongoing	/ / / / / / / / / / / / / / / / / / /	Documentatio n Completed Pending, Ongoing
8. Hours of Work Mandatory Overtime	Per FLA Code Benchmark VII. Wages and Benefits, Hours of Work, and Overtime Compensation: 1) The employer will demonstrate a commitment to reduce mandated overtime and to enact a voluntary overtime system to meet unforeseen situations. 2) Overtime hours worked in excess of code standard will be voluntary.			Create voluntary overtime policy and procedures. Inform all employees of policy. Ensure that workers and supervisors understand they may refuse overtime without any penalties.		Voluntary overtime policy created and posted. Workers trained in policy. As per employee interviews, workers understand that overtime is voluntary and no punishment received for refusing to work overtime. Ongoing monitoring will be performed.			Monitors verified that there is a policy stating that overtime is voluntar and that workers sign a voluntary sheet whenever they engage in OT.	, , , , , , , , , , , , , , , , , , ,	oloyee No action required							
Excess Hours	Except under 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								New Finding: i) Security guards receive a flat salary regardless of he worked. They regularly work an average of 72 hours a week. ii) Occasionally, during peak season, workers in packing and cleanin area exceed the maximum 60 hours/week.	employee interviews	and procedures, in holiday) paid to wo worked at wage rat wage payments re recording and payr (including OT) for a grievance procedur having them address management to inf minimum wage and hours to be recorded monthly pay slips, not recorded and preporting to PC reporting to PC reporti	ement to develop wage and working hours (W&WH) policy nocluding: i) definitions for wage rates (regular, OT, rest, orkers, ii) requirements for paying workers for all hours ates required by law, iii) provisions to ensure all time and ecorded accurately and reported within factory time-roll systems, iv) limiting weekly hours to maximum of 60 all exempt workers, including security guards, v) are for workers to report discrepancies in time and payroll, essed adequately and in timely manner. 2) Factory form workers (verbally and written) about following: i) and OT rates applicable to factory, ii) requirement for all alled, iii) explanation that workers may confirm hours via and, iv) explanation of grievance procedure to follow if hours be paid accordingly to local labor law, including option of presentative and v) maximum of 60 hours/week, including meone responsible for implementation/enforcement of the procedures. 4) Management to define how W&WH es and practices analyzed to (a) identify if are gaps that idden hours, excessive hours (more than 60/week), creased costs, and (b) identify whether	procedures rates; in add recording sy interviews w week. Mana minimum wa hours throughiring proces information of grievance praccordingly responsible management does not har their own se	AZ: Management developed wage/working hours policy and and posted information on notice board. Policies include wage dition, all wage payments recorded accurately within factory time ystems. According to information reviewed (last 2 payrolls), and with employees, they have not worked more than 60 hours per agement did inform workers (verbally and in writing) about rage and OT rates applicable; workers may confirm working gh monthly pay slips. Management informed workers during ess, posted information on notice board and provided employees upon request. According to interviews, employees know rocedure to follow if working hours not recorded and paid to labor law. (3) [Employee name] (Administration Manager) is a person for implementation and communication of policy. (4) The not already has payroll system to get this information. (5) Factory are a contract with that security agency anymore and now hires becurity guards, who have the same benefits, wage, working hour y as rest of workers as documented by attendance records and	e y		July 2009 factory visit: Pending. No improvement made. Factory's security guards are considered nor exempt workers, and as such factory argues they don't qualify for OT as they earn above the minimum wage. Additionally, security guards continue to worl over 60 hour limit/week. Factory management must ensure that all workers' hours of work do not surpas daily/weekly limits and must set workers' schedule be in compliance with legal limits.	n rk t
Day of Rest	Employers will provide all legally mandated benefits to all eligible workers.								New Finding: Occasional work on Sunday (twice in 2006) was performed to overcome delivery problems. The facility did not provide day off following the Sunday worked, as labor regulations mandate.	payroll ledger reviews, employee interviews	updates/improvemented necessary. Metrics number of hours/w Factory must ensurance according to local to those workers the	reased costs, and (b) identify whether lents to W&WH policies, procedures and practices s that could be used include: number of hours worked, leveks/months exceeding code/legal limits, lure that all employees are able to take their days off labor law. Management to retROActively provide day off hat worked a Sunday (2006) to fulfill delivery lanagement to submit supportive documentation.				vork t all		
9. Wages and Benefits	Art 169 and Art 170: regulate overtime hours of work, all hours in								New Finding: Security guards receive a flat salary regardless of hou	un un un all un a auda un i avea	(4) Managanan ant ta	o apply adidas Standards of Engagement (SoE) to 15-D	: Dan 00 luna 0 200:	77: [Factory name] does not have a contract with that security		Opposing	hilly 2000 featons visits Danding No improvement	Opposite
Overtime Compensation	excess of regular hours must be compensated at a rate higher than regular. The factory shall comply with applicable law for premium rates for overtime compensation.								worked. They regularly work an average of 72 hours a week. OT hour are not compensated.		contracts with sector all hours worker on rest days and hadidas standards. upon request to destroy of oversight, to ensits commitments. hours worked, to ensore the procedures must be sometimed.	curity agencies. This includes payment of proper wages ed, including premium wages for overtime hours and work molidays; in addition to compliance with 60 hours/week. Security agencies must make documentation available emonstrate compliance. (2) Establish an internal system sure security agencies used by your factory are meeting. This includes routine assessment of wages paid for all ensure compliance with adidas SoE and local law. be developed for both implementation and enforcement. esign an individual to be accountable for oversight.	agency anyi they have th	more. Since then they have hired their own security guards and ne same benefits, wage, working hours and rest day as rest of a, according with the attendance records and payrolls.		Ongoing	July 2009 factory visit: Pending. No improvement made. Factory's security guards are considered nor exempt workers, and as such factory argues they don't qualify for OT as they earn above the minimum wage. Additionally, security guards continue to work over 60 hour limit/week. However, no other workers seen to work above 60 hours/week as per hours of work review. Factory management must ensure that workers' hours of work do not surpass daily/weekly limits and must set workers' schedule to be in compliance with legal limits.	n k at all
Day of Rest	Art 171 and Art. 175: All workers are entitled to a paid day of rest. Employers will provide all legally mandated benefits to all eligible workers.								New Finding: The compensation of a day of rest on 2 occasions mentioned above, was underpaid.	Payroll record and time reviews and employees interviews.		etROActively pay any unpaid wages or overtime rates that Sunday work in 2006. Management to submit supportive	did work on June 22, 200	<u>17</u> : Management agree to compensate all those employees that that Sunday (April 23, 2006). They will complete the issues on 107. They will provide respective documentation to prove it. <u>July</u> factory has paid rates that resulted from the Sunday, on June 20	miscalculation of Sunday work from 2006. No Sunday visince then; however, factory should ensure to verify that	vork		
13th Month (Aguinaldo)	Art 198: Specifies mandatory yearly bonus "Aguinaldo" must be paid before 12th of December, in consideration with the amount of years worked at company as follows: *Between 1-3 years in service: Equivalent of 10 days pay *Between 3-10 years in service: Equivalent of 15 days pay *Over 10 years in service: Equivalent of 18 days pay Employers will provide all legally mandated benefits to all								New Finding: As a result of a re-hiring practice by which [factory] terminates labor contract with each employee and rehires them on a yearly basis, facility does not compensate accumulative <i>aguinaldo</i> severance pay. Facility pays to all employees 10 days of aguinaldo, regardless of their seniority.	employees interviews	following, (i) comm regardless of yearl	nent to update its wages and benefit policies to include the nit to provide Christmas bonuses on basis of seniority, ly contract terminations, (ii) recognize workers' seniority by were first hired and started working at [factory].	providing Ch	nristmas bonuses on basis of seniority, recognizing workers'	Factory management has changed Christmas bonus por and as per audit, calculated 2007 bonus following the lorequirement of it being based on seniority.	· 1		
Othoro	eligible workers.																	
Others Privacy									New Finding: There is a glass wall separating restrooms from production plant, allowing no privacy to individuals coming out of the bathroom booths as workers in plant can clearly see them.	facility walkthrough	facilities. Managen	hould be added to secure privacy when using those ment to assess other possibilities, i.e. paint bathroom nose using bathroom can not be seen from outside.	5-Dec-06 06-06-07 Th	ne management has polarized bathroom glasses for privacy.	Factory has polarized bathroom windows, providing privacy.	physical Completed observation		
Subcontracting									New Finding: Facility has not implemented a mechanism to oversee subcontractors.	e Documents reviews and management interview.	"subcontractor" ag	nent to assign someone accountable for overseeing gencies in compliance with factory's policies and C's code provisions.	5-Dec-06 Factory mar all subcontra	nagement has designated a person to conduct periodic audits to ractors.	o Factory management designated person responsible for overseeing subcontractors' compliance performance. Currently, this factory does not use any subcontractors the adidas-Group.			