

*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.

<b>FLA Audit Profile</b>	<b>Pakistan</b>
<b>Country</b>	<b>010557408E</b>
<b>Factory name</b>	<b>T-Group Solutions Pvt. Ltd.</b>
<b>IEA</b>	<b>October 12-13, 2006</b>
<b>Date(s) in facility</b>	<b>adidas AG</b>
<b>PC(s)</b>	<b>at</b>
<b>Number of workers</b>	<b>marital arts uniforms (kimonos)</b>
<b>Products</b>	<b>Cutting – Stitching – Thread Cutting – Passing – Packing</b>
<b>Production processes</b>	<b>or</b>

June 8, 2007. This factory recently closed and transferred to another city without notifying the adidas Group's compliance team on time. As a result of the factory's closure, adidas' compliance team is not able to follow through the original remediation action plan as there is no more operation nor workers in this factory. Currently, the adidas' compliance team is investigating this factory's closure as factory management has not been fully transparent in regards to the steps taken during the factory closure, e.g., workers lay offs and their legally mandated severance pay. Adidas will investigate this issue further through workers' interviews and payroll records to ensure that the factory's closure has been conducted in a lawful manner. As part of adidas' new factory approval process, its compliance team will not approve the new factory until it is able to verify that workers' termination at the old facility followed the local law, and that the new facility does not have any of threshold issues found in this report. We will be updating this report as details become available to our field staff.

FLA Code/Compliance Issue	Country/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (documented)	If not corroborated explain why	Source/Documents used for corroborating	Internal audit findings (Optional)	PC Remediation plan	Remediation		Timeline (Date of Follow up)		Status	External Verification (Date)	Company Follow up (Date of planned or follow up visit)	Documentation	
										Target Completion Date	Factory Response (Optional)	Company Follow up	Documentation					
<b>1. Code Awareness</b>																		
Code posting/information		<b>FLA Principle of Monitoring, Obligation of Companies</b> Essential and articles clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	adidas code of conduct poster is not posted anywhere in the facility.		Visual inspection				1) SEA local staff to provide factory with adidas Workplace Standards and the Factory management to display Workplace Standards accordingly for awareness of the workers and all others concerned. 2) Factory management to verbally train workers on adidas' Workplace Standards.	12/31/2006	Factory agrees to display the poster as they are received from the SEA staff.							
Workermanagement awareness of Code		<b>FLA Principle of Monitoring, Obligation of Companies</b> Issue that of 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.	Workers interviewed were not aware of ADIDAS code of conduct. Neither the PC nor the Factory have made any efforts to communicate work place standards to employees.		Interview with workers and management			1) Factory to develop annual calendar of training events for workers and mid level management on the provisions of Adidas Workplace Standards. 2) Factory management to document workplace standards trainings.	The first training session for the workers will be organized by Dec 22, 2006.	12/31/2006	Factory pledged to develop the calendar of training events, organize training events, organize the compliant boxes in toilets and distribute employees' hand book to all of its workers.							
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 noncompliance with the workplace standards, with security that they will not be punished or prejudiced for doing so.	There is no secure communication channel in place for employees to report any noncompliance issues within or to the PC.		Interview with management and visual inspection		Record showed workers-management council in place with that persons stated to be elected. Three meetings in 2005 without any discussion on worker grievances or other non-compliances.	1) Worker Management council with management and base line workers to be formed with exclusion of supervisors. 2) Worker Management council must meet at least once a month. 3) Summary of the proceedings of the meetings to be displayed on factory notice boards. 4) Complaint boxes to be fixed in toilets. 5) Complaint logs to be maintained. 6) In addition, PC currently provides workers with business cards during interviews in order for workers to have access to PC should they need to file a grievance or complaint.		12/31/2006	Factory agreed to re-constitute worker management council and facilitate to free and fair functioning. In the complaint boxes in toilets and begin maintaining complaint log.							
<b>2. Forced Labor</b>																		
Employment Records		<b>FLA Principle of Monitoring, Obligation of Companies</b> Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this standard. 1) Employment Records for piece-rate workers are not posted to salaries or piece-rate contract workers. 2) Progressive wage increase is not maintained in workers' files.	1) Employment Records are not maintained for some of the piece-rate workers employed through a contractor. 2) Appointment letters are not posted to salaries or piece-rate contract workers. 3) Progressive wage increase is not maintained in workers' files.		Review of documents and interview with workers			1) Factory to maintain employment records for each of its workers regardless of the fact that they are contractual piece-rate or regular workers. 2) Appointment letters/work contracts to be issued to each and every worker. 3) Progressive wage increase is to be maintained in the files of the concerned workers, along with any additional information the workers' employment history.		12/31/2006	Factory agreed to take the recommended corrective actions.							
Employer Controlled Residence		Workers will not be required to live in employer-owned or controlled residences.	A dormitory in a two-story structure exists across the road just outside the main gate of the facility. There are presently about 20 workers staying here, about five to six workers per room. While the management claims that they do not provide any accommodations for workers and workers staying in this building have made their own arrangements for accommodation, workers interviewed stated that the facility was provided and maintained by the management.		Interview with workers	No other source of information was available, hence listed as a risk.	Factory management conceded that it had arranged residential facility for some of those workers who came from far-off places. These workers on their own invite some of their non-employee friends to live in residential facility which made the number of residents to 20.	1) Dormitories provided by the factory to comply with all those SEA requirements mandated by SEA Team re: health and safety. 2) In addition, factory must also be transparent regarding any financial obligation workers have for accommodations provided by management.		12/31/2006	Factory seemed inclined to withdraw the residential facility provided by it to some of its workers.							
Recruitment Contracts		There can be no employment terms (including contracts, recruitment arrangements, or any other instruments) which specify that employees can be confined or be subjected to restrictions on freedom of movement, allow employers to hold wages already earned, provide for penalties relating to paying back wages already earned, or, in any way punish workers for terminating employment. It is acceptable to provide bonuses to workers who stay for a term of contract and meet reasonable conditions, such as regular attendance, availability, and so forth.	Some appointment letters seen on files were not signed by employees.		Review of Records		Appointment letters of the workers was found not having signatures of the employers and employees at several documents.	1) Factory to obtain original signatures/thumb impressions of the workers on their appointment letters/work contracts to indicate that they are accepting the TORs. 2) All other relevant documents should also be signed by the employee and employer.		12/31/2006	Factory agreed to take the recommended corrective actions.							
Other			On arrival of the auditors, many workers were asked to leave the facility the rear end by jumping the wall. Some sewing machines with fabric bundles were seen without operators. Workers interviewed stated that there were also workers on tread cutting operators who had been told to leave. We suspect these workers are not on rolls.		Visual inspection of production area and interview with workers		Incomplete personal record, non-transparent and incomplete time entries, incomplete production and payroll record.	1) Factory to ensure maintenance of personal time/entry/OT/production record for each and every worker in the factory. 2) PC Compliance team will continue to verify this non-compliance as it is considered a threshold issue by the PC.		12/31/2006	Management did not accept that any worker was asked to jump out of the rear wall of the factory to avoid firing. It is stated that rear wall was so high that one could not jump out of it without hurting oneself. However, they admitted poor record maintenance.							
<b>3. Child Labor</b>																		
Age Documentation		<b>FLA Principle of Monitoring, Obligation of Companies</b> No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.	Company has no age verification system for contract workers. Age verification record for contract workers was not found available on workers' files.		Interview with workers and review of records		Age verification documents not found in personnel files for some of the workers. No child/juvenile workers found in the factory premises.	1) Factory to maintain acceptable age verification documents for all of the contractual piece-rate/regular workers. 2) Factory management should ensure that all juvenile workers terms of employment are within the limitations required by the local law. 3) Passes to be issued to the visitors. Visitors' record to be maintained.		1/15/2007	Factory management agreed to take all the recommended corrective actions.							
<b>4. Harassment or Abuse</b>																		
Disciplinary Practices		Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.	There are no written disciplinary procedures in place.		Interview with management and workers		No written disciplinary policy and procedures available.	1) Factory to develop policy and relevant implementation procedures to discipline all workers. Disciplinary procedures should be within local law and PC standards. 2) Policy and procedures to be communicated to all the tiers in management and the workers.	Development of policy and procedures before 12/31/2006. First training session to be organized before 01/31/2007.	12/31/2006	Factory agrees to develop policy and procedures to discipline its workers and provide orientation to all concerned.							
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices.	Factory does not provide any training to managers and supervisors in appropriate disciplinary practices.		Interview with management and supervisors		No documentation or otherwise evidence of any training on disciplinary procedures provided to management and supervisors.	1) Factory to provide training on disciplinary policy and procedures to all relevant tiers of management and supervisors once disciplinary procedures are completed.		01/31/2007	Factory agrees to provide training on disciplinary policy and procedures.							
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	No evidence of written disciplinary procedures available.		Review of records	Management stated that no written disciplinary action has been initiated in the facility.	1) Factory to maintain a log reflecting disciplinary actions enforced to worker force. 2) Factory management should also keep written record of the entire process of communication with workers for implementing discipline, including any back-up documents that clearly indicate reasons for disciplinary actions.		Written record of disciplinary procedures should be maintained by 12/31/2006.	12/31/2006	Factory consented to maintain record of the disciplinary procedures and processes.							
Gender Sensitive Security		Security practices will be gender-appropriate and non-repressive.	Only male security guards are posted in the facility.		Visual inspection and interview with management and security guards		Factory has the male security guards. However, in terms of practicality it would not be possible to hire female security guards in the prevalent local cultural scenario.	1) Factory to offer to all the openings for the security staff and keep transparent record of the recruitment processes. 2) As women security guards are not culturally accepted, factory management must adopt a policy that male security guards may not conduct any type of searches (including pat downs) to female workers as this practice would violate PC standards.	Whenever need for the new security staff emerges, the factory should offer all the openings to all on gender neutral basis.		Factory agrees to take the recommended corrective actions. However, it is stated that culturally it would not be acceptable for different stakeholders to see women working as security guards.							
<b>5. Non-discrimination</b>																		
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's facilities.																
Fire Safety, Health and Safety		<b>FLA Principle of Monitoring, Obligation of Companies</b> Employers will comply with applicable health and safety laws and regulations. In any case where laws and codes of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.	1) Most exits and pathways leading to exits do not have emergency lights. 2) Both the staircases leading to the first floor of the cutting/supplies store building do not have handrails. 3) Keep Clear yellow boxes are not marked in front of exits. 4) Emergency lights installed are tube-grip type, which are ineffective in thick smoke.		Visual inspection			1) Factory to provide emergency lights at all the exits. 4) Emergency lights should be able to work in every kind of circumstances that requires evacuation, including fire and smoke.		12/31/2006	Factory consented to take the recommended corrective measures.							
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.	MSDS in the local language is not posted in the latex paste application area where a strong odor from the chemical could be sensed.		Visual inspection		MSDS in local language found posted in the latex application area.	1) Factory to post MSDS in the local language in the latex paste application area.			12/31/2006	Factory agrees to always keep the MSDS posted in the chemical usage areas.						
Evacuation Procedure		All applicable legally required or recommended elements of fire evacuation (such as posting of evacuation plans, fire extinguishers, employee education, evacuation procedures, etc.) shall be complied with and workers will be trained in proper safety, first aid, and evacuation procedures.	1) Fire extinguishers and fire alarms were found blocked in work areas. 2) Most aisles in work areas were found partially or completely blocked. 3) Aisles are not marked and evacuation signs are not posted in work areas. 4) Some sewing operators had blocked their access to the passage with bins. 5) The transmission chain drive of the belt making machine located on the first floor extends to the middle of the main pathway on the ground floor. 6) Emergency exit of the surplus store/cutting building was found to be locked. 7) Keep clear yellow boxes are not marked in front of exits.	Factory has 8.33% of work force trained in fire fighting.	Review of records, interview with management, visual inspection	Aisles marked, evacuation signposts posted in work areas. Sewing operators have their access to exit pathways. The transmission chain drive of the belt making machine has been managed to make the main pathway clear. Keep clear yellow boxes marked in front of exits.	1) Factory management must ensure that fire extinguisher and any other fire emergency equipment is maintained clear at all time. Factory should conduct monthly inspection of all employees to ensure that they are properly maintained, and document result of monthly checks. 2) All aisles and workstations must be maintained obstruction free at all times. Supervisors and workers should conduct periodic checks. 3) Emergency exits must be maintained unobstructed and obstruction free during hours of operations. Please note that locked emergency exits is a core reference issue by the PC. Factory management should designate a person responsible for ensuring that all			12/31/2006	Factory agrees to take the recommended corrective action.							

FLA Code/Compliance Issue	Country/Legal Reference	FLA Benchmark	Non-compliance	EM Findings	Evidence of Non-compliance (uncommodated)	If not corroborated, explain why	Sources/Documentation used for corroborating	PC Internal audit findings (Optional)	PC Remediation plan	Renovation	Target Completion Date	Factory Response (Optional)	Company Follow up	Documentation	Company Follow up	Documentation	Updated (On Date of Follow up)	(Status)	Third-Party Verification	Company Verification Follow up	
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.	1) Only two emergency lights were seen in work areas, out of these one was not functional. 2) None of the extinguishers met required. 3) First aid boxes in work areas were quite empty. There is no system of replacement/stocking of first aid kit. 4) There are no fire extinguishers installed in the cutting/storing store building.					Fire extinguishers found in cutting/storing store building.	1) Factory management must ensure that all emergency exits are equipped with functional emergency lights. Emergency lights must be checked monthly to ensure they are functioning correctly. Please document monthly check results. 2) Fire extinguishers must be replaced once expired. Factory management must also check extinguishers on a monthly basis to ensure they are properly maintained and not expired. 3) Factory management must ensure that all fire exits, including dorms, are equipped with adequate fire extinguishers. 4) Factory management must have 1 first aid box for each 100 workers. All first aid boxes must have a list of medicines required by law and P.C. Factory management must have person in place that checks all first aid boxes on a weekly basis to ensure that they are properly stocked and that none of the first aid contents are expired.	2/31/2006	Factory agrees to take the recommended corrective action.										
PPE	Punjab Factories Rules 1978 Rule 23	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.	1) Most workers in the production hall had fabric dust on their hair, none of them had been provided appropriate masks to prevent them from breathing in floating fabric dust particles. 2) No PPE has been provided to workers in the ball making section. Heavy dust generation was noticed in this area. 3) Ear muffs have not been provided to the generator operator. 4) Lenses in peels form being used in the production hall was among other, No PPE had been provided.				Visual inspection	1) The open pond used to store effluents from the sewer has been covered with the concrete slabs. 2) PPE to the workers in the ball making section. 3) Ear muffs to the generator operator. 4) Appropriate action must be taken in the peels in latex casting section. 5) Factory management must enforce the use of PPE at all times.	1) Appropriate masks to workers to prevent them from breathing in floating fabric dust particles. 2) PPE to the workers in the ball making section. 3) Ear muffs to the generator operator. 4) Appropriate action must be taken in the peels in latex casting section. 5) Factory management must enforce the use of PPE at all times.	3/31/2006	Factory agrees to take the recommended corrective action.										
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.	Barrel containing diesel was seen lying outside in the open exposed to sunlight and rain. No warning sign has been posted.				Visual inspection	Barrel containing diesel has been covered under a tarp. No warning sign has been posted.	1) Factory to always keep the inflammable and combustible items unexposed to sunlight and light.	Always	Factory agrees to take the recommended corrective action.										
Ventilation/Electrical/facility maintenance	Punjab Factories Rules 1978 Rule 23.39 & 61	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	1) Lighting in work areas was inadequate ranging from 90 lux to 350 lux. 2) Heavy rain noticed on overhead cables, safety first aid, exhaust fan and on a switch-gear in the pressing area. 3) Wires and power connections of numerous sewing machines were seen in the middle of passages. Loose wires on the floor were observed in work areas. 4) A sewing machine in the cutting section was connected to the mains without a plug. 5) Ambient temperatures in work areas ranged between 50 to 55 degree F.				Visual inspection	Wires and power connections of numerous machines were seen in the middle of passages and work areas have been organized. No sewing machine in the cutting section was seen without properly insulated electric connections.	1) Factory to improve lighting arrangements in the working areas. 2) Factory management must ensure that all electrical connections including cables, fans, and sewing machines are properly installed and periodically checked. 3) Temperature in work areas is required to be controlled by making elaborate ventilation arrangements and installing more industrial exhaust fans.	12/31/2006	Factory agrees to take the recommended corrective action.										
Record Maintenance		All safety and accident reports shall be maintained for at least one year, or longer if required by law.	Minor injury logs are not maintained in the facility.				Review of records and interview with management		Factory to maintain accident and incident log on a regular basis.	12/31/2006	Factory agrees to take the recommended corrective action.										
Machinery Maintenance	Factories Act - 1934	All machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	1) None of the sewing machines have needs guards installed on them. 2) Some of the sewing machines do not have belt guards. 3) The exhaust pipe of the generator is not insulated and could cause burn injuries.				Visual inspection	1) All the sewing machines found equipped with needs and belt guards. 2) The exhaust pipe of the generator was found properly insulated. 3) Tag guns found bearing the names of the users to ensure personalized usage.	1) Factory to always keep all the moving gear properly guarded, all the articles that may cause burn injury should be properly insulated.	Always	Factory agrees to take the recommended corrective action.										
Sanitation in Facilities	Punjab Factories Rule 1978 Rule-41, 43 (b)	All facilities including factory buildings, toilets, canteens, lockers, and clinics, shall be kept clean and safe and in compliance with applicable laws.	1) The pond used for industrial effluents from the sewer has been located at one end of the lawn next to the generator shed. 2) Generators block located at the rear of the main building is poorly maintained. 3) The boiler in the production hall does not have any signage indicating it is meant for ladies. There are no dusters with lids in individual ladies toilet blocks. Hand wash areas in toilet blocks do not have soap and hand-drying facility.				Visual inspection	1) The open pond used to store effluents from the sewer has been covered with the concrete slabs. 2) Generators block has been repaired. 3) Signage has been provided. 4) Ladies toilet blocks to indicate that these are meant for ladies. Dusters have been provided with lids in individual ladies toilet blocks. 4) Hand wash areas in toilet blocks were found having soap and hand-drying facility.	1) Factory to ensure that entire premises including toilets are always to be kept properly neat and clean. 2) Hand washing facilities should be provided with liquid soap and hand drying facilities.	12/31/2006	Factory agrees to take the recommended corrective actions.										
Sanitation in Dining Area	Factories Act- 1934	All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. This cold water dispenser is poorly maintained - side protective cover was missing. The water is not filtered before drinking.	Drinking water cooler is located at the entrance of the girls toilet block in the main building, by law it should be at least 20 feet away. This cold water dispenser is poorly maintained - side protective cover was missing. The water is not filtered before drinking.				Visual inspection	1) Drinking water cooler has been moved from the entrance of the girls toilet block. 2) The cooler has been repaired.	Factory to ensure that filters should be pre-fitted to the drinking water spots.	12/31/2006	Factory agrees to take the recommended corrective actions.										
Sanitation in Dormitories		All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kit and fire escape) and emergency exits, emergency lighting etc. Emergency evacuation drills should also be conducted least annually.	The condition of the dormitory is deplorable. Toilets are in an extremely poor condition. The interior is dark and dingy, workers cook their food inside the dorms where they reside, loose wires were noticed. There are no fire extinguishers and each living room has one cot only. The first floor has a rocky metal stair case for egress and ingress. The compound was unkempt with overgrown vegetation and littered with garbage.				Visual inspection	1) The open pond used to store effluents from the sewer has been covered with the concrete slabs. 2) Signage has been provided. 3) Ladies toilet blocks to indicate that these are meant for ladies. Dusters have been provided with lids in individual ladies toilet blocks. 4) Hand wash areas in toilet blocks were found having soap and hand-drying facility.	1) Factory to ensure implementation of all those Health and Safety standards the residential facilities for workers as are mandatory for compliance in the factory itself. Dormitory facility should be equipped with proper lighting. 2) Factory management must provide the extinguisher, evacuation maps, and fire stairs in entire dormitory building. In addition, all dorms must have at least two fire escapes, and have scheduled fire drills. 3) All electrical connections must be properly connected, including internal wiring, and electrical appliances. 4) Factory management must ensure that all dorms are provided with proper spots for workers to cook meals.	12/31/2006	Factory management is deemed inclined towards withdrawal of residential facilities in workers coming from far off places.										
Worker Participation		Workers should be involved in planning for safety, including through worker safety committees.	Factory does not have a committee to monitor issues pertaining to Health and Safety.				Interview with workers and management		1) Factory to constitute a health & safety committee with clear mandate and roles and responsibilities clearly defined and assigned. 2) HSE Committee must be composed by management and workers. Workers must be free to elect their HSE committee representatives. 3) HSE committee must hold monthly meetings, and maintain records of such.	11/5/2007	Factory agrees to take the recommended corrective actions.										
Other			1) Surplus store on the first floor of the new building is completely overcrowded with material scattered all over the place, even the passage to the emergency exit was partially blocked with material. 2) Some fabric rolls were found stored on the ground and on the passage in the main store. 3) Punctured bag/waste fabric stuffing store is disorganized. 4) Old footwear and rejected Kimono store is being partly used for making packing bags. This area is disorganized and there is no emergency exit. 5) Factory does not conduct health checks as required by law. 6) Overall house-keeping standards are poor. 7) First aid procedures are not posted anywhere in the factory.				Visual inspection	1) 6-3-4) Surplus material store, punctured bag/waste fabric stuffing store and Old footwear and rejected Kimono store were found organized. 2) Fabric rolls were found stored properly. 4) Emergency exit has been provided to the area. 7) First Aid procedures posted at several places. Ladies on standing jobs were found wearing slates.	5) Factory to regularly conduct health checks as required by Law. 6) Factory management must improve the overall house-keeping and provide the workers on sitting jobs with chairs with backs to sit on.	12/31/2006	Factory agrees to take the recommended corrective actions.										
<b>7. Freedom of Association and Collective Bargaining</b>																					
Employees will recognize and protect the right of employees to freedom of association and collective bargaining																					
Other	Industrial Relations Ordinance 2002		Factory does not have any Worker/Management or Workers' committee to address workers' grievances.				Interview with workers and management	Record showed workers-management council in place with four persons stated to be elected. Meeting in 2006 without any discussion on worker grievances or other non-compliances.	1) Worker Management Council with top management and base the workers to be formed with exclusion of supervisors to meet at least once a month. 2) Summary of the proceedings of the meetings to be displayed on factory notice boards.	2/31/2006	Factory agreed to re-constitute worker management council and facilitate to free and fair functioning.										
<b>8. Wages and Benefits</b>																					
Employees recognize that wages are essential to meeting employees' basic needs. Employees 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.																					
Minimum Wage	The Punjab Gazette (Extraordinary) August-2006	Employees will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.	1) Factory is yet to implement the revised minimum wage. Workers are being paid Rs. 3000 against the revised Minimum wage of Rs. 4000 per month by provincial government effective July 06. 2) Workers are not paid according to their skill level as per Minimum wage standard given in the Punjab Gazette on August 10, 2006, i.e. minimum wage for store assistant should be Rs.4500 whereas company is paying only Rs.4300.				Review of records and interview with management and workers.	Factory is paying less than legal minimum wage to its workers. Credible documentary evidence to indicate that every worker is receiving higher wages individually in person.	1) All workers in factory employment on 07/2006 and after, to be paid the legal minimum wage. 2) Factory management must create a payroll/invoice record for every worker working in the factory. 3) Payment to all employees must be in compliance with local law, and cannot be less than the current minimum wage. Workers must also be paid for all hours worked. 4) Factory management must pay workers directly, and not to supervisors.	7/5/2007	Factory agreed to take the recommended corrective actions.										
Wage Benefits Awareness		Employees will communicate orally and in writing to all employees in the language of the worker the wage and incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law.	1) Workers are not aware of the benefits/incentives which are legally mandated. 2) Workers interviewed are not aware of appropriate and applicable rules and regulations pertaining to wage and benefits. Factory has conducted any training program to educate workers on their compensation entitlements.				Interview with workers and management	No program in place at the factory to make the workers aware of their legally mandated benefits /incentives.	1) Factory to conduct orientation sessions to make its workers aware of their legally mandated benefits/incentives. 2) Factory management must pay all salaries, benefits, incentives, etc. in compliance with local law.	All the payments regarding working benefits to be made before 12/31/2006. The worker orientation sessions to begin immediately. The first session to be conducted before 11/10/2007.		Factory agreed to take the recommended corrective measures.									
Wage and Benefits Posting		All notices that are legally required to be posted in the factory work areas will be posted. All legally required documents, such as copies of legal code or law, will be kept at the factory and available for inspection.	1) Legally required notices pertaining to wage and benefits are not posted in the facility. 2) Factory does not have the updated Finance Act 2006.				Visual inspection and interview with Management.	1) Legally required notices pertaining to wage and benefits not posted in the facility. 2) Factory has in its records a copy of the updated Finance Act 2006.	Factory to post in its premises legally required notices pertaining to wage and benefits.	12/31/2006	Factory agreed to take the recommended corrective measures.										
Wage and Benefits Information Access		In general, workers will have access to understandable information about their wages and benefits, and will not express dissatisfaction with their ability to get information.	Workers were not aware of the legally mandated benefits that they are entitled to.				Interview with workers.	No means available in the factory to keep the workers aware of their legally mandated benefits.	1) Factory to post in its premises legally required notices pertaining to wage and benefits. 2) Factory management must include these benefits in its worker handbook. 3) Orientation sessions to make the workers should also be arranged.	12/31/2006	The worker orientation sessions to begin immediately. The first session to be conducted before 11/10/2007.	Factory agreed to take the recommended corrective measures.									
Time-recording system	Punjab Factories Rules - 1978 & Factories Act - 1934	Time worked by all employees, regardless of compensation system, will be documented by time cards (for other accurate and reliable recording systems such as electronic swipe cards).	1) Factory Security Guards maintain a manual time record of Employees only (3 employees) only. No time record is maintained for those recorded by other accurate and reliable recording systems. 2) Attendance and time records of contract workers are not available. 3) Attendance and time records of salaried workers were better maintained by the Security Guards on a register, from July 2006. Prior to July 2006, no time records were available. This management states that all computer records were destroyed in a recent fire. 4) Factory does not record the actual time "in" and "out" of the shift (time being recorded). 5) Some workers had worked on weekly holidays (Sunday) 27-Aug-06, 01-Oct-06, 08-Oct-06, etc. Time records of salaried workers do not reflect any such work being undertaken on those weekly off days. 6) While some workers have worked up to 11pm on few occasions, few had worked up to 6 a.m. on eight days in Oct 06. These				Review of records and interview with management and workers.	No transparent and credible time keeping system in place. Factory management is not conducting any time recording system but that was not fully in compliance with local law. Time keepers just register if workers present or absent.	1) Factory management to ensure that transparent, accurate and credible time keeping system in place. Factory management to ensure that all the hourly, piece rate and contract workers. Time recording system may be "pin punch card" or "electronically operated swipe card system". Manual time kept in compliance with local law. 2) Factory management must ensure that only workers record their own hours of work, under no circumstances should security guards, or supervisors/managers record workers' hours of work. 3) Factory management must maintain all hours of work/ payroll records for at least two years.	12/22/2006	Factory agreed to take the recommended corrective measures.										

FLA Code/Compliance Issue	Country/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (unembodied)	If not corroborated explain why	Sources/Documentation used for corroborating	PC Internal audit findings (Optional)	PC Remediation plan	Renovation	Target Completion Date	Factory Response (Optional)	Company follow up	Documentation	Company Follow up	Documentation	Updates (On Date of Follow up)	Status	Third-Party Verification	Company Verification Follow up	
Record Maintenance	West Pakistan Minimum Wages for Unskilled Workers Ordinance-1969	All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.	1) Signature of worker on salary sheet did not tally with signature on employment contract and signature taken during interview. It appears that wage records were created in a haphazard manner, and signed. Hence can not confirm if appropriate wages have been paid. 2) There is no individual wage record for overlock operators. These operators are working under a salaried supervisor who receives the entire payment from accounts. Salaried supervisor makes and pays these operators. 3) Wage records prior to July 06 could not be produced by the factory.		Review of records and interview with management and workers.			Inaccurate, false and non-transparent payment records. Mismatched signatures on job applications, appointment letters/work contracts and payroll sheets. Personal time/production and payments record not presented for several workers.	1) Factory to stop using falsified records. This is a zero tolerance non-negotiable. 2) Personal and payment records should be signed by respective workers in person. 3) Personal time/production and payment records should be maintained separately for each worker. All shortfalls in the existing record should immediately be corrected.	2/31/2006											
Legal benefits	Provincial Employee Social Security Ordinance - 1965 & Employees Old Age Benefit Act-1976	Employers will provide all legally mandated benefits to eligible workers.	Contract workers are not covered under social security and employee old age benefit scheme as required by law.		Review of records and interview with management and workers.				Factory management to provide coverage of social security and employee old age benefit scheme as required by law to all the entitled workers regardless of their mode of payment (monthly, fortnightly, contractual or piece work basis).	2/31/2006											
Payment of Legal Benefits	Factories Act-1934	Legally mandated benefits will be provided or paid in full within legally defined time periods.	1) Annual leave or encashment is not given to workers. 2) Company has not paid any annual bonus since last four years as required by law.		Interview with workers and management.			Factory does not maintain leave accounts for its workers. There is no evidence that it ever paid leave encashment. No payment of bonuses.	1) Factory to maintain leave accounts for all its workers. 2) All the eligible workers to get the leave encashment. 3) Annual bonus should be paid to all eligible workers. 4) Payment of vacation and bonuses should be made retroactively to at least since addita Group has been producing at the factory.	11/5/2007											
Accurate recording of wage compensation	West Pakistan Minimum Wages for Unskilled Workers Ordinance-1969- Section-3	All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately.	Salary is being calculated on total number of days in a month whereas legal salary should be calculated on total number of working days in a month (excluding Sundays).		Review of records and interview with management.				1) Factory to calculate the salary on total number of working days in a month (excluding Sundays). 2) Difference in payment from 07/01/2006 to 12/31/2006 to employees should be paid retroactively.	2/31/2006											
Record Maintenance		All legally required payroll documents, journals and records will be available complete, accurate and up-to-date. (In the United States terms this would include W-9s, green cards, 941s and supporting material).	Company could not produce pay & time records prior to July 2006. As per the Management, all records prior to July 06, were destroyed in a recent fire.		Interview with management			Fire occurred on the first floor of the factory in the evening between July 26 & 27 2006. The pay and time record are kept in the factory office located in the basement which was not affected by the fire.	Factory to produce pay and time records prior to July 2006 for the purposes of subsequent follow-ups.	2/31/2006											
Accurate benefit compensation		All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled.	Appointment contracts of some workers did not have the signature of workers. Hence duration of service may not be appropriately documented. This would have an impact on calculation of applicable legal benefits.		Review of records			Signatures of the workers as well as employees were found missing on many of the appointment contracts and other personal documents.	1) Factory to obtain actual signatures of the workers in their personal documents. 2) Employees should also sign the documents, and ensure that all workers have copy of their employment letters or contracts.	2/31/2006											
<b>8. 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.																					
Forced overtime		Under extraordinary business circumstances, employees will make extensive efforts to secure voluntary overtime work prior to mandating involuntary overtime.	Employees are forced to work Overtime during peak production period. The Security Guards do not allow them to leave the factory without management's approval.		Interview with workers and management.				1) Factory management must ensure that the overtime work is done on voluntary basis. 2) Workers must not be compelled to work OT against their free will, and should not be kept from leaving factory premises. 3) Factory management must create a voluntary OT policy and procedure, and verbally train all managers, supervisors, and workers on it. 4) Factory management must also ensure that it has proper number of workers and systems in place to ensure that when OT is needed workers are not forced to stay.	2/31/2006											
Overtime Limitations	Factories Act-1934	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.	1) Workers have worked on weekly holidays (Sunday) 27-Aug-06, 01-Oct-06, 08-Oct-06. No compensatory leave was given to workers. 2) While overtime workers have worked up to 11 p.m. on few occasions, few had worked up to 6 a.m. on eight days in Oct 06. 3) Security Guards work seven days a week without any day off; moreover they are on duty from morning 06:00 a.m. to evening 06:00 p.m. 12 hours duty.	In absence of complete and accurate time records to all employees, cannot confirm if factory is working within 60 hours a week	Interview with workers and management			Inaccurate working OT hours and record non-transparent time recording systems	1) Factory management must ensure to have a transparent, accurate and credible system of time keeping in place that registers the exact "in" and "out" entries for all of the regular, piece-rate, contractual workers, and security guard. 2) Factory management must ensure that working hours including OT do not exceed 60 hours per week and the number of total hours of daily work are within legal limits. 3) All OT must be compensated as required by local law, including providing workers with compensatory leave. 4) Factory management must also ensure to provide one day off/leave to all workers.	2/31/2006											
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary.	Overtime work during peak production period is involuntary. Workers are not free to leave the factory if they do not wish to work overtime. The Security Guards do not allow them to leave the factory without Management's approval.		Interview with workers				1) Factory management must ensure that the overtime work is done on voluntary basis. 2) Workers must not be compelled to work OT against their free will, and should not be kept from leaving factory premises. 3) Factory management must create a voluntary OT policy and procedure, and verbally train all managers, supervisors, and workers on it. 4) Factory management must also ensure that it has proper number of workers and systems in place to ensure that when OT is needed workers are not forced to stay.	2/31/2006											
<b>9. 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 least equal to their regular hourly compensation rate.																					
Accurate recording of OT hours worked?		Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include at least that the employer allows or requires the worker to work.	Overtime hours worked are not recorded.		Interview with workers and management; Review of time records and record collected from production floor				Factory management must ensure that transparent, accurate and credible system of time keeping is in place, and that such registers the exact "in" and "out" entries for all of the regular, piece-rate, contractual workers and security guards. The working hour sheet should clearly indicate per day all OT hours worked by each individual worker.	2/31/2006											
OT Compensation	Factories Act-1934	The factory shall comply with applicable law for premium rates for overtime compensation.	1) Salaried employees are working overtime up to 2800 hours. However, overtime is not compensated in wages and instead they are allowed a day off next day. Overtime hours worked less than 8 hours a day are not compensated at all. 2) Review of production register revealed that some workers were working on weekly holiday (Sunday) 27-Aug-06, 01-Oct-06, 08-Oct-06, etc. but no overtime and compensatory leave was given to workers. The time records of salaried workers do not reflect any such work being done. 3) Security guards work seven days a week without any day off; moreover they are on duty from morning 06:00 a.m. to evening 06:00 p.m. 12 hours duty, without any compensation for extra hours worked.		Interview with workers, security guards and review of records				1) Factory management must record all OT accurately and payment for such OT work must be based on the premium rate basis that is in accordance with the country law. 2) OT work on Sundays and official holidays should be paid on the premium rate and a day off should be provided in lieu of work on every such day. 3) Factory management must pay all security guards for all OT worked daily, and provide with one day/leave off.	2/31/2006											
<b>Miscellaneous</b>																					
Other	Factories Act-1934, Electricity Rules-1910 & Apprenticeship Ordinance-1962		Factory is not Registered with the Labor Dept. Factory does not have a NOC for Generator. Factory is not Registered with Apprenticeship Institute as required by Law.		Review of records and interview with management.			Factory produced original address and valid certificate of its registration with the Labor Dept.	1) Factory should obtain a NOC for Generator from the Department of Environmental Conservation. 2) Factory should also get itself registered with Apprenticeship Institute as required by Law.	11/5/2006											