

FLA Audit Profile	
Country	Mexico
Factory name	21005021 DV
IEM	Accordia Global Compliance Group
Date(s) in facility	October 5 and 6, 2005
PC(s)	Commemorative Brands, Inc.
Number of workers	173
Product(s)	Class Rings

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings
					Evidence of Non-compliance (uncorroborated)
1. Code Awareness					
Worker/management awareness of Code		FLA Principle of Monitoring, Obligation of Companies: 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.	Code was found posted in prominent place in local language where workers and management can view it; however, workers are not aware of code elements.		
Confidential non-compliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	A suggestion box exists in the factory for local communication to factory management. There is no effective and secure communication channel to report non-compliance directly to the Participating Company.		
Confidential non-compliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.		Workers do not have an effective method whereby their concerns are heard by local management and effectively responded to.	
2. Forced Labor					
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or					

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Employment Records	Ley Federal del Trabajo, Title 2, Chapter 1, Article 24 - requires two originals, one for each party	Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision	Workers have not received original signed copies of their work contract.		
3. Child Labor					
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.					
4. Harassment or Abuse					
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.					
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices	Supervisors have not received training in harassment and abuse of workers related to this code element		
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		No policy, procedure or practice found that defines and addresses inappropriate behavior by supervisors and managers with respect to this code element.	
5. Nondiscrimination					
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.					
6. Health and Safety					
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					

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Fire Safety Health and Safety legal compliance	Ley Federal – Titulo 8, Capitulo II, Artículo 504 provides that factories over 100 workers shall have an infirmary staffed by a competent person under the direction of a doctor	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	Facility does not maintain an infirmary nor employ/contract a competent health care provider to attend to the health of workers		
Safety Equipment		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 found to not be adequately stocked with supplies.		
PPE		Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Workers in plating department not provided with appropriate PPE. Evidence of use of ineffective dust mask for sandblast operator resulting in inhalation of dust residue. (Cause may be due to reduced machine capability to filter sand).		

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Chemical Management		All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances	a) Work stations found with unlabeled containers of liquids used by workers. b) Food (snacks, sugar, bread, coffee), coffeemaker, and eating utensils found in storage cabinet together with chemicals as well as in open proximity to dry chemicals storage in work area in Investment room		
Ventilation/Electrical/facility Maintenance		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	a) Electrical panels in several locations throughout factory found without protective covers for openings that may allow accidental worker contact with live electrical components. b) Sandblasting machine in Plating area found to be ungrounded resulting in shock hazard to worker operating machine.		
Sanitation		All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.			
Chemical Management		All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances			

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Ventilation and Chemical Management		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. 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			
Record Maintenance		All safety and accident reports shall be maintained for at least one year, or longer if required by law			
7. Freedom of Association and Collective Bargaining					
Employers will recognize and respect the right of employees to freedom of association and collective bargaining					
8. Wages and Benefits					
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					

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Illegal Holding of Funds		All voluntary deductions (savings clubs, loan payments, etc.) will be credited to proper accounts and funds will not be held illegally or inappropriately by employers.		Worker savings fund, [Name of Fund], is a voluntary savings fund with worker contributions that are matched by company funds and paid at the end of the year. Fund is managed and controlled by the company financial controller and company lawyer. Workers do not have representation in the fund.	
9. Hours of Work					
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					
10. Overtime Compensation					
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.					
Miscellaneous					

				Remediation				[Status]	Updates (Cite Date)	
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 (Cite date of follow up)	Documentation	Completed; Pending; On-going	Company Follow up
	Worker interviews, management interviews, document review			Every new hire receives training on the code during employee orientation.	Completed					
	Worker interviews, management interviews, document review (evidence of complaints made or communication submitted by workers)			The suggestion box is in place and operating. The security guard opens it once a week but there have not been any suggestions to date. We usually get more in summer time.	Completed					
Worker interviews, documents (communication) not available for review.				Completed						

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	Worker interview, management interview			All current workers have a copy of their contract.	Completed					
	Worker interviews, supervisor interviews			We have trained all line leaders, supervisors, administrative personal and managers on December 7.	Completed					
	Management interview, document review			We have trained all line leaders, supervisors, administrative personal and managers on December 7.	Completed					

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	Worker interview, management interview, viisual observation			An infirmary has been constructed and a nurse hired on January 11, 2006.	Completed					
	Worker interview, visual observation			First aid kit has been restocked and is being maintained.	Completed					
	Worker interview, visual observation			We talked to our venders and they agreed that we are using the correct dust mask. We talked to the people working in that area because they don't like to turn on the extracting machine. Workers are now required to wear the PPE provided.	Completed					

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	Worker interview, visual observation			We labeled all containers given to workers.	Completed					
	Worker interview, visual observation			All electrical panels have been covered and the safety committee makes a monthly inspection of the factory and reports any safety issues found and follows up to make sure repairs are made.	Completed					

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	Worker interview, management interview			We established a committee of some worker representatives and some company representatives to have a meeting every month to make an analysis of the monthly activity.	Completed					

ite of Follow up)	Third-Party Verification		Company Verification Follow up	
Documentation	External Verification 9/25 & 9/26 2007	Documentation	Company Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation
	<p>Corrected: During facility tour, CoC was observed posted in the work area. Facility started communicating code of conduct to all new hires since 2006. All workers interviewed claimed to have received communication about CoC during the induction period, but at least 5 did not remember the content or topics mentioned. Additionally, all 20 personnel files reviewed have signed sheets acknowledging that training on the code benchmarks had taken place (2007).</p>	Factory walkthrough and employee interviews	We establish a plan that will take effect beginning 2008 to conduct training of CoC at least twice a year. We bought a [Posting Board] in late October 2007 to post the CoC for a hole week every month; so that the employees have it in a more visible site for reviewing.	The employee signs a copy acknowledging that they have been train on the code of conduct. We have included photos of the beta brite sing.
	<p>Corrected: There is a hotline available (free of use) for workers to directly communicate any concerns to Participating Company headquarters in Austin, Texas. This Hotline was put in place in early 2006.</p>	Factory walkthrough and employee interviews		
	<p>Corrected: All suggestions gathered from the suggestion box are collected by the Human Resource Manager and sent via courier directly to the Participating Company. Suggestions are later posted on the facility's publication board (specifically for suggestions) for all workers to see company's response.</p>	Factory walkthrough and employee / management interviews		

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	Risk: Facility has provided a copy of labor contracts to all newly hired employees effective 2006. However, employees hired prior to 2006 have not received a copy. As per local labor regulations, (Title 8, Chapter II, Article 504) all employees must be provided with an original copy of their labor contract.	Documents review and employee interviews.	We have provided a copy of the labor contracts to 100% of our employees. However on Article 21 it states that if a contract does not exist the law interprets that the labor relationship exists and the company will be held accountable	The employees signed the original contract acknowledging that they received a copy of their contract.
	Corrected: Review of personnel files of supervisors, revealed that 5 Main Supervisors received training on Harassment and Abuse on Dec 2005 and 10 Secondary Supervisors received the same training on September 4th 2007. Facility has implemented a policy to provide training to supervisors and workers on a yearly basis.	Documents review and supervisor interviews		
	Corrected: There is a disciplinary process that clearly sanctions any personnel that violates company policies including harassment and abuse.	Documents review.		

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	<p>Risk: Although facility has added an infirmary in the plant, as per workers and nurse interviews; the designated nurse was on a leave of absence for a period of 6 weeks during March and April 2007. During that time, there was no replacement for the nurse.</p>	Employee and management interview	<p>We hired a doctor that will start on January 3rd 2008 working around 5 to 10 hours a week. We will hire a nurse no later than January 16 2008. And we have people that have been train in first aid attending the employees needs. some of them in [town] by the Red Cross and another trained here in [town] by the [town] Red Cross, and we are going to program to have them be train again at least once a year by a specialist on first aid response.</p>	
	<p>Risk: As per interview with designated nurse, she mentioned that on occasions facility runs out of first aid supplies. This was also corroborated with interviews of employees.</p>	Staff interview/employee interview	<p>We got a list of what medications are necessary in the infarmary by the Red Cross and we have them in Stock. And we are waiting on the list that the [city] nurse is working on to compare them. Also when the doctor stats on January 3rd he is going to make sure we have the correct medications.</p>	<p>We keep a stock of first aid medication only, and will review the list with our doctor once he is hired.</p>
	<p>Corrected: Facility has removed most of the Plating Department, except for one single section which was observed to have available appropriate PPE (mask)</p>	Facility walkthrough		

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	<p>a) Pending: There were unlabeled containers of liquid (acetone) in 7 work stations.</p> <p>b) Corrected: Monitors did not find any food or eating utensils in the storage cabinet together with chemicals, however, drinking bottles were observed in at least 5 work stations, together with bottles containing acetone.</p>	Facility walkthrough	we labeled all the containers and will continue to audit the labels with the help of the safety committee, nurse and doctor.	The safety comitee and nurse will perform inspections to make sure all the acetone containers are labeled.
	<p>a). Corrected: Monitors observed that all electrical panels were properly covered.</p> <p>b) Corrected: the one sandblasting machine in the facility was observed to be grounded.</p>	Facility walkthrough		
	<p>New finding: Employees interviewed complained about the quality of the drinking water. Monitors were provided the results of tests conducted by an external firm confirming that the water was safe for drinking. However, one of the four filters in the outside cafeteria fountain was dark brown when it is supposed to be white.</p>	Facility walkthrough and employee interviews	We have schedule a monthly replacement for the water filters. We are going to run test to the drinking water two times a year to make sure it's safe to drink.	Corrected.
	<p>New finding: Employees are provided with a special container that does not allow fumes to be released into the air; however, employees in at least work stations were using an open container with acetone, releasing acetone fumes into the work area.</p>	Facility walkthrough	We bought the correct containers for all the acetone and advised all supervisors and tool crib to not supply any acetone with any other containers than the correct ones.	The safety committee and nurse will perform inspections to make sure the acetone is in the correct container.

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	<p>New finding: As a result of complaints by employees concerning the air quality in the work area, monitors analyzed the injuries and visits reported to the nurse for periods January 2007 to Sept 2007. The report showed that there were many visits to the infirmary recorded during the 7.5 months period. Over 50% of the reported visits were related to allergies. The opinion of the facility nurse confirms that the discharges created by the sanding and chemicals used play a role in the high percentage of allergies reported.</p>	Facility walkthrough and document reviews	We implement a program on October 10 2007 to have all the dust collector's clean on a daily basis. We are going to evaluate every dust collector with the help of [Name] to determine if we need to replace them.	
	<p>New finding: In at least in two of the personnel files, it was observed that employees had been on sick leave. These two employees had suffered injuries at work (cuts and bone damages), but the insurance reports stated the incidents had not occurred at the work place. Failure to accurately record these incidents, fails to create a history of work incidents that could help implement procedures for preventing injuries from reoccurring.</p>	Document reviews and employee interviews	We implemented a new policy that any injured employee must attend the [clinic] for medication attention if they had an accident at work.	Completed.

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	<p>Risk: Although facility has created a committee composed of two management representatives and two employee representatives, whose responsibility is to supervise the worker savings fund, the committee members representing the workers is composed of one supervisor and an employee who was selected by management. It is suggested that committee members should be independently elected by employees and not facility management.</p>	Document review and management interviews.	The [Fund] has ended for this year. We will follow instructions to have the workers elect at least two hourly employees on January 7th 2008. We always follow the requirements of the Article 110 Fraction IV of the Ley Federal del Trabajo, Article 109 Fraction 8 of the Ley del ISR and Article 127 of the Reglamento del ISR.	