

FLO CERT – CERTIFICATION OF SOCIAL ECONOMIC DEVELOPMENT GMBH

<u>No.</u>	<u>CONTROL POINT</u>	<u>Ref. art.</u>	<u>C NC n/a</u>	<u>INSPECTOR COMMENTS</u>	<u>Means of verification</u>
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Date of audit: 29-30/04 & 5-6/05 – 2008 (3 days) Name of company: S S Country: Brazil Code and Laws used: Local law and ETI base code Name of inspector: FI & [REDACTED]

<u>Employment is freely chosen</u>					
1.1	Are workers restricted on their ability to terminate his or her employment or freedom of movement by management?	1.1	C	No evidence of NC was found	<ul style="list-style-type: none"> <li>• Employment records</li> <li>• Written social policy</li> <li>• Company does not have documents such as passports or birth certificates in possession of management.</li> <li>• Employees confirm that they are not asked to lodge deposits, either of identity papers or money</li> <li>• Employees consider that they have other market options besides having to accrue debt with the company or company related organizations (stores, housing facilities) or in cases where that is not possible, these goods are subsidized and made available at or below market cost.</li> <li>• Employees handbooks, training manuals, grievance procedures, and/or contracts exist and employees are aware of their purpose and the extent to which they benefit workers, thus demonstrating the voluntary nature of employment</li> <li>• Workers confirm the above, and if security guards are covering their dormitories, workers do not feel forced to remain against their will</li> <li>• Workers do not have a large or long running debt with the company, which they have no other way to pay</li> </ul>
1.2	Does the factory employ prison labour? If yes-is this voluntary?	1.1	C	No prison labour occurs.	
1.3	Are workers compensated for their work directly in legal tender (through the provision of cash or its equivalent)?	1.1	C	No evidence of NC was found	
1.4	Are employees working voluntarily, for both standard and overtime hours?	1.1	C	The company keeps at the pin board a CoC on rights and obligations of the workers and the company makes a statement on that.	
1.5	In-kind compensation is evident and voluntary or permitted by local law.	1.1	C	No evidence of NC was found	
1.6	Are workers engaged to work in a factory by a family member, associate or friend so that the family member, friend or associate receives continuing remuneration, consideration, or other return from the employer?	1.1	C	No evidence of NC was found	
1.7	Are workers forced to live in Management-owned or controlled residences where alternative housing is available?	1.1	N/A	No residences owned or controlled by the management.	
1.8	Is the freedom of movement of workers who live in Management controlled residences unreasonably restricted?	1.1	N/A	No residences owned or controlled by the management.	
1.9	Are employees able to leave manufacturing or residential facilities when they are not working? For residential facilities, is there a curfew?	1.1	C	No evidence of NC was found	

Document: FLO-Cert Social Audit Checklist

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1.10	Are employees permitted freedom of movement during working hours?	1.1	C	The workers are permitted to go to the bathroom when needed, but they should ask the supervisor if they have to leave to other places.	except to keep working.
1.11	Are employees permitted time off with doctor's certificate or for maternity?	1.1	C	The company has employed doctor to attend its workers; any certificate (or an agreement on the certificate given by other professionals) on sick or maternity leave should be given by this doctor.	
1.12	Did workers voluntarily agreed on their employment terms?	1.1	C	No evidence of NC was found	
1.13	Are employees searched when leaving the premises? How frequently? Are they given notice of any searches?	1.1	C	No evidence of NC was found	
1.14	Are employments terms are understood by the workers?	1.1	C	The terms are explained in the moment of hiring.	
1.15	Are hiring and employment records in place?	1.1	NC	Rec.: the company keeps the hiring and employment records in its Personal Dept (HR dept). There is a suspended folder for each employee, in which the documents are kept in a not well organized manner. For example, there is a small document with approx 10 cm x 10 cm signed by the supervisor which serves to document the workers lateness. Such small piece of paper is just put inside the folder and can easily be lost (in one case of checking documents, such doc, which could prove the data presented in the time sheet, was lost). The hiring and employment records of service providers (empresas terceirizadas), from which employees work in the factory premises, were not in place (in [REDACTED]).	
1.16	Were records available for inspection?	1.1	NC	The hiring and employment records of service providers (empresas terceirizadas), from which employees work in the factory premises, were not in place (in [REDACTED]).	
1.17	Are Personal legal identification documents retained by management in original documents for record-keeping purposes?	1.2	C	The HR does not keep the originals, only copies of the personal docs.	
1.18	Is secure storage for employee documents provided by management and is it freely accessible to workers?	1.2	C	The documents are kept in the HR department, within individual folders. No evidence of NC was found	

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1.19	Are any deposits, fees or identity documents being retained for employment, accommodation, tools or PPE?	1.2	C	No deposits, fees or identity documents being retained for employment, accommodation, tools or PPE	
1.20	Deductions for repayment of any recruitment fees are made with the consent of the worker.		C	No recruitment fees.	
1.21	Are loans provided by the employer? If Yes – Is there a written agreement and are repayment terms at an affordable and realistic payment rate? And is the employment linked to the fulfilment of terms of a debt to a third party or to Management?	1.2	C	According to the Union representative, the loans are given by an external bank, and deducted from the monthly wages at low rates.	
<b>2</b>	<b>Freedom of association</b>				
1.22	Is there any union representative in the factory? If yes, detail name and members	2.1	NC	<p>Local union (Sindicato dos Trabalhadores do Calçado e Vestuário de Picada Café e Nova Petrópolis) represents workers living in 10 municipalities and working for about 30 factories in the region.</p> <p>There is a union representative in the factory, part of union's board (elected in 2004) who in fact is not active as a workers representative. Acting more a bureaucratic role, in fact [REDACTED] workers do not have an internal representative who can dialogue with the management and require their rights accomplishments.</p> <p>Could it be because, besides the representative work of the union on the CBA definition, it functions mainly as a medical services provider and bureaucratic work defined by law (i.e, approving or not workers dismissals in order to monitor the fact).</p> <p>When the union board was elected, there were 3 union representatives within [REDACTED], chosen by the president of the union to be part of the group who would be voted in the union board election. 2 left: one is not working at the company anymore and, according to interview with the other ex-representative, she could not participate in the union board, as her contract was changed from the prior Joaneta to [REDACTED], and she had to</p>	<ul style="list-style-type: none"> <li>• Recognition of workers rights in writing by the management</li> <li>• Collective Bargaining agreement or agreement between workers committee and management</li> <li>• Copies of agreements signed by union leaders</li> <li>• Membership lists of unions active in the factory</li> <li>• Records/minutes of union meetings or meetings of workers (if no union exists)</li> <li>• Documentation provided by local unions on meetings held, etc..</li> <li>• Testimony of the union leaders confirming that the employer does not hinder or interfere with their organizing activities</li> <li>• Testimony of workers that management is willing to allow them</li> </ul>

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				quit her place at the board for about 6 months (she could not explain why and after this period, she did not want to back to the board).  Union representative in [REDACTED]: [REDACTED]	the use of the meeting rooms for private workers' meetings upon request <ul style="list-style-type: none"> <li>• Testimony of workers on discrimination, and if possible, of former workers</li> <li>• Workers confirm that there has been no disciplinary action by management against organizing activity</li> <li>• Workers can report when was the last election of committee representatives took place and they can explain how it was organized</li> <li>• Social Policy of company</li> <li>• Percentage of unionized workers</li> <li>• Internal communication records</li> </ul>
1.23	If no, do employees have the right to affiliate or not affiliate with the union?	2.1	C	According to HR, approximately 83% of the employees are affiliated with the union.	
1.24	Do workers have the right and freedom to participate in the activities of workers representative committees?	2.1	N/A	There are no workers representative committees.	
1.25	Are workers' representatives free to meet the workers to hold meetings with them?	2.1	?	The workers representative present in [REDACTED] was chosen by the union board and the company management; actually she is not active, and does not hold meetings with the workers.	
1.26	Does management permit workers representatives to hold meetings with workers during the working time on its agreed time?	2.2	?	The union representative does not have internal meetings with workers. It was mentioned that a GA was held once a year within the union structure, for which are invited all the affiliated workers. Such GA occurs in order to discuss the CBA. And it is not done during working hours.	
1.27	Does management restrict meetings to be held during the working time (at least once a month)(one hour per week) without any deduction from workers wage or payment?	2.2	?	As the meetings do not take place, it is difficult to know if the management would restrict or not such meetings. According to the management, such meetings are not necessary as the workers can have the opportunity to talk directly to the supervisors or managers.	
1.28	Does management interfere in the activities of workers representatives to be organised themselves along with workers?	2.2	NC	Both interviewed representative and ex-representative said that they were chosen by the union president (together with the company's management) to be part of the board and could not explain why they were chosen.	
1.29	Does management provide enough facilities like meeting space, time and other necessary facilities to the representatives of workers to carry out their functions smoothly?	2.2	?	See 1.27 above.	
1.30	Does management pay travel expenses to the workers who need to travel and attend their association or union meeting without	2.2	N/A	Not applicable for the case.	

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	any deduction from their wage or payment?				
1.31	Workers representatives meet regularly to discuss workers' problem and to be organised themselves.		NC	The worker representative is not active with a representation role.	
1.32	Are records on regular meeting schedule (approved by management) in place?		NC	No workers meetings on representation. Then, no records on regular meeting schedule in place.	
1.33	Are minutes of workers' meeting with workers representatives in place?		N/A	As there are not regular meetings in place, no minutes are taken.	
1.34	Does management permits workers organisation to hold meeting during the working hours?	2.2	N/A	No meetings occurred with the current union representative.	
1.35	Is a policy is in place saying that management will not restrict workers to establish their own choice of association or to join with existing workers' organisations to negotiate their working conditions with management?	2.2	NC	There is not a policy in place, in writing and signed by the management, saying that management will not restrict workers to establish their own choice of association or to join with existing workers' organisations to negotiate their working conditions with management	
1.36	This policy is in written form and undersigned by management.	2.2	NC	See above.	
1.37	The content of the policy is explained and understood by the workers.	2.2	N/A	See above.	
1.38	Workers representatives are aware of the procedure to appeal if the management does not follow the policy.	2.1	N/A	See above.	
1.39	Meetings between senior management and workers' organisation are held on a regular basis (at least once every 4 months)	2.1	NC	No meetings between senior management and workers' organisation are held at least once every 4 months.	

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1.40	Are the minutes of the meetings kept, preferably in the local language, and signed by duly authorised representatives of management and workers who physically attended the meetings?	2.1	NC	Only the meetings in which a collective bargaining agreement is defined or signed are kept by the union.	
1.41	Is the scheduled plan for forthcoming meetings in place?	2.1	NC	No scheduled plan for forthcoming meetings in place.	
1.42	In countries where the right of freedom of association and collective bargaining is restricted under law, does the employer develop parallel means for independent and free association and bargaining?	2.4	n/a	Such right is not restricted in Brazil.	
1.43					
	<b><u>Working conditions are safe and hygienic</u></b>			<b><u>All the H&amp;S issues are under the responsibilities of a service provider, consulting company called ConSeg.</u></b>	
1.44	Does every enclosed workplace has effective and suitable ventilation which provides a sufficient quantity of fresh or purified air in the workplace?	3.1	NC	Generally, the workplace is provided with windows and doors that must be open in order to have effective ventilation. Nevertheless, according to interview with workers, in the summer, the workplace is too hot and the ventilation does not get all the room (especially in the middle of the production lines).	<ul style="list-style-type: none"> <li>• Visit to chemicals warehouse</li> <li>• Statements from management</li> <li>• Testimony of workers and Health and Safety representative</li> <li>• Training records and instruction guidelines</li> <li>• Accident reports with written documentation and analysis of trends in injury/illness experience and in hazards found</li> <li>• Annual safety and health program evaluations</li> <li>• Safety switches are within easy</li> </ul>
1.45	If the windows or other openings do not provide sufficient ventilation then, has the management introduced mechanical ventilation?	3.1	NC	As stated above, in the summer, the workplace is too hot (central production lines) and is not provided with mechanical ventilation.	
1.46	Does every workplace have suitable and sufficient lighting and that it is, as far as is reasonably practicable, by natural lighting?	3.1	C	No evidence of NC was found	

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1.47	Does every workplace have suitable and sufficient heating?	3.1	c	Heating is not necessary.	<ul style="list-style-type: none"> <li>reach of workers in case of machinery malfunction</li> <li>Emergency exits are clearly marked, aisles are unblocked and exit doors are unlocked</li> <li>Adequate first aid kits and trained First aid personnel are available on site</li> <li>Medically competent personnel can be reached in case of emergency</li> <li>Fire drills take place regularly</li> <li>Evidence exists of functional fire extinguishers/sprinklers systems and fire escapes adequate for the size of the facility; fire extinguishers are charged, visible and accessible for workers.</li> <li>Management maintains rotation schedules that regulate the amount of time workers are exposed to extremely hot or cold rooms or exposed to toxins</li> <li>Workers doing heavy lifting are wearing back stress-reduction safety belts and steel capped shoes</li> <li>Workers standing all day are standing on padded floors, not just concrete</li> <li>Protective equipment is freely available and in consistent use</li> <li>Test to ensure the water is potable</li> <li>Worker appearance: Do workers have injuries, rashes, or other signs of exposures to harmful substances or inappropriate use of machinery,</li> </ul>
1.48	Is there a plan available indicating all fire exits and escape routes?	3.1	NC	The available plan indicating all fire exits and escape routes does not show all the floors (there are 3 an it shows 2 floors).	
1.49	Are all indoor workplaces provided with a fire exit? Are there at least two exits at each floor?	3.1	NC	In the 3rd floor (mezanino), product storage, there is only one fire exit by the ladder (should have at least 2 at each floor).	
1.50	Is firefighting equipment available at all workplaces?	3.1	NC	In the 3 <sup>rd</sup> floor, it was found only one fire extinguisher and it is not sufficient (product storage). Moreover, the factory does not have a hydrant and according to the local law on H&S (NR 23), it would be necessary to have one for those factories with more than 50 employees.	
	Are escape routes clear of obstructions at all times?	3.1	NC	Many escape routes (both emergency exits and aislers) were obstructed with boxes, machines etc. Some exits were so high that one can fall down.	
1.51	Is firefighting equipment available at all workplaces?	3.1	NC	In the 3 <sup>rd</sup> floor, it was found only one fire extinguisher and it is not sufficient (product storage). One fire extinguisher was found blocked. Moreover, the factory does not have a hydrant and according to the local law on H&S (NR 23), it would be necessary to have one for those factories with more than 50 employees.	
1.52	Are emergency procedures known by workers?	3.2	C	According to H&S responsible, the workers were trained in emergency procedures; confirmed by interview with workers.	
1.53	Emergency signs are in local language and pictorial.	3.1	NC	Some emergency exits are not indicated with arrows. Not all exit doors are signalled appropriately. Some arrows and aisle marks in the ground were missed. Lack of exit signs in the storage floor (3 <sup>rd</sup> ).	
1.54	Are aisles at least one meter wide?	3.1	C	No evidence of NC was found	
1.55	Are pathways free from obstruction and tripping hazards?	3.1	NC	Many escape routes (both emergency exits and aislers) were obstructed with boxes, machines etc.	
1.56	Do stairs have adequate and secure handrails?	3.1	C	No evidence of NC was found	

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1.57	Does the factory have adequate and emergency lighting for evacuation in case of power failure?	3.1	NC	By the time of the audit, emergency lighting for evacuation in case of power failure was not implemented yet. According to the H&S responsible, the factory was about to replace those lights, having removed the old ones.	lack of protective clothing? • Records of medical tests of workers
1.58	Are fire alarms or other means available on all floors to warn staff of evacuation?	3.1	C	No evidence of NC was found	
1.59	Is the fire protection equipment regularly inspected? (fire extinguishers, hydrants, hose reels, sprinklers, smoke/heat detectors, emergency light and fire alarms)	3.1	C	No evidence of NC was found	
1.60	Is there training on fire and emergency provided to all workers once a year?	3.2	NC	Training on fire and emergency was provided some days before the audit. Such training does not have an attendance list though. The document provided is not enough to show the compliance with this aspect. According to documents the last fire drill took place in 2004.	
1.61	Are the respective training records available?	3.2	NC	See above.	
1.62	Does management provide personal protective equipment to all workers who handle hazardous chemicals?	3.1 Chemicals	NC	According to the risk analysis presented, the workers who handle with hazardous chemicals (glue, solvent) do not need to use the PPE because of the low exposition risk. Nevertheless, according to the Data Sheets, those handling with the solvent based glue have to use masks.	
1.63	Are Material Safety Data sheets available for all hazardous chemicals?	3.1 Chemicals	NC	Although the Material Safety Data sheets were provided to the auditors, such documents were not with the storage department (or with those responsible for the hazardous chemical handling).	
1.64	Are hazardous chemicals properly labelled in accordance with their chemical properties?	3.1 Chemicals	NC	In the production line, the glue to be used by the workers is in small glass containers with no labels. The workers can use water base or solvent base glues. Most of the used glues were solvent base (including in the Veja leather shoes). All the workers knew what type of glue they were using.	
1.65	Are employees provided with full information and instruction prior to using hazardous materials?	3.1	NC	Employees are not provided with full information and instruction prior to using hazardous materials	

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		Chemicals			
1.66	Are hazardous materials and wastes properly used, handled, stored, transported and disposed of?	3.1 Chemicals	NC	Some big solvent containers were found standing in various points of the workplace, including near drink water sources, and machines.	
1.67	Is a spill-kit or absorbent available in the chemical handling/storage area? (eye washes for laundry / hand-spraying, etc)	3.1 Chemicals	NC	No eye washes in the workplace (near production lines) where workers apply the glue on the shoes.	
1.68	Is the work area where volatile chemicals are used, properly ventilated? (e.g. painting, stain removing, screen printing, glueing, etc)	3.1 Chemicals	NC	There is not properly ventilation (both natural and mechanical) in the production lines where the glue is used. It is difficult especially in the summer, as all the workplace is hot.	
1.69	Is the air quality monitored in this area?	3.1 Chemicals	NC	By the time of the audits, such tests are not done, and by the end of the audit, they are doing this measure.	
1.70	Is the storage of hazardous chemicals locked and accessible only to the qualified workers?	3.1 Chemicals	C	No evidence of NC was found	
1.71	Is equipment/machinery clean and well maintained when used?	3.1 Equipment/ machinery	NC	There is a maintenance responsible for all the machinery of the factory. According to interview, he does a check up in all machines every 3 months. There are not a maintenance plan or reports on the subject though.	
1.72	Are all moving parts likely to cause injury, suitably guarded/protected?	3.1 Equipment/ machinery	NC	In the cylinder machine, the moving part is not yet suitably guarded/protected.	
1.73	Where fitted, are all emergency stop buttons effective and clearly labelled?	Equipment/ machinery	C	No evidence of NC was found The buttons are inspected by the maintenance responsible.	
1.74	If portable heating appliances are used are they positioned safely?	3.1 Equipment/ machinery	N/A		
1.75	Are the hoists, air receivers, boilers and forklift regularly inspected and properly maintained?	Equipment/ machinery	NC	Only the oven "auto-clave" is inspected by externals. All the other machinery, elevators and services are inspected and maintained by the responsible person, and no inspection or maintenance records are in place.	

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1.76	Are service lines (steam, compressed air, hot water) regularly inspected and properly maintained?	3.1 Equipment/machinery	NC	Only the oven "auto-clave" is inspected by externals. All the other machinery, elevators and services are inspected and maintained by the responsible person, and no inspection or maintenance records are in place.	
1.77	If relevant, are forklift trucks inspected daily and operated by authorised personnel?	Equipment/machinery	N/A	No forklifts in place.	
1.78	Are floor or roof openings covered/guard to prevent accidents?	3.1 Equipment/machinery	NC	In the 3 <sup>rd</sup> floor (storage floor) there are 2 unprotected and not signalized holes used to put the finished products boxes down with a ladder. Such holes are big enough for one fall down.	
1.79	Has all portable electrical equipment been tested and checked by a qualified person within the last twelve months?	3.1 Electrical safety	C	All the electricity is inspected and maintained by the responsible person, and no inspection or maintenance records are in place.	
1.80	Is electrical supply and equipment maintained by qualified electricians?	3.1 Electrical safety	C	Yes, maintained.	
1.81	Is main electricity supply free from obstructions and properly maintained?	3.1 Electrical safety	C	No evidence of NC was found	
1.82	Is there any hazard warning sign for main electricity?	3.1 Electrical safety	C	No evidence of NC was found	
1.83	Are there any lived wires exposed?	3.1 Electrical safety	C	No evidence of NC was found	
1.84	Are plugs, switches and socket outlets well away from water sources? (at least 1.5 meters)	3.1 Electrical safety	C	No evidence of NC was found	
1.85	Where relevant, is mechanical handling equipment available?	3.1 Manual handling	C	No evidence of NC was found	
1.86	Are employees required to lift, carry, push or pull any load?	3.1 Manual handling	NC	It is Ford model production line, with repetitive activities which may cause occupational sicknesses.	

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FLO CERT – CERTIFICATION OF SOCIAL ECONOMIC DEVELOPMENT GMBH

No.	<u>CONTROL POINT</u>	Ref. art.	C NC n/a	<u>INSPECTOR COMMENTS</u>	<u>Means of verification</u>
Date of audit: 29-30/04 & 5-6/05 – 2008 (3 days) Name of company: S S Country: Brazil Code and Laws used: Local law and ETI base code Name of inspector: FI & [REDACTED]					
1.87	If so, is job rotation in place?	3.1 Manual handling	NC	No job rotation in place as a preventive measure, only in the case of need.	
1.88	Is the personal protective equipment free of charge?	3.1	C	No evidence of NC was found	
1.89	Does management enforce and control the use of the personal protective equipment and ensures that it is at all times maintained in perfect condition?	3.1	NC	Some workers were found not using the appropriate PPE.	
1.90	Are relevant workers properly trained on the use of the equipment?	3.2	C	According to the training registers, the workers are provided with training and regular monitoring of use (the service provider regularly inspects the plant regarding H&S issues).	
1.91	Is there a training program addressing all training needs with respect to Health & Safety (H&S) available?	3.2	C	Yes, according to the training registers.	
1.92	Do all workers receive an induction training and an annual refresher training on Health and safety?	3.2	C	No evidence of NC was found	
1.93	Are the annual trainings held during working hours?	3.2	C	No evidence of NC was found	
1.94	Are all training activities on Health and safety recorded?	3.2	NC	Training on fire and emergency was provided some days before the audit. Such training does not have an attendance list though. The document provided is not enough to show the compliance with this aspect. According to documents the last fire drill took place in 2004. Not all workers participated in the fire drill (cleaning worker did not).	
1.95	Are toilets clean and free from foul odour, and equipped flushing and washing water?	3.3	C	No evidence of NC was found	
1.96	How many toilets are provided? (minimum one toilet per 12 people)	3.3	C	No evidence of NC was found	

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Date of audit: 29-30/04 & 5-6/05 – 2008 (3 days) Name of company: S S Country: Brazil Code and Laws used: Local law and ETI base code Name of inspector: FI & [REDACTED]					
1.97	Are sanitary arrangements adequate? (at least one male and one female toilet for every two floors)	3.3	C	No evidence of NC was found	
1.98	Does toilet provide adequate privacy? (separate for male and female, with door and lock)	3.3	NC	The bathroom has a big glass window through which anyone who is in the line production can see what is happening inside the bathroom, not providing adequate privacy. Individual toilets have doors.	
1.99	Are food preparation areas approved by local government, if required?	3.3	N/A	External restaurant is used in the food provision.	
1.100	Are sanitary facilities for food storage provided?	3.3	N/A	Not applicable for the case.	
1.101	Are cooks trained in food preparation and hygiene?	3.3	N/A	Not applicable for the case.	
1.102	Has the company assigned the responsibility for health and safety to a senior management representative?	3.5	C	The official H&S responsible within the company is Mrs. Maria Helena, HR responsible.	
1.103	Does the factory provide any residential accommodation for its employees?	3.4	n/a	No residential accommodation	
1.104	Are residential accommodation blocks separate from factory premises?	3.4	N/a	No residential accommodation	
1.105	How many employees per room (recommended 12; two exits if more than 12)	3.4	n/a	No residential accommodation	
1.106	How much living space per worker?	3.4	n/a	No residential accommodation	
1.107	Are sleeping arrangements adequate and provide reasonable privacy?	3.4	n/a	No residential accommodation	
1.108	Do employees have their own bed?	3.4	n/a	No residential accommodation	
1.109	Are employees provided storage for personal belongings?	3.4	n/a	No residential accommodation	

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1.110	Are residential areas safe in the areas of security, fire protection equipment inspection and electrical safety?	3.4	n/a	No residential accommodation	
1.111	Is an evacuation plan posted and fire drill conducted at least every 6 months?	3.4	NC	The last evacuation training took place some days before the audit. According to documents showed by the H&S responsables, the last fire drill took place in 2004.	
1.112	Are there any charges for accommodation?	3.4	n/a	No residential accommodation	
1.113	Are there childcare facilities provided?	3.4	n/a	Although childcare facilities are not provided, every mother with children below the age of 5, receives an amount (auxilio creche) per month: R\$ 53,50 /child, in accordance to the CBA.	
1.114	Are they clean and safe – particularly with regard to fire safety and first aid?	3.4	n/a	No childcare facilities.	
1.115	Is the facility supervised to avoid exposure to the workplace?	3.4	n/a	No childcare facilities.	
1.116	Has the company assigned the responsibility for health and safety to a senior management representative?	3.5	C	The official H&S responsible within the company is Mrs. Maria Helena, HR responsible.	
1.117	Is this responsible for health and safety aware of his function?	3.5	C	Yes, the responsible for health and safety is aware of her function	
1.118	Is he/she involved in the health and safety activities that take place at the factory?	3.5		All the H&S activities are planned and carried out by an external service provider, consulting company called ConSeg, and the official H&S responsible within the company is Mrs. [REDACTED], HR responsible.	
	<b>Child labour shall not be used</b>				
1.119	How does the factory verify the ages of new employees?	4.1	C	The person who wants to work for [REDACTED] has to present the his / her C.V or fill in a specific form, and if chosen to be interviewed and afterwards hired, he/she has to show the personal documents (ID card, birth certificate, photo). The company keeps a copy of each document.	<ul style="list-style-type: none"> <li>• Employment records</li> <li>• Enrolment lists and participation lists (attendance) from local schools</li> <li>• Spraying records</li> <li>• Plans for work allocation</li> <li>• Birth certificate/local record/</li> </ul>
1.120	Are age records i.e identity cards, employees photos, etc, maintained for all employees in	4.1	NC	SEE 4.1 ABOVE. In the case of workers of subcontractors	

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	this facility?			working in this facility, the company does not access to the age records of such employees.	passport of workers
1.121	Is minimum working age reflected in recruitment policy?	4.1	NC	There is not a recruitment policy with minimum working age reflected, but procedures on the recruitment, under which no person under 16 can be hired. Document check showed one case of hiring a person who was 14 years old in 2000 as apprentice. The today law permits that young persons above 14 years old work as apprentices.	<ul style="list-style-type: none"> <li>• Comparisons of height by national norm, verified by the National Ministry of health or local UN offices</li> </ul>
1.122	What is the minimum age of employees in this factory?(includes subcontractors and school trainees)	4.1	C	Document check showed that the minimum age of employees found in this factory is 16.	<ul style="list-style-type: none"> <li>• Record of payment of stipend, tuition, books, and/or uniforms by company</li> </ul>
1.123	What measures are undertaken if children still work in the factory? Is there a remediation policy?	4.2	N/A	Not applicable for the case.	<ul style="list-style-type: none"> <li>• Workers' testimony</li> </ul>
1.124	What is the percentage of young workers? (employees between the ages of 15 and 18)	4.3	C	40 / 251 workers = 16% (by the time of the audits)	<ul style="list-style-type: none"> <li>• Time schedules and pay records for young workers</li> </ul>
1.125	Which jobs do young workers carry out?	4.3	C	According to document, there are 2 young workers in the Sampling, 29 in the Assembling, 4 in the Cutting, 1 in the Finishing (total = 36 workers, different than the stated above as it is a data from March 2008). All functions in accordance to an external technical H&S statement (version March 2008) – accepted by the federal government – made for the company, which specifies what kind of work can be performed by young persons in this company and the company follows these specifications.	
1.126	What are the working hours for young workers?	4.3	NC	The young workers perform the same hours from the other workers (9,75 hours from MON to THU and 5 h in FRI), including those who study. None of them are considered apprentices. According to the local law (decreto art 18, par 1), the apprentice should not exceed 6 hours daily, and it can be 8 hours if it is considered within these working hours those hours for theoretical learning).	

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1.127	Are young workers allowed to work overtime?	4.3	C	The young workers are allowed to work overtime, but most of them do not work overtime, as they study at night.	
1.128	What is the break pattern for young workers?	4.3	C	Besides the lunch break of 1 hour of duration, there are no other breaks for any of the workers. It is in accordance to the local law, as the art 71, CLT, there should be at least 1 hour of lunch/break time if the working time exceeds 6 continued hours. If it is less than 6, from 4 working hours, should be given a break of 15 minutes).	
1.129	Are educational facilities provided? Detail	4.3	C	Although educational facilities are not provided, the company provides every beginning of the year a back pack with school materials (notebooks, pencils, etc) to all those workers who also study, according to what is stipulated in the CBA. The company provides scholarships (20%) for those who want to go to the computer school. It is said that the majority of the workers have already finished the secondary level – which means more than 10 years of study.	
1.130	What supervision is provided for young workers?	4.3	NC	The young workers are not provided with supervision.	
1.131	Is the nature of the jobs of the young workers hazardous for their health?	4.3	C	See 4.7 Although the apprentices work in depts. like cutting or finishing, they do not get direct contact with hazards, as it is strictly defined what kind of work they can perform in these departments.	
<b>Wages and benefits</b>					
1.132	When are the employees paid – weekly, monthly, hourly, piece rate- ?	5.1	C	The workers can be paid twice a month (the 1 <sup>st</sup> instalment – advance up to 40% of the wage - between the day 15 and 25) if s/he wants. Generally, the workers are paid twice a month, 1 <sup>st</sup> instalment at 40% and 2 <sup>nd</sup> instalment at 60%.	<ul style="list-style-type: none"> <li>• Wage slips</li> <li>• Accounts and other wage related documentation</li> </ul>
1.133	How are employees paid, cash, cheque, direct to bank?	5.1	C	Some cheques and some direct to the bank. In the payrolls this information is specified for each case.	
1.134	Are employees provided with written information of their pay, detailing: hours worked, pay rate, gross pay, overtime pay,	5.2	NC	Employees are provided with written information of their pay. The HR dpt. holds an agreement statement signed by the worker in which s/he declares what kind of deductions can be made from	

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	lawful and agreed itemised deductions and net pay?			<p>their salaries.</p> <p>Nevertheless, some of the checked cases of working hours in holidays / Sundays, were not referred to as overtime both in time sheets and in the payrolls. In some payrolls, the overtime amount is part of "repouso remunerado" (remunerated rest) amount. It is possible that not all the workers understand the information given in the payrolls. They were paid correctly though (plus 100%).</p> <p>Employees are provided with written information on:</p> <ul style="list-style-type: none"> <li>- Gross salary</li> <li>- Trade Union monthly fee</li> <li>- Restaurant tickets</li> <li>- Transport (only symbolic)</li> <li>- Loan deductions</li> <li>- Trade Union contribution (once per year one day of salary)</li> <li>- Social security (according to law: until 868 R\$, the worker has to pay 7,65%, until 1140 R\$ per month, it's 8,65%, etc., there is a category list – see attached).</li> </ul> <p>Tax only starts from 1313,69 R\$ per months</p>	<p>government or other agencies</p> <ul style="list-style-type: none"> <li>• Contracts</li> <li>• Worker testimony</li> <li>• Wage adequacy confirmed by worker interviews/local government data/local experts</li> <li>• See wage analysis in social audit report</li> <li>• Hiring procedures of the company</li> <li>• Payment procedures of the company</li> <li>• Copy of Collective bargaining agreement where salaries are negotiated</li> </ul>
1.135	Does Management keep records of payment which are available during inspection?	5.1	C	All asked records of payments were available.	
1.136	Is there any evidence of financial penalties for disciplinary purposes i.e. lateness, absenteeism?	5.3	NC	<p>Suspension is given for disciplinary purposes, incurring in not receiving the day for which he was suspended (at least one person had 2 suspension days since the end of 2007).</p> <p>As the company has a private transport service for its employees, the lateness caused by such transport is not discounted. On the other hand, the lateness caused by the employee is discounted over the same amount of time missed. According to the labour law, art 58, par 1, CLT, it should not be discounted or added as extra working hours those minutes within 5 minutes of tolerance, with a max. limit of 10 minutes daily and it was said to be</p>	

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				accomplish.	
1.137	Do workers receive any additional benefits i.e. food vouchers, subsidised or free transport, etc.? detail	5.1	C	For instance, according to the law, the company can discount up to 6% of the wage ref. to the transport. It was said that, although there is a written statement signed by the workers agreeing upon the discount of 6%, actually the discount does not reach this % (it is a fixed discount of RS 5,20).	
1.138	Is there a bonus scheme? How does this work? Is it documented?	5.1	C	No bonus scheme. In the case of participating in the CIPA (Health & Safety workers committee), the meetings carried out are considered working hours.	
1.139	Are employees entitled to the following benefits in accordance with legislation? - paid holiday entitlement - paid maternity leave - pay sick leave	5.1	C	Holidays: the law defines that it should be provided 30 holiday days per year. In the case of [REDACTED], for some professionals the company gives 15 days, 20 days, union has to authorize, based on the kind of activities performed. And afterwards the company gives the remaining days.  Maternity leave: 120 days.  Sick leave: the company has a medical room, and a doctor for the company's workers. All the workers who are sick have to present a medical statement, given by the company's doctor or accepted by him.	
1.140	How can the company demonstrate compliance with minimum wage requirements?	5.1	NC	Contracts and payrolls are in place. Contracts define the wage per hour in accordance to the minimum wage requirements. In the case of workers of subcontractors working in this facility, the company does not access to the contracts and payrolls records of such employees.	
1.141	Are deductions in salaries in line with national laws or with Collective bargaining agreement? (if applicable).	5.1	C	The company follows the CBA established between the workers union and the companies union, regulating all the working conditions of the sector, including a Banking hours scheme. Besides it, the company makes written and signed agreements with the local union on certain issues, such as working hours / compensation for specific holidays. For instance, if one work in Fridays, it is always regarded as compensation an if one works in other days, it is regarded as extra hours (and paid accordingly).	

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1.142	Is payment withheld as punishment or to intimidate workers to remain in the company?	5.1	C	No evidence of NC was found	
1.143	If remuneration for workers is based on production, quotas or piecework, is it proportional to the minimum wage or relevant industry average?	5.1	C	The workers hold a contract of remuneration per hour of work. According to the Brazilian law, there are 220 hours per month for calculation purposes. For instance, the wage in contract is defined RS 1,94 / hour. The basic wage would be: RS 426,80 per month (1,94 x 220). Actually, the payrolls demonstrate and interviews confirm that the amount paid vary depending on the working days of a certain month. One day per week should be paid as rest day (1 day is calculated 220/30 days = 7,33 hours). There are some workers from subcontractors working at the cutting sector, and their remuneration is base on piecework.	
1.144	Can the individual production target be reached in normal working hours?	5.1	C	No production target defined for the workers. In the case of subcontractors, there is not an individual production target.	
1.145	Is the pay rate made public by management?	5.2	NC	Pay rate is not made public by management. It varies from worker to worker (independently if they have the same function or not. Also, there is not a performance evaluation format)	
1.146	Are the pay rates and the method of calculation known and understand by workers?	5.2	C	It was said that the calculation is explained, and confirmed by interview.	
1.147	Are piece rate work systems regularly evaluated?	5.1	n/A	No piece rate work systems.	
1.148	How can the factory demonstrate compliance with minimum wage requirements for wages paid to apprentices/trainees?	5.1	N/A	No apprentices in the company.	
1.149	If trainees are paid below the minimum wage, how is this monitored and reviewed?	5.1	N/A	No trainees in the company.	
1.150	Is overtime rate paid differently from the general employees?	5.1	NC	The document check showed that the overtime rate is paid in accordance with the law (50% working days and 100% in holiday or Sundays). Nevertheless, according to interview, the workers of subcontractors are not paid an overtime rate more than the regular working hours rate (wages calculated according to the piece rate). In this case (of workers of subcontractors working in this facility), the company does not access to the contracts and payrolls records of such employees.	

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1.151	<p><b>Wages analysis</b></p> <p>Sample size checked (number of wages checked): 750 wages. 250 x 3 months (May 2007, Dec 2007, March 2008)</p> <p>Legal minimum wage for standard time:                      Minimum wage from January to April 2007: R\$350 / month / 220 hours. Minimum wage per hour: RS 1,59/hour.                      Minimum wage from April 2007 to April 2008: R\$ 380 / month / 220 hours. Minimum wage per hour: RS 1,73/hour.                      Minimum wage after April 2008: R\$415 / month / 220 hours. Minimum wage per hour: RS 1,886/hour.</p> <p>Actual lowest minimum wage found for standards time on TOTAL payroll: RS 1,90 / hour for regular worker</p> <table border="1" data-bbox="183 624 1335 703"> <tr> <td>1. Contracted minimum wage for standard time</td> <td>RS 1,90 / hour</td> </tr> <tr> <td>2. Actual minimum wage paid for standard time-averaged over sample</td> <td>RS 1,90 / hour</td> </tr> <tr> <td>3. Lowest minimum wage paid in sample (standard time)</td> <td>RS 1,90 / hour</td> </tr> </table> <p>Legal overtime premium for week days: Monday-Saturdays 50%                      Legal overtime premium for rest days: Sundays: 100%                      Legal overtime premium for holidays: 100%</p> <table border="1" data-bbox="183 826 1335 983"> <tr> <td>1. Contracted O/T premium for week days</td> <td>Plus 50%</td> </tr> <tr> <td>Rest days</td> <td>Plus 100%</td> </tr> <tr> <td>Holidays</td> <td>Plus 100%</td> </tr> <tr> <td>2. Actual O/T premium paid in sample for week days</td> <td>Plus 50%</td> </tr> <tr> <td>Rest days (SUNDAYS)</td> <td>Plus 100%</td> </tr> <tr> <td>Holidays</td> <td>Plus 100%</td> </tr> </table> <p><b>Total wages (including overtime pay analysis)</b>                      Sample size (number of wages checked): 750 wages. 250 x 3 months (May 2007, Dec 2007, March 2008)</p> <table border="1" data-bbox="183 1082 1335 1214"> <thead> <tr> <th></th> <th>Actual pay (local currency)</th> </tr> </thead> <tbody> <tr> <td>1. Highest wage paid to an operator</td> <td>RS 3,50 / hour for regular worker</td> </tr> <tr> <td>2. Lowest wage paid to an operator</td> <td>RS 1,90 / hour for regular worker</td> </tr> <tr> <td>3. Average wage paid to an operator</td> <td>R\$ 2,73 / hour for regular worker</td> </tr> </tbody> </table>					1. Contracted minimum wage for standard time	RS 1,90 / hour	2. Actual minimum wage paid for standard time-averaged over sample	RS 1,90 / hour	3. Lowest minimum wage paid in sample (standard time)	RS 1,90 / hour	1. Contracted O/T premium for week days	Plus 50%	Rest days	Plus 100%	Holidays	Plus 100%	2. Actual O/T premium paid in sample for week days	Plus 50%	Rest days (SUNDAYS)	Plus 100%	Holidays	Plus 100%		Actual pay (local currency)	1. Highest wage paid to an operator	RS 3,50 / hour for regular worker	2. Lowest wage paid to an operator	RS 1,90 / hour for regular worker	3. Average wage paid to an operator	R\$ 2,73 / hour for regular worker
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Date of audit: 29-30/04 & 5-6/05 – 2008 (3 days) Name of company: S S Country: Brazil Code and Laws used: Local law and ETI base code Name of inspector: FI & [REDACTED]

<u>Working hours</u>																																
1.152	What are the normal work hours of the employees? Detail shifts per department (check with information provided in Factory profile, section 3. Production process).	6.1		<table border="1"> <thead> <tr> <th data-bbox="869 491 943 564">Section</th> <th data-bbox="943 491 1016 564">Shifts</th> <th data-bbox="1016 491 1099 564">Mo</th> <th data-bbox="1099 491 1182 564">T</th> <th data-bbox="1182 491 1265 564">W</th> <th data-bbox="1265 491 1348 564">Th</th> <th data-bbox="1348 491 1431 564">Fr</th> <th data-bbox="1431 491 1516 564">S a</th> <th data-bbox="1516 491 1599 564">S o</th> </tr> </thead> <tbody> <tr> <td data-bbox="869 564 943 871">All production site</td> <td data-bbox="943 564 1016 871">No shifts</td> <td data-bbox="1016 564 1099 871">7,00-11,30 &amp; 12,30 - 17,45</td> <td data-bbox="1099 564 1182 871">7,00-11,30 &amp; 12,30 - 17,45</td> <td data-bbox="1182 564 1265 871">7,00-11,30 &amp; 12,30-17,45</td> <td data-bbox="1265 564 1348 871">7,00-11,30 &amp; 12,30-17,45</td> <td data-bbox="1348 564 1431 871">7,00-12,00</td> <td data-bbox="1431 564 1516 871">n</td> <td data-bbox="1516 564 1599 871">n</td> </tr> <tr> <td data-bbox="869 871 943 944"></td> <td data-bbox="943 871 1016 944">2 night</td> <td data-bbox="1016 871 1099 944">Mo</td> <td data-bbox="1099 871 1182 944">T</td> <td data-bbox="1182 871 1265 944">W</td> <td data-bbox="1265 871 1348 944">Th</td> <td data-bbox="1348 871 1431 944">Fr</td> <td data-bbox="1431 871 1516 944">S a</td> <td data-bbox="1516 871 1599 944">S o</td> </tr> </tbody> </table>	Section	Shifts	Mo	T	W	Th	Fr	S a	S o	All production site	No shifts	7,00-11,30 & 12,30 - 17,45	7,00-11,30 & 12,30 - 17,45	7,00-11,30 & 12,30-17,45	7,00-11,30 & 12,30-17,45	7,00-12,00	n	n		2 night	Mo	T	W	Th	Fr	S a	S o	<ul style="list-style-type: none"> <li>Overtime wage records</li> <li>Clock records</li> <li>Accounts and other wage related documentation</li> <li>Quantity produced compared to number of workers – calculation of total production divided by number of workers to assess the extent to which overtime or take-home work may be utilised</li> <li>National laws</li> <li>Workers testimony</li> <li>Levels of fatigue related</li> </ul>
Section	Shifts	Mo	T	W	Th	Fr	S a	S o																								
All production site	No shifts	7,00-11,30 & 12,30 - 17,45	7,00-11,30 & 12,30 - 17,45	7,00-11,30 & 12,30-17,45	7,00-11,30 & 12,30-17,45	7,00-12,00	n	n																								
	2 night	Mo	T	W	Th	Fr	S a	S o																								

Document: FLO-Cert Social Audit Checklist

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FLO CERT – CERTIFICATION OF SOCIAL ECONOMIC DEVELOPMENT GMBH

No.	CONTROL POINT	Ref. art.	C NC n/a	INSPECTOR COMMENTS	Means of verification
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Date of audit: 29-30/04 & 5-6/05 – 2008 (3 days) Name of company: S S Country: Brazil Code and Laws used: Local law and ETI base code Name of inspector: FI & [REDACTED]

				t wor kers		1. 17,30 - 22,00 & 23,00 -3,15 2. 22,00 -2,00 & 3,00- 6,00	1. 17,3 0- 22,0 & 23,0 0- 3,15 2. 22,0 22,0 & 0- 2,00 & 3,00- 6,00	1. 17,30- 22,00 & 23,00- 3,15 2. 22,00- 2,00 & 3,00- 6,00	1. 17,30- 22,00 & 23,00- 3,15 2. 22,00- 2,00 & 3,00- 6,00	1. 17, 30- 22, 00 00 2. 22, 00 - 2,0 0	S: a: S: o: S: a: S: o:	S: o: S: o: S: o: S: o:	accidents not excessive for the type of industry/activity
						Mo	T	W	Th	Fr	S: a: S: o:	S: o: S: o:	
						Mo	T	W	Th	Fr	S: a: S: o:	S: o: S: o:	
						Mo	T	W	Th	Fr	S: a: S: o:	S: o: S: o:	

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1.153	How are working hours recorded?	6.1	NC	Not all workers use the installed electronic card system control and it is not possible to know how many hours they actually worked.	
1.154	Is it well documented and communicated?	6.1	NC	See non compliance above.	
1.155	Is there a written policy on working hours and overtime is in place?	6.1	C	There is a kind of Code of Conduct placed in the pin board (Rights and Obligations of Workers, see attached), in which there is a description on the working hours. Overtime is not described in such doc though.	
1.156	Does the written contract regulate the lunch and work breaks or rest hours and specifies overtime - limits and premium rate compensation?	6.1	NC	The written contract does not specify overtime with limits and premium rate compensation.	
1.157	Are workers required to work more than 48 hours a week on a regular basis?	6.2	C	The regular working hour is 44 hours per week.	
1.158	What breaks are provided to employees? detail	6.2	NC	Besides the lunch break of 1 hour of duration, there are no other breaks for any of the workers (from Mon to Thu). On Fridays, the working time is between 7 AM to 12 PM (5 working hours), with no breaks. It is not in accordance to the local law, as the art 71, CLT, there should be at least 1 hour of lunch/break time if the working time exceeds 6 continued hours. If it is less than 6, from 4 working hours, should be given a break of 15 minutes.	
1.159	Do employees have off at least one day in seven or two in fourteen?	6.2	C	No evidence of NC was found	
1.160	Are workers compelled to work overtime?	6.2	C	The workers can choose if they work overtime or not. Confirmed by interviews.	
1.161	Is the content of the written policy known and understood by the workers?	6.1	C	Each time there is overtime, the workers have to sign an agreement on that.	
1.162	Are job timings are displayed in public?	6.1	C	It is displayed in the pinboard.	

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1.163	Policies and procedures are in line with applicable local legislation national and industry specific rules.	6.1	NC	Besides the lunch break of 1 hour of duration, there are no other breaks for any of the workers (from Mon to Thu). On Fridays, the working time is between 7 AM to 12 PM (5 working hours), with no breaks. It is not in accordance to the local law, as the art 71, CLT, there should be at least 1 hour of lunch/break time if the working time exceeds 6 continued hours. If it is less than 6, from 4 working hours, should be given a break of 15 minutes.	
1.164	Do workers receive at least 24 consecutive hours of rest every 7 days unless exceptional circumstances apply?	6.2	C	No evidence of NC was found	
1.165	Are workers obliged to work more than 18 continuous working days without rests even under exceptional circumstances?	6.2	C	No evidence of NC was found	
1.166	Are there exceptional circumstances which demand workers to work more than 7 days without rest defined by management and known by workers?	6.2	C	No exceptional circumstances.	
1.167	Are free days lost during exceptional circumstances granted to workers within 3 months?	6.2	C	No evidence of NC was found	
1.168	Are workers required to work more than 12 hours per week overtime, unless exceptional circumstances apply?	6.2 Overtime	NC	Document check showed that overtime is exceeding the limit of 12 hours not exceptionally. For instance, in December 2007, there are at least 138 working weeks with more than 60 hours (working time of 48 hours including the limit of 12 hours overtime) – those weeks both can be understood as the summed number of weeks performed by one worker as well as the working weeks performed by several workers. The usual overtime per day is of 3 hours (law requires 2 hours of overtime per day).	
1.169	In under exceptional circumstances, are workers obliged to work more than 12 hours of overtime per week for a period longer than 3 weeks.	6.2 Overtime	C	No evidence of NC was found	
1.170	Are these exceptional circumstances defined by management and known by workers?	6.2 Overtime	C	No evidence of NC was found	

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1.171	Are overtime hours paid at a premium rate or compensated as equivalent time awarded at a later date?	6.2 Overtime	NC	The document check showed that the overtime rate is paid in accordance with the law (50% working days and 100% in holiday or Sundays). Nevertheless, according to interview, the workers of subcontractors are not paid an overtime rate more than the regular working hours rate (wages calculated according to the piece rate). In this case (of workers of subcontractors working in this facility), the company does not access to the contracts and payrolls records of such employees.	
1.172	In case of time-bound contracts, is overtime paid on the basis of time worked, not on the basis of performance?	6.2 Overtime	C	No evidence of NC was found	
1.173	Is overtime payment combined with or substituted by bonus payment?	6.2 Overtime	C	Overtime payment is not combined with or substituted by bonus payment.	
1.174	Is overtime systematic in any section? If yes, please state in which sections	6.2 Overtime	NC	According to interview with worker in the cutting section, they have to generally work on Fridays afternoons, after the regular working time, and this time is considered compensation (it goes to the banking hours). Doc check of March 2008 found that at least 2-3 weeks had FRI with more than 9 working hours. In Dec 2007, 3 weeks had FRIDAYS with more than 9 working hours.	
1.175	Is overtime performed only after authorisation by the management and does management maintain proper record system on this regard?	6.2 Overtime	C	No evidence of NC was found.	
1.176	Does management provide 2 weeks, at least, of paid leave per year to its workforce?	6.2	C	No evidence of NC was found According to the law, the holiday's period should be 30 days.	
1.177	Are Policies and procedures in line with applicable local legislation national, industry specific rules and CBAs?	6.1	NC	Check non compliances above.	

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1.178	Legal standard work week (hours): <table border="1" data-bbox="183 352 1335 432"> <tr> <td>1. Contracted standard work week this factory (hrs)</td> <td>44 hrs</td> </tr> <tr> <td>2. Actual standard work week averaged over sample</td> <td>44 hrs</td> </tr> <tr> <td>3. Range of standard work week hrs over all operators (quote highest and lowest)</td> <td>44 hrs</td> </tr> </table> Legal permitted overtime hours: <table border="1" data-bbox="183 504 1335 560"> <tr> <td>1. Contracted overtime hours this factory (hrs)</td> <td>12</td> </tr> <tr> <td>2. Actual overtime hours (overaged over sample)</td> <td>23 (Dec 2007)</td> </tr> </table> <p><b>Full year analysis</b></p> <table border="1" data-bbox="183 632 1335 687"> <tr> <td>1. Longest work week found in the year (total including overtime)hrs</td> <td>84 hrs</td> </tr> <tr> <td>2. Number of weeks of the year these hours worked</td> <td>1</td> </tr> </table> Peak season month (s) March (when the country starts to work), April, May	1. Contracted standard work week this factory (hrs)	44 hrs	2. Actual standard work week averaged over sample	44 hrs	3. Range of standard work week hrs over all operators (quote highest and lowest)	44 hrs	1. Contracted overtime hours this factory (hrs)	12	2. Actual overtime hours (overaged over sample)	23 (Dec 2007)	1. Longest work week found in the year (total including overtime)hrs	84 hrs	2. Number of weeks of the year these hours worked	1				
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1. Longest work week found in the year (total including overtime)hrs	84 hrs																		
2. Number of weeks of the year these hours worked	1																		
1.179	Is maternity leave 8 weeks on full pay excluding the annual leave?	6.1	C	Maternity leave is given in accordance to the local law, 120 days.															
1.180	Are breastfeeding breaks during work time granted and common practice?	6.1	C	No evidence of NC was found															
<b>No discrimination is practised</b>																			
1.181	Does the factory have a policy on discrimination? Is it written in local language? Does this operate within the country laws?	7.1	C	There is a kind of Code of Conduct placed in the pin board (Rights and Obligations of Workers, see attached), in which there is a statement regarding the discrimination.	<ul style="list-style-type: none"> <li>• Employment records</li> <li>• Payrolls</li> <li>• Training records</li> <li>• Minutes/reports of specific activities to disadvantaged groups within the organization</li> <li>• Procedures in place to prevent discrimination/harassment,</li> </ul>														
1.182	Is the policy explained and understood by Workers?	7.1	C	No evidence of NC was found															
1.183	Do recruitment advertisements contain discrimination statements such as specifying age or gender?	7.1	C	No evidence of NC was found															
1.184	Do employees have equal access to jobs training, promotion and transfer?	7.1	NC	Although the CoC defines that the workers will be selected, employed and promoted based on their qualifications and															

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				capabilities, employees complained that there is not a regular performance evaluation and the criteria of promotion is not transparent and known.	coercion and for the hearing of such cases if they arise <ul style="list-style-type: none"> <li>• Testimony of workers</li> <li>• Job announcements</li> <li>• Record of rejected applicants for positions</li> </ul>
1.185	Are workers asked to undergo a medical examination prior to starting work? Or this discriminatory? i.e. pregnancy, HIV testing	7.1	C	Workers are asked to undergo a medical examination prior to starting work, but it is not discriminatory.	
1.186	Is there any evidence of intimidation or discrimination relating to race, creed, nationality, color, disability, gender, sexual orientation, religion or age?	7.1	C	No evidence of NC was found	
<b>Regular employment is provided</b>					
1.187	Do all employees have labour contracts/terms and conditions/letter of employment? (These documents should include working hours, job title, initial rate of pay, notice period and entitled annual leave at minimum)	8.2	NC	<p>Almost all the workers start working at the company with experience contracts, according to the local law, it can be set up 2 contracts summing up to 90 days (the duration of the contract varies from case to case, depending on the need from the production and the interview with the future worker). After that experience contracts, the worker can or cannot continue working in the company. In the case of continued work, no other contract is defined or signed, as the local law establishes that from the moment that the experience period expires, if the company continues with the worker, then it automatically turn into a undetermined period contract.</p> <p>34 workers in [REDACTED] still hold the contract of the prior company, [REDACTED].</p> <p>Before [REDACTED], under the same ownership structure, there was a company called [REDACTED] (around 1998). In order to fulfil the production requirements of a specific customer (Nike), they created the new structure [REDACTED], in late 2000, but kept [REDACTED] as well. At that time, both companies were installed in the same premise (the one where [REDACTED] is now placed). Afterwards, the owners decided to specify and separate functions:</p>	

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				[REDACTED] would be responsible for the shoes production and [REDACTED] would be responsible for the rubber (solado) production. In this transition, it was told that some [REDACTED] workers wanted to keep working with the shoes production instead of the rubber. So, they kept working within [REDACTED] production, although their contracts are with [REDACTED]. Some of them were already transferred to [REDACTED], but at time of audits, as [REDACTED] does not have the money to compensate the firing of all the workers, there are still 34 workers working at [REDACTED] with contracts of [REDACTED]. It was told that the workers from [REDACTED] and from [REDACTED] do have the same rights and obligations within the production process.	
1.188	Do both employer and employee sign the employment document and each retain a copy?	8.2	NC	Some interviewed workers declared that they not retained the contract copy.	
1.189	Are the employment documents consistent with local legal requirements?	8.2	C	No evidence of NC was found	
1.190	What is the % labour turnover rate at this factory? What is the average length of service of factory workers?	8.3	C	% Turnover – around 5% according to the management. Length of service: 5 years.	
1.191	Is there any temporary, seasonal labour? What %?	8.3	C	No seasonal or temporary workers.	
1.192	How are employees recruited (advertisement, recommendation, agency, etc)?	8.3	C	Advertisement in the local newspaper, posters fixed in the front of the factory and other places with great circulation of people. The company do not use agencies for hiring.	
1.193	If an agency is used for hiring, what measures are in place to protect potential employees? Is there any written agreement between factory and agent?	8.3	N/A	The company do not use agencies for hiring.	
1.194	If an agency is used for hiring, how does the factory control issues of child labour, minimum wages and benefits, and working hours for agency workers?	8.3	N/A	The company do not use agencies for hiring.	

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1.195	If an agency is used for hiring, does the factory inspect the records of the hiring agents?	8.3	N/A	The company do not use agencies for hiring.	
1.196	Does the factory use subcontractors? Does the factory use homeworkers? If yes, please specify function.	8.3	C	In the case of Veja shoes production, one subcontractor is used for sewing (atelier de costura), which will be visited by the auditors – SLK. Other subcontractors used and found by the time of the audits: cutting.	
1.197	What kind of contracts do the subcontractors/homeworkers have?	8.3	NC	The company did not provide the contract with subcontractors.	
1.198	What controls does the factory have over the subcontractors and homeworkers?	8.3	NC	The subcontractors like the cutters work in [REDACTED] premises. Other subcontractors like SLK (specialized in sewing) work at their own premises. The company alleged that the control is given by the contract. No other mean to control it.	
1.199	Does the factory have any apprenticeship scheme? Please detail what it consists of	8.3	NC	No apprenticeship scheme. The apprenticeship law (Decreto 5598) defines that every company have to hire as apprentices at least 5% of its workforce. [REDACTED] does not have any apprentice as part of the workforce, although it has 40 young workers (many of them also study, having exhaustive working days – from 7 AM to 5,45 PM and school from 7 PM to 11 PM). 7 persons are in the technical school.	
1.200	Is the goal of this scheme to impart skills to the apprenticeship workers?	8.3	N/A	No apprenticeship scheme.	
1.201	Is a written overview of the company's workforce available, indicating the need for non-permanent workers over the year?	8.3	N/A	No apprenticeship scheme.	
1.202	Are time-limited contracts or any subcontracting only issued to non-permanent workers during peak periods, in special cases and under special circumstances?	8.3	C	No evidence of NC was found	
1.203	Are the special cases and special circumstances well defined by the management and known by the workers?	8.3	C	No evidence of NC was found	

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1.204	Do workers who would under "normal" circumstances be employed under a permanent contract receive similar benefits as the permanent workers?	8.3	C	No evidence of NC was found	
<b>No harsh or inhuman treatment is allowed</b>					
1.205	Is there a grievance procedure in place? How is it communicated to employees?	9.1	NC	No grievance procedure in place.	<ul style="list-style-type: none"> <li>Documents support existence of appeal procedures</li> <li>A procedure log is maintained of any violation of the discipline policy and it is up-to-date on cases requiring discipline and corresponding actions</li> <li>Workers, union, and local NGOs know the disciplinary procedures and feel able to register appeals without any negative repercussions</li> <li>Workers are familiar with the company discipline policy, their rights vis a vis management and the procedures for filing complaints accordingly</li> <li>Results of medical examinations and/or interview of local medical specialists</li> </ul>
1.206	Is the grievance procedure written in local language and understood by the employees?	9.1	N/A	No grievance procedure in place.	
1.207	Are Workers representatives involved in all grievance procedures?	9.1	N/A	No grievance procedure in place.	
1.208	Are complaints/grievances recorded and followed up?	9.1	NC	Complaints/grievances are not recorded and followed up	
1.209	Is there a system in place which enables workers to complain about workers problems to the management without mentioning their identity? i.e. suggestion box – if so, who keeps key of the box?	9.1	NC	According to CoC, one can manifest his/her thought, but it is forbidden the anonymous input (it is declared that a suggestion box is available in the entrance of the company for all the employees). CHECK:	
1.210	Who is responsible for responding to any suggestions or complaints?	9.1	C	The HR responsible.	
1.211	Is there a written disciplinary procedure in place?	9.1	NC	No written disciplinary procedure in place.	
1.212	Is it written in local language and understood by employees?	9.1	N/A	No written disciplinary procedure in place.	
1.213	Is the disciplinary procedure and relevant rules (e.g. factory rules, canteen rules, and dormitory rules...) communicated to all employees effectively?	9.1	C	The internal rules are communicated in the moment of hiring and the information is also available in the pin board.	
1.214	Are offences and Incidences recorded?	9.1	C	HR responsible showed the auditors some examples of records.	

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FLO CERT – CERTIFICATION OF SOCIAL ECONOMIC DEVELOPMENT GMBH

No.	<u>CONTROL POINT</u>	Ref. art.	C NC n/a	<u>INSPECTOR COMMENTS</u>	<u>Means of verification</u>
Date of audit: 29-30/04 & 5-6/05 – 2008 (3 days) Name of company: S S Country: Brazil Code and Laws used: Local law and ETI base code Name of inspector: FI & [REDACTED]					
1.215	Does the employee agree with the disciplinary action? Can the employee appeal?	9.1	C	The employee has to sign the disciplinary action against him / her.	
1.216	Does the factory financially penalise employees who break the rules?	9.1	NC	Suspension is given for disciplinary purposes, incurring in not receiving the remuneration for the day for which he was suspended (at least one person had 2 suspension days since the end of 2007).	
1.217	Is there a sexual harassment policy in place?	9.1	NC	No sexual harassment policy in place.	
1.218	Are there procedures in place which enable female workers to complain through a person of confidence about sexual harassment (work problems) to the management without being exposed to additional discrimination. (mentioning their identity.) ?	9.1	NC	No procedures in place which enable female workers to complain through a person of confidence about sexual harassment (work problems) to the management without being exposed to additional discrimination (mentioning their identity.)	

Document: FLO-Cert Social Audit Checklist

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Author: [REDACTED]

Approved by: DTC

Version: 0.2 Date: 27 April 07

Confidentiality: Internal

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