

*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>	
Country	SRI LANKA
Factory name	010270355E
IEM	T-GROUP SOLUTIONS PVT. LTD.
Date(s) in facility	AUGUST 8-9, 2006
PC(s)	Nike, Inc.; adidas AG
Number of workers	818
Product(s)	KNITS SPORTSWEAR, INTIMATE WEAR , UNDERWEAR &
Production processes	Knitting – Dyeing – Sewing – Finishing – Packing

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings					Remediation				(Status)	Updates (May & October 2007)			
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Source(s)/Doc umentation 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 case of follow up)	Documentation
<b>1. Code Awareness</b>																
Code posting/information		<b>FLA Principle of Monitoring, Obligation of Companies:</b> Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.		Adidas Codes of Conduct poster posted outside the workers' locker rooms on ground floor is in English.	Finding was incriminating.	Visual observation.					Adidas Group (for both Adidas and Reebok brands) will have a new COC titled 'Workplace Standards' – it is not being finalized and will be provided to all factories once completed. Adidas is planning to offer its new Workplace Standards' COC in the local language as well, but this may not happen until February or March 2007.	1/1/2007		On-going	Adidas AG has finalized new "Workplace Standards." The new Workplace Standards have been provided to the factory in English only. Workplace Standards are currently being translated and will be submitted to the factory upon completion in June-July 2007. October 2007: Workplace Standards and Open Letter in local languages has been distributed to factories. Training for factories has been conducted in September 2007. Factory's follow up by posting open letter in local language for workers.	
Worker/management awareness of Code		<b>FLA Principle of Monitoring, Obligation of Companies:</b> Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.		Though COC posters are posted in the factory, these have not been appropriately communicated to the employees.	Finding was incriminating.	Interview with workers and management		PC's have trained the management on the COC and in return, request factory to provide training to workers on the code elements at induction and at least annually. Factory had incorporated contents of all brands COC standards under WRAP principles and training was given to all workers at induction and annually. Workers are aware of the code elements even though they cannot recall separately what Nike code or Adidas code or Reebok code contains. Factory handbook contains relevant policies rules and regulations at the factory. Moreover, individual workers are given a printed card that contains all WRAP principles, which basically covers all code elements. A documented training was also provided on the same (last training in March 2006).	1) As a more effective training mechanism, factory agreed to prepare a short presentation video clip on the different codes of conduct and play it in the cafeteria during break times. 2) Factory is expected to continue the periodic in-house training on Code elements and other labor practices to both existing and new workers (last training was done in March 2006). 3) All trainings must be documented with supporting training documentation such as content material and attendance.	The factory agreed to complete this by 12/01/06.		Pending	Due to changes occurring in the factory, the training was postponed to mid-September 2007. October 2007: Training on Workplace Standards and Open Letter for factories has been conducted in September 2007. Factory's follow up by posting open letter in local language for workers and internalize the communication of Workplace standards into factory's training and communication program.			
Confidential non-compliance reporting channel		<b>FLA Principle of Monitoring, Obligation of Companies:</b> Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on non-compliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.		The Reebok COC poster has contact information however, the reason for providing this information has not been explained to employees.	Finding was incriminating (Adidas).	Interview with workers and management (Reebok) and Visual Observation					The COC explains in detail the instances when an employee should contact the Reebok representative. Code is posted in prominent places in the factory. Details of the new Adidas Group Workplace Standards' COC (for both Adidas and Reebok brands) is currently under development.			On-going	1) In addition to Workplace Standards, adidas Group will provide to factory an "Open Letter" to workers explaining recent merge between Reebok, LTD. And adidas Group, the new workplace standards, and contact information to the PC's compliance Team. 2) Factory management has been instructed to post Open Letter to workers in accessible areas for workers to review, and to provide verbal training on Workplace Standards as part of the factory's HR Management training.	
<b>2. Forced Labor</b>																
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.																
<b>3. Child Labor</b>																
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 14.																
<b>4. Harassment or Abuse</b>																
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.																
<b>5. Nondiscrimination</b>																
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																
Other				Since factory works on 12 hour shifts, only those willing to abide by these working hours requirements can seek employment in this facility.	Finding was incriminating.	Interview with workers and management		PC's are working with factory to find alternatives to the current shift system, some suggestions have been shared with the factory and awaiting their feedback. PC's met with factory management and agreed to have a meeting with all related stakeholders in the factory (brands, department of labor, employee council members, etc) before the end of December to agree on a common perspective of this matter.			The factory feels if the current shift system changes it will first and foremost discriminate those existing workers who are willing and used to the current shift pattern. However this controversial shift is currently discussed within the factory. Factory agreed to hold a forum before the end of December 06 with all relevant parties concerned (brands, dept of labor, employees, employees federation etc.) to discuss the current shift pattern and alternatives if any required.	10/11/2006, 3/12/2007	Discussion with management, documentation (proposed new shift)	On-going	Nike and Reebok representatives met with the factory management in December and discussed about an alternate shift pattern. Factory had discussed the probable shift patterns within the management and a new shift system will be implemented from January 2008. This seems to eliminate most of the discrepancies in current shift system. Further discussions on the shift systems taking place among Nike/Adidas and factory representatives. October 2007: The new shift system will still have forced OT issue as there is no changes on daily working hours. Factory to have voluntary OT work system in place by 1/01/2008.	
											Update from factory 08/16/2007 As we agreed, we started communication process in June with our workforce. We first set up a committee and included all past and current presidents and the secretaries of the JCC(Employee committee) together with our operation managers, Production Managers and HR team. Initially there was objection to the change of shift, but later we convinced them that there will not be any pay cut or any additional hours in the proposed shift.					
											Yet there is a little concern about the date of this implementation. Both the employees and Management team is comfortable to implement this with effect from January 2008.					
<b>6. Health and Safety</b>																
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.																
Fire Safety Health and Safety legal compliance	Factories ordinance of Sri Lanka, ordinance no. 45 of 1942, No. 22 of 1946, Acts nos. 54 of 1961, 17 of 1965 & 29 of 1971, Law no. 12 of 1976, Acts 17 of 1982, 32 of 1984, 18 of 1998 & 33 of	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.		There is no signage suggesting that lift should not be used in case of fire.		Interview with management and visual inspection					The factory has already put up a signage suggesting that lift should not be used in case of fire.	Completed		10/1/2006	Observation	Completed

FLA Code/ Compliance issue	Country/Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	FLA Findings				PC Internal audit findings (Optional)	PC Remediation plan	Remediation		Documentation	Status	Findings (May & October 2007)
					Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Doc/umentation used for corroborating	Notable Features implemented by Factory Management or Company			Target Completion Date	Factory Response (Optional)			
Evaluation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	1) A passage in the knitting area was partly blocked with cartons and a pallet. 2) Aisles demarcated for passages in the knitted fabric storage area, had cartons stored on them. 3) Pathways between knitting machines and sewing machines are not marked and were found obstructed with garment inspection stands, chairs and bins. Sewing stations were seen placed on an aisle. 4) The emergency exit staircase on the mezzanine floor at the industrial training and hand-knife cutting section was found	Knitted fabric storage area is disorganized. Aisles demarcated for movement had cartons stored on them.	Finding was incriminating	Visual inspection			1, 2) The factory should maintain clear stair ways, aisles, and exit points for safe evacuation in an emergency. PC suggests the safety committee to routinely monitor safety in these areas. 3) Pathways between knitting machines and sewing machines should be marked and kept free of obstruction.	12/1/2006		10/11/2006, 3/12/2007	Observation and inspection records	Closed	The factory has rearranged the knitted fabric storage area. Safety officer conduct an internal inspection once a month. In addition to this, Security officer also check the maintenance of fire equipment and pathways and exits.
Evaluation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	5) An exit of the sampling section was blocked with a work station and three cartons. The same exit had the evacuation plan posted on it and the area marked "You are here" was the section that was blocked. The aisle in this section was partly obstructed with a chair. 6) Dye-store has only one exit. Mezzanine floor at dye house does not have an emergency stair-casewat at the physical testing lab area. 7) "Keep Clear" yellow boxes are not marked in level of exits. 8) Emergency staircase of the storage area on the mezzanine floor is very steep. There is no signage to suggest descent in reverse position facing the steps (use as a ladder) to reach upper level.		Finding was incriminating	Visual inspection			5) PC suggests the safety committee to routinely monitor safety in these areas. 6) A second exit will be made for the Dye-store. An emergency exit stairway already built for the mezzanine floor of dye house. 7) The factory has to mark "Keep Clear" yellow boxes in front of exits. 8) A signage already in place to suggest descent in reverse position facing the steps.	12/1/2006		10/11/2006, 3/12/2007	Observation	Closed	Nike visit on 3/12/2007 6) Safety committee routinely monitor safety in these areas. 8) A second exit built for the Dye-store. 7) The factory has marked "Keep Clear" yellow boxes in front of exits.
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) Eye-wash cup and distilled water are not provided in first-aid boxes. 2) Eye/Mouth wash station is not provided at the chemicals storage area near the cooling plant on the terrace.		Finding was incriminating	Visual inspection			1) Eye-wash cup and distilled water already in place in some of the first aid boxes. The factory has to provide these in all first aid boxes. 2) The factory should have an Eye/Mouth wash station at the chemicals storage area near the cooling plant on the terrace.	10/16/2006		10/11/2006, 3/12/2007	Observation	Closed	Nike visit on 3/12/2007 1) Eye-wash cup and distilled water in place in first aid boxes. 2) Eye/Mouth wash station available at the chemicals storage area near the cooling plant on the terrace.
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.	1) Many operators in knitting area were not using dust masks. Lint and fabric dust particles were noticed in this section. 2) Operators on over-lock operators were not using dust masks. Fabric dust generation was seen on these operators		Finding was incriminating	Visual inspection			1) The factory had conducted a dust level measurement test and as per the report, the measurements are within the TLV. 2) The factory has to streamline the cleaning process of the machinery to ensure that lint and fabric dust is cleared.	10/16/2006		10/11/2006, 3/12/2007	Observation	Closed	Nike visit on 3/12/2007 Operators in knitting area and over lock operators were using the provided dust masks. Regular cleaning carried out in the production areas.
Ventilation/Electrical/facility maintenance		All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable law and prevent hazardous conditions to employees in the facility.	1) Emergency lights are not installed on the exit/passageway at the mezzanine floor in the cutting and Industrial Engineering sections. 2) Lighting was observed at 160 to 300 lux at the needle point on sewing-stations without individual lamps in the production hall and sampling section. 3) No emergency lights are installed in the sampling and design sections. 4) Illumination of the emergency lights appears to be weak. 241 lux was the reading on the light meter when held at a distance of one foot from an emergency light after it was switched on. 5. Temperature in the dye-house was 90 degrees F.	A temperature issue that is highlighted by the FLA audit shows that it is not in the danger zone but it is in the caution zone, for which the factory has to follow the heat stress prevention plan (as indicated in the Nike ESH manual, Industrial Health part, page 5-3).	Finding was incriminating	Visual inspection			1) Emergency lights are not installed on the exit/passageway at the mezzanine floor in the cutting and Industrial Engineering sections. 2) Lighting was observed at 160 to 300 lux at the needle point on sewing-stations without individual lamps in the production hall and sampling section. 3) No emergency lights are installed in the sampling and design sections. 4) Illumination of the emergency lights appears to be weak. 241 lux was the reading on the light meter when held at a distance of one foot from an emergency light after it was switched on. 5) Temperature in the dye-house was 90 degrees F.	10/31/2006			Observation and documentation	Closed	Nike visit on 3/12/2007 1) Light level measure conducted and levels within standard. 3) Emergency lights installed.
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Few sewing machines did not have pedal mats	Tag guns in the packing section do not bear operators' names to ensure personalized usage	Finding was incriminating	Visual inspection			Pedal mats made available for all sewing machines. Tag guns in the packing section should bear operators' names to ensure personalized usage. The factory agreed to do this by end of October.	Completed 10/31/2006	The factory conducts a monthly inspection to ensure that all safety devices are in place.	10/11/2006, 3/12/2007	Observation	Closed	Nike visit on 3/12/2007 Tag guns in the packing section are numbered and the issuing department keeps track on workers to whom the tag guns are issued.
<b>7. Freedom of Association and Collective Bargaining</b>															
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.															
<b>8. Wages and Benefits</b>															
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.															
Other	Factories ordinance of Sri Lanka, Employment of women, young persons and children Act No. 47 of 1966, Wage Board Ordinance of Sri Lanka no. 27 of 1941, 40 of 1943, 19 of 1946, 22 of 1945.	Employment records and records pertaining to Wage and Benefits are not maintained in the facility for Security Guards, Housekeeping and 25 workers from ***** Agency***** working in the dye-house.			Finding was incriminating	Interview with the management and review of time records of security guards.			Regarding the outsourced services (Housekeeping and Security Guards), the factory should have an agreement with each of the outsourced parties. The agreement should stipulate the outsourced parties to treat their workers pursuant to the local regulations, (for example, working hours, minimum wages and OT compensations, and legally mandated benefits). The outsourced parties are required to keep track of the working hours and to maintain the time cards and payroll records and furnish copies of records maintained in respect of workers to the principal employer/factory. Additionally, the factory is required to monitor the outsourced parties to verify they treat the workers properly.	12/31/2006	1) The factory had conducted an audit on Security and Janitorial services. 2) Once in three months the internal staff will audit the service providers. 3) Factory had already spoken with the security company to have a planned duty roster that will not exceed 12 hours shift.	10/11/2006, 3/12/2007	Observation and documentation	On-going	Regards to the outsource workers: 1) The factory conducts regular audits on Security and Janitorial services. Report and the concerns raised with outsource service providers. 2) Agreements with outside service providers has a clause on compliance with legal benefits to those workers employed under the service providers Factory taking continued efforts to address the issues of service providers.

FLA Code/ Compliance issue	Country/Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IHM Findings			Notable Features Implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan	Target Completion Date	Remediation		Documentation	Status	Findings (May & October 2007)
					Existence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Doc/Unintentional cited for corroborating					Factory Response (Optional)	Company follow up (Cite date of follow up)			
<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																
Excess 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	BOI (Board of Investments) standards on Hours of Work, Factories Ordinance Act 6 & 32 of 1984.	Under extraordinary business circumstances, employees will make extensive efforts to secure voluntary overtime work prior to mandating involuntary overtime.	Per appointment letters issued to workers they are required to work on 12 hourly shifts on a regular basis. Each shift includes 11 hours of work net of breaks. There is no other system in place to ensure that overtime is voluntary.		Finding was incriminating	Interview with management and workers, review of records		PCs are working with factory to find alternatives to the current shift system, some suggestions have been shared with the factory and awaiting their feedback. PCs met with factory management and agreed to have a meeting with all related stakeholders in the factory (brands, dept of labor, employee council members, etc) before the end of December to agree on a common perspective of this matter.		12/31/2006	Continental shift is currently discussed within the factory. Factory agreed to hold a forum before the end of December 2006 with all relevant parties concerned (brands, department of labor, employees, employees federation etc.) to discuss the current shift pattern and alternatives if any required.	10/11/2006, 3/12/2007	Discussion with management, documentation (proposed new shift)	On-going	Nike and Reebok reps met with the factory management in December and discussed about an alternate shift pattern. Factory had discussed the probable shift patterns within the management and a new shift system will be implemented from January 2008. This seems to eliminate most of the discrepancies in current shift system. Further discussions on the shift systems taking place among Nike/Adidas and factory representatives. 10/16/2007: Factory has sent written commitment to apply new shift system with voluntary overtime by 1/01/2008. "We will introduce two shifts of nine hours (eight working hours) with three hours voluntary overtime instead of having 12 hours shift (11 working hours). Shifts will start at 7:00 a.m./p.m. and end at 7:00 p.m./a.m. and thereafter three hours overtime can be done on voluntary basis. We will issue letters to all existing employees about this new continental shift management, commencement of the same, revised working hours and voluntary overtime. We will change the letter of appointment with this effect."	
Overtime Limitations	Factories ordinance of Sri Lanka, Employment of women, young persons and children Act No. 47 of 1966, Wage Board Ordinance of Sri Lanka no. 27 of 1941, 40 of 1943, 19 of 1945, 22 of 1945.	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) Employees work 86 hours in a six days work cycle at 11 hours per day. 2) Female workers sometimes work more than ten night shifts in a month which is beyond the legal limit. 3) Instances of Security Guards being on duty continuously for 60 hours in August 2006 noticed.		Finding was incriminating	Interview with management and workers, review of records	The issue of excessive working hours in security services prevail through out the security service industry. All brands, factory management and the security companies have to sit together to find a workable solution for this issue.	(a) PCs are working with Factory to find alternatives to the current shift system, some suggestions have been shared with the factory and awaiting their feedback. PCs met with factory management and agreed to have a meeting with all related stakeholders in the factory (brands, department of labor, employee council members, etc) before the end of December to agree on a common perspective of this matter. (b) Regarding the outsourced services (Housekeeping and Security Guards), the factory should have an agreement with each of the outsourced parties. The agreement should stipulate the outsourced parties to treat their workers pursuant to the local regulations, (for example, working hours, minimum wages and OT compensations, and legally mandated benefits). The outsourced parties are required to keep track of the working hours and to maintain the time cards/s payroll records and furnish copies of records maintained in respect of workers to the principal employer/factory. Additionally, the factory is required to monitor the outsourced parties to verify they treat the workers properly.	12/31/2006	Continental shift is currently discussed within the factory. Factory agreed to hold a forum before the end of December 06 with all relevant parties concerned (brands, dept of labor, employees, employees federation etc.) to discuss the current shift pattern and alternatives if any required. (The factory had conducted an audit on Security and janitorial services. (1) Once in three months the internal staff will audit the service providers. (2) Factory had already spoken with the security company to have a planned duty roster that will not exceed 12 hours shift.	10/11/2006, 3/12/2007	Discussion with management, documentation (proposed new shift)	On-going	Company reps met with the factory management in Dec and discussed about an alternate shift pattern. Factory had discussed the probable shift patterns within the management and a new shift system will be implemented from January 2008. This seems to eliminate most of the discrepancies in current shift system. Further discussions on the shift systems taking place among Nike/Adidas and factory representatives. 10/16/2007: Factory has sent written commitment to apply new shift system with voluntary overtime by 1/01/2008. "We will introduce two shifts of nine hours (eight working hours) with three hours voluntary overtime instead of having 12 hours shift (11 working hours). Shifts will start at 7:00 a.m./p.m. and end at 7:00 p.m./a.m. and thereafter three hours overtime can be done on voluntary basis. We will issue letters to all existing employees about this new continental shift management, commencement of the same, revised working hours and voluntary overtime. We will change the letter of appointment with this effect." Regarding the outsourced workers, the factory conducts regular audits on security and janitorial services.		
Reduce Mandated OT		The employer will demonstrate a commitment to reduce mandated overtime and to enact a voluntary overtime system to meet unforeseen situations.	The factory works on a daily schedule of 12 hours shifts which include 11 hours of work net of breaks. Workers are given three days rest break at the end of a work cycle of six days. These work schedules are maintained throughout the year.		Finding was incriminating	Interview with management and workers, review of records		PCs are working with Factory to find alternatives to the current shift system, some suggestions have been shared with the factory and awaiting their feedback. PCs met with factory management and agreed to have a meeting with all related stakeholders in the factory (brands, dept of labor, employee council members, etc) before the end of Dec to agree on a common perspective of this matter.			Continental shift is currently discussed within the factory. Factory agreed to hold a forum before the end of December 2006 with all relevant parties concerned (brands, department of labor, employees, employees federation etc.) to discuss the current shift pattern and alternatives if any required.	10/11/2006, 3/12/2007	Discussion with management, documentation (proposed new shift)	On-going	Nike and Reebok reps met with the factory management in December and discussed about an alternate shift pattern. Factory had discussed the probable shift patterns within the management and a new shift system will be implemented from January 2008. This seems to eliminate most of the discrepancies in current shift system. Further discussions on the shift systems taking place among Nike/Adidas and factory representatives. 10/16/2007: Factory has sent written commitment to apply new shift system with voluntary overtime by 1/01/2008. "We will introduce two shifts of nine hours (eight working hours) with three hours voluntary overtime instead of having 12 hours shift (11 working hours). Shifts will start at 7:00 a.m./p.m. and end at 7:00 p.m./a.m. and thereafter three hours overtime can be done on voluntary basis. We will issue letters to all existing employees about this new continental shift management, commencement of the same, revised working hours and voluntary overtime. We will change the letter of appointment with this effect."	
Legal compliance with protected workers		The factory will comply with all applicable laws governing work hours, including those regulating or limiting the nature and volume of work performed by women or workers under the age of 18.	Female workers sometimes work more than ten night shifts in a month which is beyond the legal limit.		Finding was incriminating	Interview with management and workers, review of records		PCs are working with Factory to find alternatives to the current shift system, some suggestions have been shared with the factory and awaiting their feedback. PCs met with factory management and agreed to have a meeting with all related stakeholders in the factory (brands, dept of labor, employee council members, etc) before the end of Dec to agree on a common perspective of this matter.			Continental shift is currently discussed within the factory. Factory agreed to hold a forum before the end of December 2006 with all relevant parties concerned (brands, department of labor, employees, employees federation etc.) to discuss the current shift pattern and alternatives if any required.	10/11/2006, 3/12/2007	Discussion with management, documentation (proposed new shift)	On-going	Nike and Reebok reps met with the factory management in December and discussed about an alternate shift pattern. Factory had discussed the probable shift patterns within the management and a new shift system will be implemented from January 2008. This seems to eliminate most of the discrepancies in current shift system. Further discussions on the shift systems taking place among Nike/Adidas and factory representatives. 10/16/2007: Factory has sent written commitment to apply new shift system with voluntary overtime by 1/01/2008. "We will introduce two shifts of nine hours (eight working hours) with three hours voluntary overtime instead of having 12 hours shift (11 working hours). Shifts will start at 7:00 a.m./p.m. and end at 7:00 p.m./a.m. and thereafter three hours overtime can be done on voluntary basis. We will issue letters to all existing employees about this new continental shift management, commencement of the same, revised working hours and voluntary overtime. We will change the letter of appointment with this effect."	
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary.	There is no system in place to ensure that overtime is voluntary however, letters of appointment issued to workers state that they would be required to work on 12 hour daily shifts. (Each shift requires workers to work 11 hours per day net of breaks).		Finding was incriminating	Interview with management and workers, review of records		PCs are working with Factory to find alternatives to the current shift system, some suggestions have been shared with the factory and awaiting their feedback. PCs met with factory management and agreed to have a meeting with all related stakeholders in the factory (brands, dept of labor, employee council members, etc) before the end of Dec to agree on a common perspective of this matter.			Continental shift is currently discussed within the factory. Factory agreed to hold a forum before the end of December 06 with all relevant parties concerned (brands, dept of labor, employees, employees federation etc.) to discuss the current shift pattern and alternatives if any required.	10/11/2006, 3/12/2007	Discussion with management, documentation (proposed new shift)	On-going	Nike and Reebok reps met with the factory management in December and discussed about an alternate shift pattern. Factory had discussed the probable shift patterns within the management and a new shift system will be implemented from January 2008. This seems to eliminate most of the discrepancies in current shift system. Further discussions on the shift systems taking place among Nike/Adidas and factory representatives. 10/16/2007: Factory has sent written commitment to apply new shift system with voluntary overtime by 1/01/2008. "We will introduce two shifts of nine hours (eight working hours) with three hours voluntary overtime instead of having 12 hours shift (11 working hours). Shifts will start at 7:00 a.m./p.m. and end at 7:00 p.m./a.m. and thereafter three hours overtime can be done on voluntary basis. We will issue letters to all existing employees about this new continental shift management, commencement of the same, revised working hours and voluntary overtime. We will change the letter of appointment with this effect."	

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	EAM Findings			PC Internal audit findings (Optional)	PC Remediation plan	Target Completion Date	Remediation		Company follow up (Cite date of follow up)	Documentation	Status	Updates (May & October 2007)
					Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation cited for corroborating				Notable Features Implemented by Factory Management or Company	Factory Response (Optional)				
<b>10. Overtime Compensation</b>																
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																
OT Compensation	ICJ (Board of Investments) standards on Wages and overtime payment, Factories Ordinance, Act 7 & 12 of 1984.	The factory shall comply with applicable law for premium rates for overtime compensation.	Though factory treats Sunday as a normal working day and compensates for regular work at one time the wage rate and overtime work undertaken on a Sunday at one and a half times the wage rate, by law, Sunday is supposed to be a weekly day of rest and any work undertaken on a Sunday should be compensated at one and half times the wage rate.			Finding was incriminating	Review of records and interview with management		PCs are working with Factory to find alternatives to the current shift system, some suggestions have been shared with the factory and factory agreed to get back with their feedback by 11/02/2006. PCs met with factory management and agreed to have a meeting with all related stakeholders in the factory (brands, dept of labor, employee council members, etc) before the end of December to agree on a common perspective of this matter.	1/31/2008	Continental shift is currently discussed within the factory. Factory agreed to hold a forum before the end of December 06 with all relevant parties concerned (brands, dept of labor, employees, employees federation etc) to discuss the current shift pattern and alternatives if any required.  <b>Update from factory 8/16/07:</b> As we agreed, we started communication process in June with our workforce. We first set up a committee and included all past and current presidents and the secretaries of the JCC(Employee committee) together with our operation managers, Production Managers and HR team. Initially there was objection to the change of shift, but later we convinced them that there will not be any pay cut or any additional hours in the proposed shift structure. The committee in return addressed this to the total work force and now we got their concern to change it. If there is a little concern about the date of this implementation. Both the employees and Management team is comfortable to implement the shift.	10/11/2006, 3/12/2007	Discussion with management, documentation (proposed new shift)	On-going	Nike and Reebok representatives met with the factory management in December and discussed about an alternate shift pattern. Factory had discussed the probable shift patterns within the management and a new shift system will be implemented from January 2008. This seems to eliminate most of the discrepancies in current shift system. Further discussions on the shift systems taking place among Nike/Adidas and factory representatives	
<b>Miscellaneous</b>																
								1) Factory has a Self Service Terminal for employees. An employee has access to his/her personal data, e.g.: Attendance details, Earned Leave details etc. 2) Factory provides free meals and transport. 3) Factory has a blood borne pathogen policy. 4) Factory provides soft rubber soled footwear and uniforms to workers. 5) Few workers have been sponsored for a course on fashion and apparel designing. 6) English is being taught to employees in batches. 7) Most work areas are air-conditioned.								