

Chapter 3 – Social Compliance

Overview

Introduction

This section describes and explains the social compliance policies of Kahn Lucas, Inc.

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Social Compliance Process

Introduction

Kahn Lucas, Inc. engages our vendors in a formal compliance process to ensure their work environment and business practices are fully compliant with local regulations, and internationally recognized Human Rights Standards. To accomplish this objective, we have engaged in an exclusive relationship with the independent testing and compliance company, Bureau Veritas.

Purpose

Conduct compliance audits with vendors to ensure they are achieving and maintaining the Standards which we established in our Vendor Manual.

Action Steps

	Steps
1	Kahn Lucas contacts the vendor and informs them of our desire to conduct a Social Compliance Audit and our selection of Bureau Veritas as our representative to conduct these audits.
2	Bureau Veritas is provided with vendor details.
3	Bureau Veritas contacts vendor to arrange an audit.
4	Audit is scheduled on a date that is agreeable to the vendor.
5	Audit is conducted and Vendor is presented with the results.
6	If any issues arise from the audit, Vendor is requested to present a corrective action plan within two weeks of the issued audit date with a specific time frame to implement corrective action steps. Depending on the nature of the infractions, a period of 2-3 months is allowed to implement the corrective action plan.
7	Contact is established to schedule a follow up audit.
8	Second Audit is conducted and the factory grade is established
9	If Vendor achieves a superior rating, a follow up audit is scheduled within 18 months. If the vendor rating is marginal, a follow up audit is scheduled within 3-6 months.
10	Kahn Lucas pays for the initial vendor audit. If the vendor fails this audit, they assume responsibility for payment of the subsequent audit scheduled.

Requirements

A vendor is expected to achieve an acceptable rating within the third audit conducted at their facility. If this is not achieved, Kahn Lucas will initiate action to disengage from our business relationship. Prior to this decision, we will make every effort to remain engaged and committed to helping our vendors achieve an acceptable rating.

Global Human Rights Requirements

Introduction

Kahn Lucas, Inc. is committed to legal compliance and ethical practices throughout its worldwide business. We intend to deal exclusively with suppliers that share this same commitment.

In this Section

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Instructions

Introduction

The “Overview of Kahn Lucas, Inc. Standards of Engagement” was created to assist you in the understanding of our code of conduct. Please be mindful this document was intended to provide a summary of major compliance issues, and that it may not include all issues.

Purpose

We are committed to ensuring all workers producing our product are making them under decent and safe working conditions.

Requirements

All contractors’ factories including subcontracting facilities must comply with the following requirements for maintaining our Standards of Engagement:

No.	Requirements
1	Suppliers must comply with all applicable laws in the countries where business is being conducted as well as adhere to Kahn Lucas, Inc. Standards of Engagement.
2	Suppliers must comply with all applicable United States laws relating to the import of products, including country of origin labeling, product labeling and fabric and product testing. Note: If local or industry practices exceed local legal requirements, the higher standard applies.
3	Communication is essential for compliance with our standards. Our Standards of Engagement are to be placed in prominent areas of the workplace in the workers’ native language.
4	Cooperation in our factory-monitoring program is essential to do business with Kahn Lucas, Inc.

The Social Compliance Questionnaire for Contractors and Suppliers may be accessed by clicking [here](#).

Standards of Engagement

Introduction

Kahn Lucas, Inc. and its subsidiaries are committed to producing high quality products at a good value to our consumer.

The company follows the letter and spirit of all applicable laws, and maintains a high standard of business ethics and regard for human rights. Moreover, we require sound business ethics from our sponsors.

Displaying the Standards of Engagement

This document must be displayed prominently near the entrance, time clock, or bulletin board locations in the native language.

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Standards of Engagement, Continued

Standards of Engagement

Kahn Lucas, Inc. and its subsidiaries are committed to producing high quality products at a good value to our consumer. The Company follows the letter and spirit of all applicable laws, and maintains a high standard of business ethics and regard for human rights. Moreover, we require sound business ethics from our suppliers. Suppliers must observe all applicable laws of their country, including laws relating to employment, discrimination, the environment, safety, and the apparel and related fields. Suppliers must comply with all applicable United States laws relating to the import of products, including country of origin labeling, product labeling and fabric and product testing. If local or industry practices exceed local legal requirements, the higher standard applies.

Forced Labor: There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor: No person shall be employed at an age younger than 15 or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Harassment or Abuse: Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination: No Person shall 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.

Health and Safety: Employers shall 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 as a result of the operation of employer facilities.

Freedom of Association and Collective Bargaining: Employers shall recognize and respect the right of employees with regard to freedom of association and collective bargaining.

Wages and Benefits: Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

Hours of Work: Except in extraordinary business circumstances, employees shall not be required to work more than the lesser of 60 hours per week or the limits on regular and overtime hours allowed by the law of the country of manufacture. Except in extraordinary circumstances, employees shall be entitled to at least one day off every seven day period.

Overtime Compensation: In addition to their compensation for regular hours of work, employees shall 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 do not exist, at a rate at least equal to their regular hourly compensation rate.

Notice: If you believe that these Standards of Engagement are not being upheld or if you have any questions regarding these Standards of Engagement, Please contact the Kahn Lucas country manager. Your identity will be kept in confidence.

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Standards of Engagement, Continued

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1. Forced Labor

Standard There shall not be any use of forced labor, whether in the form of prison labor indentured labor, bonded labor, or other.

Purpose Forced labor violates one of the most basic and universally accepted human rights principles.

Description Forced labor is less common in vendor's own facilities than further down the supply chain. The forms of forced labor are described as follows:

Labor	Description
Prison Labor	Suppliers must comply with all applicable laws in the countries where business is being conducted as well as adhere to Kahn Lucas, Inc. Standards of Engagement.
Indentured Labor	Suppliers must comply with all applicable United States laws relating to the import of products, including country of origin labeling, product labeling and fabric and product testing. Note: If local or industry practices exceed local legal requirements, the higher standard applies.
Bonded Labor	Communication is essential for compliance with our standards. Our Standards of Engagement are to be placed in prominent areas of the workplace in the workers' native language.

2. Child Labor

Standard

No person shall be employed at an age younger than 15, or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Purpose

Child labor is an issue of global proportions – one that touches all industries and concerns many consumers in developed nations.

Description

Although laws and traditions in some exporting countries permit people to work at a younger age than is traditional in North America and Europe, Kahn Lucas's Standards on child labor requires employees to be 15 years or older, unless local law establishes a higher minimum working age.

This standard also applies to apprenticeship programs.

This standard is based on the International Labor Organization (ILO) Convention on child labor, the most widely applied international standard governing child labor.

3. Harassment or Abuse

Standard

Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Purpose

Kahn Lucas, Inc. recognizes that management styles and practices vary around the world. The reasons for this are many, which include:

1. Every person has a right to be free from cruel and oppressive treatment
 2. There is evidence that workers who are treated with basic dignity are most productive and loyal to their employer.
-

Description

The standards prohibit desperate treatment based on gender.

4. Non-Discrimination

Standard

No person shall 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.

Purpose

All the terms and conditions of employment in a factory producing goods for Kahn Lucas, Inc. are subject to this provision, including:

1. The hiring process
 2. Job assignment
 3. Training
 4. Discipline
 5. Term of employment, which includes making decisions to hire or promote based on pregnancy test results.
-

Description

Kahn Lucas's Standards require that business partners make employment decisions based solely on an individual's ability to perform her or his duties

5. Health and Safety

Standard

Employers shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, occurring in the course of work, or because of the operation of employer facilities.

Purpose

No workers producing Kahn Lucas products should be subjected to working conditions that place their health and well being in jeopardy. While apparel is not as hazardous as some industrial occupations, it does present the risk of fire, exposure to hazardous materials, and the inhalation of particles that cause chronic disease.

Description

The health and safety standard is designed to remove or minimize these risks with reasonable safeguards.

The standard applies to all manufacturing facilities, as well as any residential facilities such as worker dormitories.

The starting point for this standard is compliance with local health and safety laws.

6. Additional Safety Standards

Introduction This section details important safety standards by category.

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Fire Safety Standards

Introduction This section describes important fire safety standards.

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Fire Safety Equipment Standards

Standards

This section describes important standards on fire safety equipment:

No.	Standard
1	Fire safety equipment such as extinguishers, alarms, emergency lighting and sprinklers should also be in good working condition and sufficient in number and scope to be effective in the case of fire.
2	The factory should have comprehensive fire safety procedures that are designed to provide employees with the necessary knowledge to respond appropriately in the event of a fire.
3	Fire safety equipment should be routinely tested to ensure that it is in proper working order.
4	Equipment should also be of an appropriate size to enable use by female employees.

Fire Exit Standards

Standards

This section describes important standards on fire exits:

No.	Standard
1	Emergency exits should be sufficient in number and size to ensure that all employees can exit the facility in a timely manner.
2	Emergency exits should be clear of any obstructions and unlocked using doors that open out, directly to the outside.
3	Emergency exits should be located on opposite ends of each floor.
4	Emergency exits should be clearly marked using signs with lettering that is visible from approximately 100 feet away.
5	Non-emergency exit doors should be clearly marked to indicate that they are not to be used in an emergency.

Emergency Procedure Standards

Introduction This section describes important emergency procedure standards.

In this Section The topics described in this section are located as indicated below:

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Emergency Evacuation Standards

Standards

This section describes important standards on emergency evacuation procedures:

No.	Standard
1	Emergency evacuation procedures should be established and communicated to ensure that employees know how and when they should exit the facility.
2	Emergency evacuation procedures should be practiced through fire drills conducted at least twice per year.
3	Evacuation procedures should also be posted throughout the facility and clearly marked on the floor of the facility.
4	There should be at least two emergency routes for facilities to prevent risk if one of the emergency routes is blocked or dangerous.
5	Stairs used in the event of an emergency should have handrails, no-slip surfaces and should be built to carry a load of approximately 1000 pounds.

Medical Service Standards

Standards

This section describes important standards on medical services:

No.	Standard
1	The facility should comply with all local legal requirements to establish or provide medical attention for its employees, either on-site, or within a reasonable distance from the facility.
2	Any on-site medical facilities should be staffed by qualified health care providers, and be maintained in a sanitary manner.
3	The facility must also have a system for ensuring that workers can obtain any emergency medical care in case of workplace accident that cannot be addressed through on-site medical care.
4	Workers should be aware of procedures to follow in case of workplace accident that requires medical attention.
5	The facility should never prevent workers from seeking needed medical care.

Equipment Safety Standards

Introduction This section describes important equipment safety standards.

In this Section The topics described in this section are located as indicated below:

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First Aid Equipment Standards

Standards

This section describes important standards on first aid equipment:

No.	Standard
1	The factory should have adequate first aid equipment to respond easily to common workplace accidents.
2	First aid kits should be adequate for the size of the facility and the number of workers.
3	First aid kits should also be easily accessible to each work area and sufficiently stocked and replenished as needed.
4	The factory should also have clearly defined procedures for dealing with all workplace injuries, especially those serious in nature, and workers should have full access to first aid equipment.
5	The first aid kit(s) should be checked and replenished regularly.

Machinery Protection Standards

Standards

This section describes important standards on machinery protection:

No.	Standard
1	Machinery should have all protective equipment (e.g., needle guards; two-hand operation; guards on belts, pulleys, chains, etc.) in place and operative consistent with manufacturer's specifications.
2	Moving parts of machinery should have appropriate guards to prevent accidental contact with workers.
3	Machinery should be properly maintained and cleaned.
4	Power shut-off or lock out should be present for maintenance, cleaning, and security.
5	Emergency stop buttons should be colored red.
6	Machinery should not be left running while unattended.

Electrical Wiring Standards

Standards

This section describes important standards on electrical wiring:

No.	Standard
1	Electrical cords in the factory and dormitories should be in good condition, without splices or taped repairs, and properly encased to prevent shorting or fire.
2	Electrical equipment should be grounded to prevent injury and/or fire.
3	Electrical cords should never be found in damp areas or in standing water.
4	Electrical wires should not obstruct aisles unless they are securely taped to the floor in a manner that does not create an additional hazard.

Personal Protective Equipment Standards

Standards

This section describes important standards on personal protective equipment:

No.	Standard
1	All personal protective equipment should be provided to every worker requiring such items.
2	Safety equipment such as goggles or face shields must be provided and worn by employees where there is any risk of eye injury do to flying particles or needles.
3	Protective gloves, aprons, shields and respiratory protections must be provided to employees at risk from corrosive liquids, chemicals, or other potentially harmful materials or inhalants.
4	Employees subject to noise measured at more than 80 decibels must use earplugs.

Material Safety Standards

Introduction This section describes important material safety standards.

In this Section The topics described in this section are located as indicated below:

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Hazardous or Combustible Material Standards

Standards

This section describes important standards on hazardous or combustible materials:

No.	Standard
1	Hazardous or combustible materials should be clearly marked and stored in containers and in areas that lessen the chance of leaks, spills, or fires.
2	Hazardous or combustible materials should also be segregated from the general work areas.
3	Chemicals must be handled in a way that prevents injury, spillage, or leakage.

Product Storage Standards

Standards

This section describes important standards on product storage:

No.	Standard
1	Product should never be stored in a manner that blocks aisles or impedes movement by workers.
2	Product should never be stored in a manner that blocks access to fire extinguishers or emergency exits.
3	Product and materials should not be stored near electrical or other equipment where a fire could result.
4	Product should be stored so that access does not create risk of injury.
5	Product should not be in locations where it could fall and injure workers.
6	Products should not be stored in areas without adequate lighting.

Human Protection Standards

Introduction This section describes important human protection standards.

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Safe Passage Standards

Standards

This section describes important standards on safe passage:

No.	Standard
1	Factory aisles and passageways should be kept free of debris, refuse, and materials.
2	The factory should regularly clear all passageways to ensure that blockages do not occur.
3	Aisles and walkways should be accurately and clearly marked to ensure safe passage. This is especially important in passageways used for emergency evacuation.
4	Guardrails should be present wherever an aisle or walkway surface is elevated at least 30 inches above any adjacent areas.

Noise Standards

Standards

This section describes important standards on noise:

No.	Standard
1	If noise makes normal voice communication difficult, health risks are present.
2	No worker should be continuously exposed to noise levels exceeding 85 decibels, without effective measures to reduce this exposure to safe levels.
3	Worker exposed to high noise levels should be educated about resulting health risks.

Lighting Standards

Standards

This section describes important standards on lighting:

No.	Standard
1	Workspaces should be adequately lit to ensure workers are able to perform safely and without risk to their eyesight.
2	Emergency lighting should be available through an alternative power source in case of interruption in electricity from the normal source.

Ventilation and Temperature Standards

Standards

This section describes important standards on ventilation and temperature:

No.	Standard
1	Factory, dining and residential facilities should be adequately ventilated to provide a reasonable temperature and the removal of airborne hazards such as fumes and particles.
2	Particular attention should be given to ventilation of work areas including: spaces where toxic or hazardous chemicals are mixed, stored, or used; spaces where heat generating equipment (laundries, pressing, welding) is used; toilet facilities; and locations where workers engage in particularly strenuous physical activity.
3	Reasonable temperatures vary substantially based on climate and practice. Adequate temperature can range from 60-95F or 16-35C.

Facility Standards

Introduction This section describes important facility standards.

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Dining Facility Standards

Standards

This section describes important standards on dining facilities:

No.	Standard
1	Food should be stored in a sanitary manner.
2	Food preparation facilities must be cleaned and disinfected after each meal.
3	Dining facilities must be protected from the elements and have adequate space for factory workers.
4	Dining facilities should be structured in a way that respects the religious observances of workers.

Toilet Facility Standards

Standards

This section describes important standards on toilet facilities:

No.	Standard
1	Contractors should provide adequate toilet facilities for all workers.
2	Restrictions on access to toilets, if any, should be minimal.
3	Toilet facilities should provide adequate privacy, and must be segregated by gender.
4	Toilets should be adequately ventilated to avoid offensive odors.
5	Toilet facilities should be cleaned on a regular basis and should have running water, toilet paper, and a means of drying hands.

Residential Facility Standards

Standards

This section describes important standards on residential facilities:

No.	Standard
1	Dormitories provided by the factory should be maintained with the same health and safety standards that apply to manufacturing facility.
2	Workers should not be overcrowded in their residence rooms. Space per worker should, at a minimum, comply with local legal requirements.
3	Workers should be provided with a private space in which to store personal items.
4	Dormitories should provide separate facilities for male and female workers.
5	Workers should be free to enter and leave the facility at their discretion.
6	Residence rooms should be adequately ventilated to avoid health hazards and temperature extremes.
7	All fire safety practices applicable to manufacturing facilities (working extinguishers, fire alarms in working order; clear evacuation procedures; fire drills) also apply to residential facilities.
8	Dormitory facilities should be cleaned on a regular basis.
9	Dormitory security (guards, locks, power, shutoff) must not be implemented in a manner that compromises residents' health or safety, particularly with respect to their ability to evacuate the facility in case of emergency.
10	Toilet facilities should be maintained in residential buildings in a safe and healthy manner, with adequate privacy.
11	Dining facilities associated with dormitories must be maintained in a sanitary manner.
12	Food preparation must be conducted in a safe manner.
13	Potable and hot water should be available to dormitory residents.

Training and Education Standards

Standards

This section describes important standards on training and education:

No.	Standard
1	New employees should undergo a training and/or orientation program, in a form they understand, covering general health and safety issues within the work site and dormitory.
2	Worker should be trained on how to operate machinery in a safe and effective manner.
3	Workers should be familiarized with health and safety precautions including machinery safety devices as well as potential and likely emergencies.
4	General emergency and first aid training should be provided to employees.
5	Factory management should periodically offer existing workers health, safety, and other workplace training.
6	Worker should be provided training enabling them to contribute to general housekeeping.

Record Keeping

Records

The factory should maintain the following records to support and document health and safety efforts:

No.	Standard
1	Accident Log.
2	H & S Training and Information Materials.
3	First Aid Kit Log.
4	Emergency Evacuation Procedures.
5	Chemical/Hazardous Materials Information.
6	Material Safety Data Sheets (MSDS).
7	Government Inspection Reports.
8	Machine Maintenance Records.
9	Personal Protective Equipment Log.

7. Freedom of Association & Collective Bargaining

Standard

Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Purpose

Kahn Lucas's Standards governing the right of association is designed to ensure that individual workers maintain the right to choose whether to form labor unions or other workers' organizations.

Description

The standards provision sees to ensure that business that business partners act within the boundaries of the law when workers exercise their right to associate, and that no worker is punished (e.g., disciplined, fined, or terminated) because they exercise their right to association.

8. Wages and Benefits

Standard

Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

Purpose

Kahn Lucas's Standards are designed to ensure that, at a minimum, workers in business partner's facilities are paid the legally mandated compensation including benefits. To ensure that appropriate wages are being paid, the first step is to determine the local legal requirements both the applicable wage rate, and the type and amount of benefits to which workers are entitled. As for benefits, it is also necessary to "inventory" the benefits (vacation and maternity leave, annual bonus payments, etc.) workers must be paid under law.

Description

The following table provides detailed wage and benefit standards:

Subject	Standard
Wage Rate	At least the minimum wage.
	Workers must be paid at least legally required compensation in every pay period. If workers are paid every two weeks, compliance should be measured for each such period.
	If KL determines that the prevailing industry wage is higher than the local minimum wage, the prevailing industry wage will be applied.
Training Wage	A sub-minimum training wage is permissible only if it is consistent with local law.
Entitled Benefits	The guidelines require that workers receive at least the benefits mandated by law.
	All nations' laws mandate provision of benefits to all workers. Consult local laws to determine which benefits must be provided in a given country and/or origin.
	Benefits often include vacation and sick leave, maternity leave, annual bonuses, social security, and medical care.

Continued on next page...

8. Wages and Benefits, Continued

Description

The following table provides detailed wage and benefit standards (continued):

Subject	Standard
Deductions and Advances	<p>It is not permissible for deductions to be made because of low production or quality defects if doing so results in a violation to the Standards on wages. For example, a worker operating in a piece-rate system cannot be paid less than the minimum wage if he or she does not meet production targets.</p> <p>Similarly, factory policies or practices may result in fines being levied against workers. Any such fines should be reasonable, and in no circumstances should fines be levied in an amount which brings the worker's pay under the minimum wage.</p>
Pay Practices	<p>Ensure compliance with legal requirements, such as:</p> <ol style="list-style-type: none"> 1. Paying workers on time. 2. Providing payment in cash or check. 3. Providing accurate pay information to workers.

9. Hours of Work

Standard

Except in extraordinary business circumstances, employees shall not be required to work more than the lesser of 60 hours per week or the limits on regular and overtime hours allowed by the law of the country of manufacture. Except in extraordinary circumstances, employees shall be entitled to at least one day of rest in every seven-day period.

Purpose

This reflects the company's desire to balance reasonable production needs against the human needs of those working in business partners' factories.

Description

Kahn Lucas's Standards establish a ceiling of 60 hours on required work hours. This means that a factory contracting with KL should not have a regularly scheduled workweek of more than 60 hours.

The following table provides detailed day of rest standards:

Subject	Standard
Day of Rest	At least one 24-hour rest period should be provided each week.
	Factories can occasionally work a seven-day schedule, but cannot do so on a regular basis, and should permit workers to decline this work.
	Factories needing to schedule mandatory seven-day workweeks are encouraged to offer compensatory days off as soon as possible.

10. Overtime Compensation

Standard

In addition to their compensation for regular hours of work, employees shall 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 do not exist, at a rate at least equal to their regular hourly compensation rate.

Purpose

Most nations have a legal requirement that work beyond the “normal” workday be compensated at a premium rate.

Description

When provided by law, Kahn Lucas’s Standards guarantees that workers in business partners’ facilities be paid a premium for overtime work. In most case, this guideline is an extension of the requirement that workers be paid wages to which they are legally entitled.

K A H N L U C A S , I N C .

S O C I A L C O M P L I A N C E
S T A N D A R D S & Q U E S T I O N A I R E
F O R C O N T R A C T O R S A N D
S U P P L I E R S

2 0 0 7

INSTRUCTIONS FOR THE SOCIAL COMPLIANCE QUESTIONNAIRE

Please note that the Social Compliance Questionnaire should be used in conjunction with the Factory Compliance Profile. The Factory Compliance Profile should be provided to factory management in advance of the audit to complete and reviewed by the designated auditors before conducting the factory visual inspection, records review, or workers' interviews. Please see Section 3 of this questionnaire for additional instructions regarding use of this form.

Please familiarize yourself with this document, the Kahn Lucas Social Compliance Standards & Questionnaire for Contractors and Suppliers, before conducting each audit. It is important to read each question thoroughly and complete each question. It is recommended that auditors reacquaint themselves with the Kahn Lucas Guidance Document and BSR Labor Law website before beginning this next round of audits.

At the end of the audit, a copy of Section 7, "Summary of Non-Compliance, Corrective Actions and Best Practices", should be reviewed and signed by both the auditor and factory management and later, by the Country General Manager, with the agreed upon completion date for corrective actions. Generally, corrective actions should be completed within thirty days of the audit date. If there are issues that require further review in your office, this should be stated as an open item in the corrective action plan and followed up formally by a letter to factory management.

If any urgent matter has been identified, please contact either Kevin Wong in the Hong Kong office, or David Baron in the New York office immediately. Any questions related to this document or the guidance document should also be addressed to Kevin or David.

Photographs should be included for ALL CORRECTIVE ACTIONS WHICH CAN BE DOCUMENTED BY PICTURES.

In addition, please include photographs of the following areas:

Factory:

Main Entrance to Factory (for Security review)
Fencing / Outside Gates upon entering the factory / Picture of Perimeter of the factory (for Security review)
Shipping area and Receiving area (for Security review)
Posting of Standards of Engagement
Time Clock or other device used to document hours that are worked
Exit Mark and battery operated emergency lighting
Walkways / Stairwells / Hallways
First Aid Box / Clinic
Fire Extinguishers / Fire Hose
Toilets
Storage Room for Flammable Chemicals / Hazardous Materials (if applicable)
Production Floor

Canteen and Kitchen

Dormitory:

Sleeping quarters
Bathroom / Toilets
Common Area
Fire Extinguisher / Fire Hose

T A B L E O F C O N T E N T S

SECTION 1:	KAHN LUCAS, INC. STANDARDS OF ENGAGEMENT
SECTION 2:	GENERAL INFORMATION OF FACILITY
SECTION 3:	MANAGEMENT INTERVIEW QUESTIONS
SECTION 4:	VISUAL INSPECTION
SECTION 5:	WORKERS INTERVIEW QUESTIONS
SECTION 6:	REVIEW OF FACTORY RECORDS
SECTION 7:	SUMMARY OF NON-COMPLIANCE, CORRECTIVE ACTIONS, AND BEST PRACTICES
SECTION 8:	NOTICE OF CHEMICAL STANDARDS

SECTION 1: STANDARDS OF ENGAGEMENT



Kahn Lucas, Inc and its subsidiaries are committed to producing high quality products at a good value to our consumer. The Company follows the letter and spirit of all applicable laws, and maintains a high standard of business ethics and regard for human rights. Moreover, we require sound business ethics from our suppliers. Suppliers must observe all applicable laws of their country, including laws relating to employment, discrimination, the environment, safety and the apparel and related fields. Suppliers must comply with all applicable United States laws relating to the import of products, including country of origin labeling, product labeling and fabric and product testing. If local or industry practices exceed local legal requirements, the higher standard applies.

Forced Labor: There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor: No person shall be employed at an age younger than 15 or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Harassment or Abuse: Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination: No person shall 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.

Health and Safety: Employers shall 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 as a result of the operation of employer facilities.

Freedom of Association and Collective Bargaining: Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Wages and Benefits: Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

Hours of Work: Except in extraordinary business circumstances, employees shall not be required to work more than the lesser of 60 hours per week or the limits on regular and overtime hours allowed by the law of the country of manufacture. Except in extraordinary circumstances, employees shall be entitled to at least one day off every seven-day period.

Overtime Compensation: In addition to their compensation for regular hours of work, employees shall 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 do not exist, at a rate at least equal to their regular hourly compensation rate.

If you believe that these Standards of Engagement are not being upheld or if you have any questions regarding these Standards of Engagement, please contact the Kahn Lucas country manager. Your identity will be kept in confidence.



SECTION 2: GENERAL INFORMATION OF FACILITY

Full Name of Facility: _____

Date of Factory Visit : _____

Was the factory visit announced or unannounced: _____

Names of Designated Auditors: _____

Interview with / title: _____

Attach Business card:

Provide Photograph of the main entrance:

List name and address of sub-contractors currently used by this facility (include separate cutting, sewing and/or washing facilities), as well as new sub-contractors planned to be used in the next 12 months:

When will the KL HR Guidelines Report be performed at each of the above sub-contractors? _____

Please list name of facility and schedule date:

Are there any dormitories and / or lodging facilities provided for workers? Yes No

If yes, please complete page 14

Factory Security

Do you conduct background checks (to learn of any criminal records, where they have lived in the last five years) when hiring workers? Yes No

Please list any information that you require of a person's history when hiring:

Are all workers issued factory identification cards? Yes No

Are all workers required to show their identification upon entering the factory? Yes No

Does the factory use a closed-circuit camera security system? Yes No

How many security guards are working at the factory during a work shift? _____

Is there a security guard stationed in the packing and shipping area? Yes No

Please provide the areas where they are stationed _____

Are background checks conducted on security personnel? Yes No

Is the area where trucks and containers are loaded enclosed in a factory-controlled compound? Yes No

Or open to the street? Yes No

SECTION 3: INTERVIEWING FACTORY MANAGEMENT



INSTRUCTIONS FOR THE FACTORY COMPLIANCE PROFILE

1. Once management has returned the completed Factory Compliance Profile form to you, please ensure that all the necessary questions have been completed, either directly on the form or during the management interview. The management interview should also be used to clarify or follow-up on any non-compliance issues raised in the form.
 2. Information obtained from management should be cross-referenced with your visual observations and information gathered from other audit processes.
 3. Using your professional judgment, note any areas of non-compliance or conflicting information related to a non-compliance issue in Section 7.
-

Name of manager(s) interviewed: _____

General duties of manager(s) interviewed: _____

Language(s) spoken by management: _____

Languages(s) interviews were conducted in: _____

Was an interpreter used for management interviews Yes No

If so, provide interpreter's name and affiliation: _____

LEGAL COMPLIANCE: [Please refer to the Factory Compliance Profile – Section IV and clarify any questions which may have arisen based on your review]

Does the factory have current information on labor laws and health and safety regulations? Yes No

Are they posted? Yes No

Has management shown proof of remediation with respect to any issues mentioned in Section IV, points 3, 4, 5, 6 in the current factory profile (i.e. outstanding items from government inspections, complaints or law suits)? Yes No

CODE AWARENESS/INFORMED WORKPLACE: [Please refer to the Factory Compliance Profile – Section V and clarify any questions which may have arisen based on your review]

Do factory managers seem familiar with all elements of the Kahn Lucas Standards of Engagement? Yes No
If not, which Standards are factory managers NOT familiar with?

Forced Labor _____ Harassment or Abuse _____ Child Labor _____ Health & Safety _____

Freedom of Association and Collective Bargaining _____ Wages & Benefits _____ Hours of Work _____

Overtime Compensation _____

Are the workers aware that they can confidentially report complaints to KL? (e.g. via the contact information stated on the Standards of Engagement)? Yes No

INTERNAL COMPLIANCE SYSTEMS:

General

Does the factory have an organization chart, by department? Yes No

Does the factory have an Employee Handbook? Yes No

Does the factory have a Human Resource Department? Yes No

Recruitment

Does each job have the job specification information, such as knowledge, skills, abilities required to perform the job, plus amount of education and experience needed? Yes No

Does each job have its job description, which states reporting channel, duties and responsibilities? (For office workers and supervisors/management only) Yes No

Does the worker know his/her duties and responsibilities? Yes No

Does the factory explain clearly the job description to the workers? Yes No

Does the head of the department have to fill in the employee requisition forms, which is formal authorization to fill the vacancy? Does the recruitment reflect the production demand? (For office workers and supervisors/management only) Yes No

Does the Human Resources Department advertise the job opening according to the job specification? Yes No

Does the Human Resources Department conduct a preliminary screening to identify the candidates which meet the requirements as stipulated by the job specification? Yes No

Does the Human Resources Department conduct a reference check? Yes No

Does the Human Resources Department check the ID card to verify the age of the candidates? If yes, please state how does the Human Resources Department perform the verification Yes No

Does each candidate require to fill in an application form? Yes No

Is there any test to check the technical skills and competencies of the candidate? Yes No

Who makes the hiring decision?

If there any written document to show that the hiring decision is made? Yes No

Is the candidate required to sign a labor contract? Yes No

Does the Human Resources Department explain the terms and conditions of the labor contract to the candidates? Yes No

Does the worker keep a copy of the labor contract? Yes No

Are the following issues addressed in the labor contract:

Job Description Yes No

Overtime Yes No

Holidays Yes No

Vacation Time Yes No

Benefits Yes No

Reasons to Warrant Termination Yes No

Does the factory organize an orientation for the newly recruited? Yes No

If yes, what will be included in the orientation program? What are the subjects covered or ask for an outline (which could promote consistency in orientations)

During the probation period, does the new employee receive special attention and counsel to guide them to perform well? Yes No

Is there any written document to confirm the probation? Yes No

Disciplinary System, Grievance and Dispute Settlement:

Grievance Policy and Procedures

How do workers express grievances, ask questions, make suggestions?

Who is responsible for reviewing grievances, questions, suggestions?

How often are they reviewed?

Is there a log?

How many entries are received in a month?

How is the resolution communicated back to the workers?

Is it without reprisals? Yes No

Confidential? Yes No

How do workers know about this procedure? (method of communication)

Disciplinary System (violation of factory rules, unsatisfactory performance, illegal and dishonest acts)

How are factory rules communicated?

Progressive Discipline (verbal warning, verbal reprimand, written reprimand, suspension and discharge)

How is this communicated?

Are the rules and the disciplinary procedures the same for workers and supervisors? Yes No

Training:

Does the factory provide training to workers? Yes No

What are the subjects covered?

How often does the training take place?

Does the factory maintain the training materials? Yes No

If yes, can we obtain a copy? Yes No

Does the factory issue a certificate after the workers attend the training? Yes No

Does the Human Resources Department mark down on the personal file that the workers have completed the training? Yes No

Termination and Resignation:

Is the employee required to fill in the resignation form? Yes No

If yes, do they state clearly the reasons for leaving the factory? Yes No

Does the Human Resources Department conduct an exit interview? Yes No

Does the factory perform the staff turnover analysis to identify the reason of leaving? Yes No

Does the factory take any measures to try and reduce the staff turnover? Yes No

Does the Human Resources Department keep track of the following by department on a monthly basis?

Number of newly recruited Yes No

Number of workforce Yes No

Number of resignations Yes No



WAGES AND BENEFITS: [Please refer to the Factory Compliance Profile – Section XII and clarify any questions which may have arisen based on your review]

WORKING HOURS: [Please refer to the Factory Compliance Profile – Section VIII and clarify any questions which may have arisen based on your review]

FREEDOM OF ASSOCIATION: [Please refer to the Factory Compliance Profile – Section XI and clarify any questions which may have arisen based on your review]

What are workplace policies on freedom of association?

Does the factory have an internal comment or grievance system in which workers can raise issues of concern to factory management? Yes No

If so, describe the system, including whether workers can use it without fear of reprisal or negative repercussions: _____

What training, if any, is provided to supervisors on freedom of association and how to properly handle complaints and grievances? _____

Are there joint worker-management committees? Yes No

If such a committee exists, do the union or union members have access to the committee(s)? Yes No

If so, describe the committee(s): _____

Have any workers been fired, demoted, denied hours or benefits or refused a job during the past 24 months due to their union affiliation or activities? Yes No

If so, describe: _____

Describe any instance(s) management is aware of in which access to workers outside the factory property was denied to union organizers by factory management, security guards, police or other action: _____



HARASSMENT OR ABUSE: [Please refer to the Factory Compliance Profile – Section VIII and clarify any questions which may have arisen based on your review]

Have any instances of harassment or abuse been alleged or verified in the factory in the past 12 months? Yes No

If so, please describe _____

CHILD LABOR: [Please refer to the Factory Compliance Profile – Section VII and clarify any questions which may have arisen based on your review]

FORCED OR PRISON LABOR: [Please refer to the Factory Compliance Profile – Section VI and clarify any questions which may have arisen based on your review]

How does the factory recruit workers? (Recruiting Agents, from Factory Gate, Network through existing workforce, Job Advertising or Job Fair) _____

Are there migrant or contract workers at this facility? Yes No

Are recruiting agents used to identify and hire employees? Yes No

If recruitment agents are used, please provide their names and contact information _____

Do workers pay recruitment fees or deposits to recruitment agents? Yes No

If so, please provide the amounts that each worker pays as well as the terms of any agreement between the worker and the agent. Obtain copies of any agreements on file. _____

Are there any deductions from workers' wages made to cover such debt? Yes No

If so, note the amount _____

Are there any workers in this facility who are not present voluntarily? Yes No

If yes, explain the circumstances _____



What efforts, if any, does the factory make to ensure that indirect sources of labor such as security services and cleaning services are not arranging for the hire of workers engaged involuntarily?

NONDISCRIMINATION: [Please refer to the Factory Compliance Profile – Section IX and clarify any questions which may have arisen based on your review]

How are hiring, assignment, promotion and compensation decisions are made? _____

Do you give preference to certain employees with respect to their hiring, advancement or promotion? Yes No

If so, please describe _____

Are prospective female employees tested for pregnancy? Yes No

If so, for what reason? (note if it is a government regulation) _____

Are hiring decisions made based on results of pregnancy tests? Yes No

Are female employees required to undergo pregnancy testing during employment? Yes No

If so, for what reasons? (note if it is a government regulation) _____

Are female employees required to take contraceptives during employment? Yes No

If so, for what reason? _____

Please describe, if applicable, notable examples of how management responds to questions regarding the hiring, promotion, termination and overall treatment of any ethnic, racial, or political minorities and workers older than the norm:



HEALTH AND SAFETY: [Please refer to the Factory Compliance Profile – Section X and clarify any questions which may have arisen based on your review]

MANAGEMENT INTERVIEW SUMMARY:

Please list those instances of noncompliance, areas needing improvement or best practices that you have identified during the interview and based on review of the Factory Compliance Profile, or issues that need to be verified or cross-checked during the factory walkthrough, factory records review or worker interviews.

SECTION 4: VISUAL INSPECTION

In the Health and Safety portions of Section 7 you are asked to make judgments about certain conditions relating to air, noise, chemicals, ventilation and lighting. If you are not an occupational health and safety specialist some of these questions will necessarily reflect your personal observations, not detailed testing.

General Work Facility:

Describe the general appearance of the factory: _____

Are posters detailing the health and safety policies of the factory, and of the local and national laws of the country posted in prominent places throughout the factory in the language of management and factory workers? Yes No

Describe the buildings located within the factory compound:

<u>Type of Building (identify by function)</u>	<u>Number of Buildings</u>	<u>Number of Floors</u>	<u>Visited</u>
_____			Yes <input type="checkbox"/> No <input type="checkbox"/>
_____			Yes <input type="checkbox"/> No <input type="checkbox"/>
_____			Yes <input type="checkbox"/> No <input type="checkbox"/>

Fire Safety/Evacuation Procedures:

- Is there a posted current local fire permit in the factory? Yes No
- Is the plan for evacuation of employees posted? Yes No
- Is the plan for evacuation of employees written in the local language? Yes No
- Is any worker training provided in evacuation procedures? Yes No
- Are these procedures periodically practiced by the workers? Yes No

If yes, please describe: _____

- Are aisles and exits clearly marked, unblocked, and unlocked? Yes No
- Do exits open outward (or if exit is a roller door, is it kept fully open during working hours)? Yes No
- Are fire escapes available in buildings with more than one floor? Yes No

- How many fire exits are in the building? _____
- Are there adequate exits in the event of an emergency? Yes No
- Are there at least 2 separate exits for every employee to access in case of fire? Yes No
- Are stairs and exits equipped with handrails, where needed? Yes No
- Are fire exits located in close proximity to employees? Yes No
- Is there clearance between workstations to allow passage in an emergency? Yes No

Fire Equipment:

- How many fire extinguishers are visible on each floor? _____
- Are fire extinguishers fully charged with a current inspection date? Yes No
- Are there sufficient working fire extinguishers at the facility? Yes No

- Are fire extinguishers clearly marked and easily accessible? Yes No
- Are the fire extinguishers of an appropriate size so that they can be easily lifted? Yes No
- Are fire extinguishers appropriate for the types of possible fires in the facility? Yes No

If no, explain. _____

- Is emergency lighting installed to ensure illumination of exit paths? Yes No
- Is there a fire alarm in the factory? Yes No
- If so, is it accessible to all workers? Yes No
- Is there a fire sprinkler system in the factory? Yes No
- Is there a fire hose system in the factory? Yes No

Electrical Wiring:

- Are exposed electrical cables or wires found in the factory? Yes No
- Are electrical cords in good condition, without splices or taped repairs? Yes No
- Are electrical wires properly grounded to prevent shorting or fire? Yes No
- Are all electrical equipment properly grounded to prevent injury and/or fire? Yes No
- Are electrical cords found in damp areas or in standing water? Yes No
- Are electrical cords obstructing aisles or passage? Yes No

Medical Facilities and First Aid:

- Are there any procedures posted that deal with first aid? Yes No
- Are there any medical facilities with trained medical personnel on site? Yes No

If yes, please describe _____

- Are effective first aid supplies available? Yes No
- On average, how many first aid kits are there per 100 employees? _____
- Is first aid equipment in proximity to the work area? Yes No
- When opening first aid kits, are they fully stocked with appropriate supplies? Yes No

Please describe _____

Machine Guarding:

- Is factory equipment properly guarded? Yes No
- Are the wiring, noise control and ventilation of factory machinery adequate to protect against fire or health hazards? Yes No

If no, explain. _____

- Does machinery have appropriate lockout equipment? Yes No
- Is it functioning? Yes No

Personal Protective Equipment (PPE):

- Is personal protective equipment (e.g., safety glasses, gloves, hearing protection) available for use, where needed? Yes No
- Do workers have access to appropriate protective gear? Yes No

If so, what equipment is available and is it actually worn or utilized:

Are there signs or diagrams, in the local language, indicating the need for personal protective equipment, as appropriate?

Yes No

Hazardous and Combustible Materials:

Are procedures posted for the safe handling of hazardous chemicals/materials?

Yes No

What hazardous chemicals are found in the factory? _____

Are workers using hazardous chemicals/materials appropriately?

Yes No

Are hazardous chemicals or combustible materials properly contained?

Yes No

Are hazardous materials/chemicals segregated from the general workplace?

Yes No

Is there a source of water and appropriate medical supplies in or near the chemical storage area?

Are the hazardous materials/chemicals clearly marked?

Yes No

Are hazardous materials/chemicals handled, stored, ventilated, etc. in accordance with guidance issued in the MSDS forms?

Yes No

Are they in the language spoken by workers?

Yes No

Are there any deficiency issues that you observe relating to the handling, storage, use or existence of chemicals or materials that are hazardous to factory workers?

Yes No

If yes, please describe _____

Are material safety data sheets (MSDS) or equivalent found in factory?

Yes No

If yes, please describe _____

Note observations relating to waste disposal of these materials/chemicals _____

Workplace Comfort and Cleanliness:

Are workstations comfortable or properly designed?

Yes No

Does the work environment appear clean?

Yes No

Is the facility well ventilated and adequately heated/cooled?

Yes No

Is the facility well lit?

Yes No

Are any workers exposed to excessive noise?

Yes No

Is there easy access to clean drinking water on the factory floor?

Is the facility overcrowded?

Yes No

Please describe _____

Bathroom Facilities: Number of men per toilet: _____ Number of women per toilet: _____

Note any restrictions placed on workers' access to facilities? _____

- Are bathroom facilities clean? Yes No
- Do such facilities offer appropriate privacy? Yes No
- Are bathroom facilities well ventilated? Yes No
- Is there an adequate number of sinks with running water? Yes No
- Is soap available? Yes No
- Is toilet paper or proper water supply available? Yes No
- Are paper towels or other sanitary methods of drying available? Yes No
- Are there offensive odors in the toilets? Yes No

Dining Facilities and Food Preparation (if applicable):

- Are dining facilities provided? Yes No
- If so, are they clean and well lit? Yes No
- Is the temperature, ventilation and lighting adequate? Yes No
- Is the canteen protected such that the facility can be used in inclement weather? Yes No
- Are there seating facilities for eating? Yes No
- Note observations _____

- Are food products stored in a sanitary manner? Yes No
- Is the food served acceptable to the workers? Yes No
- Is refrigeration available and working properly? Yes No
- Are eating and food preparation utensils and equipment clean and well maintained? Yes No
- Note observations _____

Dormitory Facilities (if applicable):

- Are dormitory facilities provided for employees? Yes No
- How many workers live in each room? _____
- Approximate square feet/meters per resident: _____
- Does the exterior of the facility appear structurally sound and well maintained? Yes No
- Are common areas and sleeping quarters clean and well lit? Yes No
- Are men and women segregated by gender? Yes No
- Are toilet and bathing facilities in the dormitory segregated by gender? Yes No
- Number of men per toilet: _____ Number of women per toilet: _____
- Are these facilities clean and private? Yes No
- Are kitchen and laundry facilities provided? Yes No
- Are there fire/evacuation procedures in place? Yes No
- If yes, please describe: _____

- Are exits blocked or locked? Yes No
- Does the location of the factory create any risk of fire due to proximity to the production facility? Yes No
- Does the dormitory maintain accessible, adequately stocked first aid kits? Yes No
- Do residents have access to safe, clean drinking water? Yes No
- Is there any security at the dormitory facility? Yes No
- Note observations _____



Health and Safety Issues of Special Concern. If, MSDS indicate that dangerous chemicals are in use or if MSDS are not present where chemicals are being used; or, if the factory is in a part of the industry known for its use of potentially dangerous chemicals; or, if workers complain about poor air quality; or, if strong odors are present near work stations; or, if, worker interviews, records review, walk through or medical records indicate that workers have chemical exposure problems or patterns of occupational illness or injuries, then further attention is required. If, for instance, poor air quality is reported or observed a problem, then the Monitor should request evidence, such as recent air quality tests, to confirm or allay these concerns. If, to follow this example, the factory does not have any such tests, then the monitor should report, in the Summary Reporting Form, that it was not possible to make a full assessment. If, on the other hand, such reports are available they should be reviewed to insure they are current and adequate and the results of that review should be reported in the Health and Safety Section of Part 9 of this audit instrument. Please refer to Monitoring Guidance pp. 32-33 for additional information.

Further Action Required on Health and Safety Issue of Special Concern

Yes No

NOTES:

Please describe any additional issues or information collected during the walkthrough.

SECTION 5: WORKERS INTERVIEW QUESTIONS

SCOPE:

Select a minimum of 10% of the workforce or 15 employees, for confidential interviews. Select these employees from various locations of the facility, from various shifts. Though the selection should be random in nature, err to the side of younger, less skilled employees in higher stress, and more demanding jobs. Seek a gender proportion that reflects the basic factory population. Depending on the conditions, it is permissible to conduct interview with 2 workers simultaneously.

If the auditors identify violations or exceptions from the original sample size, he or she should extend the level of test by selecting additional 10 workers. The auditors have to ask more focused questions trying to determine if there is any code violation.

LOCATION OF EMPLOYEE INTERVIEWS:

Employee interviews should be conducted in a private space away from the production area. Spaces that qualify might include a conference room, a dormitory, kitchen, or office. Interviews should be conducted out of the presence of factory management, security guards, and other employees. Emphasize to each interviewee that all information and opinions given are confidential, and that management will not be informed of any individual employee's responses.

OBJECTIVE:

1. Consistency

The Employee Interview Guide is used to promote consistency among monitors in interviews of factory workers to identify potential noncompliance with code of conduct provisions.

2. Program Steps

The Employee Interview Guide outlines questions in the specific format in which the questions should be presented to employees. Careful attention should be given to posing each question in the manner and style as written.

While the Employee Interview Guide does present specific questions to be posed during on-site interviews, monitors will need to present follow-up questions, where responses warrant, to obtain clarification or additional information on issues or concerns.

ESTABLISHMENT OF A CONFIDENTIAL WORKERS' HOTLINE

The auditors should furnish his/her name cards to the workers who are selected for interview. The workers are then able to report violations to the auditors, whenever necessary. All calls received via the hotline should be captured in a logbook.

Describe the process used to select a representative sample for workers interviews:

EMPLOYEE INTERVIEW QUESTIONS:

Background

What is your country of citizenship? _____

How many people are in your family? _____

How many years of schooling do you have? _____

What is your age? _____

Are you married? Yes No

What is the occupation of your father? _____

What is the occupation of your mother? _____

Do you support anyone beside yourself? Yes No

If yes, how many people, excluding yourself? _____

What is your date of birth? _____

Work Arrangements

How long have you worked at this factory? _____

How did you learn or hear about this job? _____

How long did it take for you to get hired? _____

Were you on a waiting list? Yes No

If yes, how long did you have to wait? _____

For Migrant Workers

Who holds your official identify papers (i.e. passport, visa, immigration)? _____

If official papers are held by someone other than you, can you obtain papers when needed? Yes No

Are other members of your family working for factories in? Yes No

How did you come to work in this country? _____

In this factory? _____

Did you pay a fee to anyone for the privilege of traveling to work:

In this country? Yes No

In this factory? Yes No

If yes:

What did the fee cover (e.g. travel cost to factory, job fee)? _____

How much did you pay? _____

Did you pay the fee in cash? Yes No

If no, what form of payment was used? _____

To whom did you pay the fee?

Your Country Agency _____
Your Country Government _____
Factory Agent _____
Other _____

Did you pay the total amount of the fee? Yes No

If no:

How much do you still owe? _____

How are your continuing payments made (e.g. deduction from wages, cash)? _____

How much of your pay goes to making these payments? _____

How long will it take to pay off the contract fee? _____

Did you sign a contract to come to the territory or country or to work at the factory? Yes No

If yes:

What is the length of the contract? _____

Did anyone explain the terms of the contract to you? Yes No

If yes:

Where did this conversation occur (i.e., home country or upon arrival at the factory)? _____

Who explained the terms and conditions of the contract (recruiter, factory management, other)? _____

Did you see a written copy of the contract in your native language? Yes No

Did you sign a written copy of the contract that contains the terms and conditions? Yes No

Have you ever signed a blank piece of paper? Yes No

Have you ever signed a contract not in your native language? Yes No

What prohibitions, if any, are contained in the contract? _____

Do you have a copy of the contract in your native language? Yes No

Have you visited your home country since coming to work in the factory? Yes No

If yes, how frequently? _____

Who paid for the trip? _____

Potential Hours, Compensation and Benefits Issues

(Note: These questions should be reviewed in conjunction with the Payroll Testing)

How many days do you work per week? _____

How many days off do you have per month? _____

What time do you start work? _____

What time do you stop work? _____

On average, how many hours (including overtime) do you work per week? _____

How often do you work overtime? _____

How are employees generally selected for overtime work or is it performed on a volunteer basis? _____

What is the premium wage for overtime work? _____

Who punches your time card or records your hours worked? _____

Do you ever work hours that are not reflected on your time card or record? Yes No

If yes, describe the circumstances _____

What breaks are you given during the work shift? _____

Do you punch in and out while at lunch or on break? Yes No

How are you paid? _____ Hourly / Daily _____ Piece-rate _____ Monthly

Are there any deductions or are you required to work extra hours if your daily quota cannot be achieved during normal working hours?

Approximately how much do you earn per pay period? _____ Net or Gross
(is this consistent with the hourly wage?)

If paid on a piece-rate basis, do you keep track of your pieces? Yes No

If no, who records the number of pieces you produce? _____

What happens if you do not meet your quota? _____

Are you paid a premium for overtime? Yes No

Do you pay anyone for the right to work overtime? Yes No



Are you paid for rework? Yes No

Do you ever work off-site? Yes No

If yes:
Are you paid for the work? Yes No

What type of work do you do off-site? _____

Did you ever have to work in a sister factory? Yes No

Did you receive one paycheck for hours worked at **all** Yes No

Do you receive an itemized pay slip or check stub? Yes No

If yes, are your correct hours listed? Yes No

If paid via direct bank deposit into the employee's account:
Who established the bank account? _____

Who has authority for directing transactions on the bank account? _____

Do you receive bank statements from the bank? Yes No

In what condition (i.e., sealed, previously opened)? _____

Do you understand the information contained in the bank statement
(e.g., inflows and outflows, transactions directed and approved by the employee) Yes No

Do you receive any benefits from the factory (e.g., health, accident, etc) Yes No
If yes, what benefits? _____

Have you been denied medical care when you were sick? Yes No

Does your pay include any deductions for food, clothing and shelter? Yes No

If yes, explain: _____

Do you pay for housing? Yes No
If yes, who do you pay for housing (i.e., factory, other)? _____

Who owns/controls the housing facility (i.e., factory, other)? _____

How much do you pay? _____ per week _____ per month _____ other time interval

Are daily meals provided by the factory? Yes No

Do you eat meals provided by the factory? Yes No

If yes:
How many by the factory? _____ By your own? _____

_____ What type and quantity of food and drink is provided at each meal? _____

How much do you pay for each meal? _____

Potential Forced Labor/Abuses Issues

Are you paid the full amount of wages earned? Yes No

If amounts are withheld:

How much? _____

For what purpose? _____

Do you receive your compensation directly from the factory? Yes No

If no, who receives your paycheck? _____

Are employees able to leave the premises when they are not working? Yes No

If no, why not? _____

Where do employees generally go to socialize? _____

How frequently do employees generally meet to socialize during the week? _____

Have you ever witnesses or been subjected to mental or physical abuse or coercion at the factory? Yes No

If yes, describe (e.g., job positions individuals involved, time period the event occurred): _____

Do you have freedom of movement in the factory and living quarters? Yes No

If no, describe the exceptions: _____

Potential Health and Safety Issues

Have you ever participated in a fire drill? Yes No

Does the factory have fire drills? Yes No

If yes, how often? _____

Are you aware of any factory workers who know how to operate a fire extinguisher? Yes No

Can you read the evacuation signs? Yes No

Are you aware of any injuries that have occurred here in the factory or dormitories? Yes No

If yes, describe: _____

Specific Questions For Migrant Workers



Do you live in housing that is controlled by the factory? Yes No

If yes, are there any security measures in place at the facility (e.g., guards, fences, gates, door locked)? Yes No

If door locks are used, are facilities locked at night? Yes No

Are workers free to come and go during the night? Yes No

Are you allowed to cook in your room? Yes No

If no, where can you cook? _____

Freedom of Association

Does management allow for free discussion of work place issues? Yes No

Has anyone in management ever tried to stop you from discussing work issues during non-work hours? Yes No

If yes, describe: _____

Do you have a worker representative? Yes No

If yes:

Who is she/he? _____

How was she/he chosen? _____

How would you rate that person's work? _____

Does the factory have internal comment or grievance system if you want to raise issues of concern?
How can it be resolved?

Monitoring and Compliance

Are you familiar with the KL Codes of Conduct? Yes No

Have you ever read a code of conduct? Yes No

If yes, do you understand the issues presented? Yes No

WORKERS INTERVIEW WORKSHEET

Circle "N" for no concern, "Y" for concern of a potential code violation for each category of the Code.

INTERVIEW #1			
DEPT		WORKER #	
Forced Labor Y / N	Harassment or Abuse Y / N	Child Labor Y / N	Health & Safety Y / N
Freedom of Assn/Collective Bargaining Y / N		Wages & Benefits Y / N	
Hours of Work Y / N		Overtime Compensation Y / N	
Notes:			

INTERVIEW #2			
DEPT		WORKER #	
Forced Labor Y / N	Harassment or Abuse Y / N	Child Labor Y / N	Health & Safety Y / N
Freedom of Assn/Collective Bargaining Y / N		Wages & Benefits Y / N	
Hours of Work Y / N		Overtime Compensation Y / N	
Notes:			

INTERVIEW #3			
DEPT		WORKER #	
Forced Labor Y / N	Harassment or Abuse Y / N	Child Labor Y / N	Health & Safety Y / N
Freedom of Assn/Collective Bargaining Y / N		Wages & Benefits Y / N	
Hours of Work Y / N		Overtime Compensation Y / N	
Notes:			

INTERVIEW #4



DEPT		WORKER #	
Forced Labor Y/N	Harassment or Abuse Y/N	Child Labor Y/N	Health & Safety Y/N
Freedom of Assn/Collective Bargaining Y/N		Wages & Benefits Y/N	
Hours of Work Y/N		Overtime Compensation Y/N	
Notes:			

INTERVIEW #5			
DEPT		WORKER #	
Forced Labor Y/N	Harassment or Abuse Y/N	Child Labor Y/N	Health & Safety Y/N
Freedom of Assn/Collective Bargaining Y/N		Wages & Benefits Y/N	
Hours of Work Y/N		Overtime Compensation Y/N	
Notes:			

INTERVIEW #6			
DEPT		WORKER #	
Forced Labor Y/N	Harassment or Abuse Y/N	Child Labor Y/N	Health & Safety Y/N
Freedom of Assn/Collective Bargaining Y/N		Wages & Benefits Y/N	
Hours of Work Y/N		Overtime Compensation Y/N	
Notes:			

INTERVIEW #7			
DEPT		WORKER #	
Forced Labor Y/N	Harassment or Abuse Y/N	Child Labor Y/N	Health & Safety Y/N
Freedom of Assn/Collective Bargaining Y/N		Wages & Benefits Y/N	
Hours of Work Y/N		Overtime Compensation Y/N	
Notes:			

INTERVIEW #8			
DEPT		WORKER #	
Forced Labor Y/N	Harassment or Abuse Y/N	Child Labor Y/N	Health & Safety Y/N
Freedom of Assn/Collective Bargaining Y/N		Wages & Benefits Y/N	
Hours of Work Y/N		Overtime Compensation Y/N	
Notes:			

INTERVIEW #9			
DEPT		WORKER #	
Forced Labor Y/N	Harassment or Abuse Y/N	Child Labor Y/N	Health & Safety Y/N
Freedom of Assn/Collective Bargaining Y/N		Wages & Benefits Y/N	
Hours of Work Y/N		Overtime Compensation Y/N	
Notes:			

INTERVIEW #10			
DEPT		WORKER #	
Forced Labor Y/N	Harassment or Abuse Y/N	Child Labor Y/N	Health & Safety Y/N
Freedom of Assn/Collective Bargaining Y/N		Wages & Benefits Y/N	
Hours of Work Y/N		Overtime Compensation Y/N	
Notes:			

INTERVIEW #11			
DEPT		WORKER #	
Forced Labor Y/N	Harassment or Abuse Y/N	Child Labor Y/N	Health & Safety Y/N
Freedom of Assn/Collective Bargaining Y/N		Wages & Benefits Y/N	
Hours of Work Y/N		Overtime Compensation Y/N	
Notes:			

INTERVIEW #12			
DEPT		WORKER #	
Forced Labor Y/N	Harassment or Abuse Y/N	Child Labor Y/N	Health & Safety Y/N
Freedom of Assn/Collective Bargaining Y/N		Wages & Benefits Y/N	
Hours of Work Y/N		Overtime Compensation Y/N	
Notes:			

INTERVIEW #13			
DEPT		WORKER #	



Forced Labor Y / N	Harassment or Abuse Y / N	Child Labor Y / N	Health & Safety Y / N
Freedom of Assn/Collective Bargaining Y / N		Wages & Benefits Y / N	
Hours of Work Y / N		Overtime Compensation Y / N	
Notes:			

INTERVIEW #14			
DEPT		WORKER #	
Forced Labor Y / N	Harassment or Abuse Y / N	Child Labor Y / N	Health & Safety Y / N
Freedom of Assn/Collective Bargaining Y / N		Wages & Benefits Y / N	
Hours of Work Y / N		Overtime Compensation Y / N	
Notes:			

INTERVIEW #15			
DEPT		WORKER #	
Forced Labor Y / N	Harassment or Abuse Y / N	Child Labor Y / N	Health & Safety Y / N
Freedom of Assn/Collective Bargaining Y / N		Wages & Benefits Y / N	
Hours of Work Y / N		Overtime Compensation Y / N	
Notes:			

SECTION 6: REVIEWING FACTORY RECORDS

Employee Personnel Records:

Number of personnel records reviewed: (minimum of 10% of workforce or 25 records) _____

Describe the process used to select a representative sample of personnel records for review:

List the types and nature of documents found in employee personnel files: _____



Do the personnel records appear to be complete, accurate and in proper order? Yes No

Do records have copies of the appropriate age documentation? Yes No

Are there copies of employment contracts? Yes No

If so, do the contracts comply with the KL Standards of Engagement? Yes No

Do any personnel records contain expired temporary identification cards? Yes No

Do all of the files contain official identification documents (birth certificates, identification cards, school records and/or immigration papers)? Yes No

Do workers appear to be hired below the legal or code limits? Yes No

Does the factory maintain complete and accurate employment applications? Yes No

Is there documentary evidence of inappropriate disciplinary practices? Yes No

If so, please describe _____

Does the information contained in the personnel records of employees that were interviewed correspond to their responses? Yes No

Note any discrepancies _____

Payroll and Working Hours Records:

Number of payroll, hour and benefit records reviewed (minimum of 10% of workforce or 25 records): _____

Describe the process used to select a representative sample of payroll, hour and benefit records for review: _____

Describe the wage and hour records reviewed: _____

Do employees use dated and signed time records each day to track the hours worked and the number and length of breaks taken each day? Yes No

Note any discrepancies: _____

Does the payroll register or log include the name and identification number of each worker, gross pay, withholdings, deductions, net pay, and payment dates? Yes No

Note any discrepancies: _____

How is time recorded? _____



For which employees is time recorded? _____

Are distinctions made between regular working hours and overtime hours? Yes No

Are time cards completed by individual employees on a daily basis? Yes No

Are time cards or records completed at the beginning and end of the work shift and at the start and end of breaks? Yes No
Note which timekeeping system is used:

Manual _____ Time Cards _____ Swipe Cards _____ Palm readers _____ Other (please identify) _____
No system of timekeeping used _____

Do the time records tie into the payroll payments: Yes No

Does the payroll register or log include the name and identification number of each worker, gross pay, withholdings, deductions, net pay and payment dates? Yes No

Note any discrepancies: _____

Are clear distinctions made between regular working hours and overtime hours? Yes No

Are all legally mandated benefits provided? Yes No

Note any discrepancies: _____

Do time records agree with workers' interview? Yes No

Is there evidence to suggest discriminatory workplace practices relating to pay by gender, ethnic group, race, age or other characteristics unrelated to performance? Yes No

Note any discrepancies: _____

Employee Wages:

Is the wage rate paid to employees at least the legal minimum wage or prevailing industry wage, whichever is higher? Yes No

Note any discrepancies: _____

Is the wage rate paid to workers in compliance with any applicable collective bargaining agreement? Yes No

If not, note any discrepancies: _____

Are the wages paid for the applicable pay periods legal and properly calculated? Yes No

Note any discrepancies: _____

Are all applicable withholdings legal and properly calculated? Yes No

Note any discrepancies: _____

By cross checking payroll records with personnel files and timecards, is the wage rate paid the same or greater than the rate documented in the employee's file? Yes No

Note any discrepancies: _____

Are the wages paid for overtime hours in compliance with the law? Yes No



Note any discrepancies: _____

Are there any illegal or inappropriate payments deducted from employee pay? Yes No

Note any discrepancies: _____

Does the information contained in the payroll records of employees that were interviewed correspond with their responses? Yes No

Note any discrepancies: _____

Working Hours:

Are overtime hours properly tracked and in compliance with the law? Yes No

Note any discrepancies: _____

Is there evidence that any employees have worked more than 60 hours or the legal maximum in one week? Yes No

(Review records for peak production periods or for any periods where workers have alleged excessive overtime)

If yes, note any instances: _____

Are records available showing that any work over 60 hours was voluntary? Yes No

If employees are working more than the law or the KL Code allows, how frequently does this occur? _____

How many weeks in the last 12 months have workers worked more than the law or the Code allows? _____

Have employees received at least one day off in every seven-day period? Yes No

Note any discrepancies: _____

Other Relevant Factory Records:

Review original environmental and health and safety permits noted in Section IV

Describe the other factory records reviewed. _____

Does the factory have a copy of national and/or local laws addressing safety, fire protection, health and environmental requirements? Yes No

Note which regulations are maintained: _____

Are any records of employee health on file? Yes No

Note observations: _____

Does the factory maintain any machine or electrical maintenance records? Yes No

Note observations: _____

Does the factory maintain any fire or first aid maintenance records? Yes No



Note observations: _____

If applicable, does the employee handbook contain machinery, equipment, chemical safety and fire safety policies and procedures? Yes No

Note observations: _____

Does the factory maintain comprehensive documentation on all factory accidents, fires, medical emergencies, chemical events and general safety issues? Yes No

Note observations: _____

NOTES:

Please describe any additional issues or information collected while reviewing factory records.

RECORDS REVIEW SUMMARY:

Please list those instances of non-compliance, areas needing improvement or best practices that you have identified while reviewing factory records or issues that need to be verified or cross-checked during factory management or workers interviews.



CLOSING MEETING WITH FACTORY MANAGEMENT

Communicated Findings with: _____

Factory Management's Response:

Factory Manager's Name

Factory Manager's Signature

Date

Monitor's Name

Monitor's Signature

Date

Country General Manager Signature

SECTION 8: *NOTICE OF CHEMICAL STANDARDS*

We require assurances that all parts of the garments/accessories manufactured for or sold to Kahn Lucas will conform to the following requirements:

Formaldehyde: Must be less than 300 ppm Test procedure: Acetylacetone method in accordance with Japanese law 112

Pentachlorophenol (pesticides): Must be less than 5 ppm Test procedure: Extraction according to Oekotex Standard 100 followed by Gas Chromatography

Nickel: Kahn Lucas must be notified if any metal parts of a garment/accessory that comes in contact with the skin contain nickel in excess of 0.5 microgram/square centimeter/week. Special warning labels must be attached in such a case.

Certain AZO Dyes: All AZO dyes or compounds capable of decomposing into any of the amines listed below are banned and must not be used.

4-Aminodiphenyl 1	92-67-1	3,3'-Dimethoxybenzidine	119-90-4
Benzidine	92-87-5	3,3'-Dimethoxybenzidine	119-93-7
4-Chloro-o-toluidine	95-69-2	3,3'0Dimethyl 1-4,4' Diaminodihenylethane	838-880
2-Naphthylamin	91-59-8	p-Kresidin	120-72-8
0-Aminoazotoluol	97-56-3	4,4'-Methylen-bis (2-chloranilin)	101-14-4
2-Amino-4-nitrotyluol	99-55-8	4,4'-Oxydianiline	101-80-4
p-Chloranilin	106-47-8	4,4'-Thiodianiline	139-65-1
2,4'-Diaminoazisole	615-05-4	o-Toluiline	95-53-4
4,4-Diaminodiphanylmethane	101-77-9	2,4' Toluylandiamine	95-80-7
3,3'-Dichlorbenzidin	91-94-1	2,4,4-Trimehtylaniline	137-17-7
*Aminoazobenzane		*o-Anisidine	

Additional standards or criteria might be imposed on an ad-hoc basis.

Facility manager acknowledges the above listed chemicals are not used in any products manufactured for or sold to Kahn Lucas Inc.

Please initial _____