



2008

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Asics Corporation, Umbro

COUNTRY: China

FACTORY CODE: 630215774G

MONITOR: Global Standards

AUDIT DATE: August 5-6, 2008

PRODUCTS: Apparel

PROCESSES: Cutting, Sewing, Checking,
Packing

NUMBER OF WORKERS: 960



CONTENTS:

Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses	3
Wages, Benefits and Overtime Compensation: Payment for All Hours Worked.....	5
Wages, Benefits and Overtime Compensation: Worker Wage Awareness	7
Wages, Benefits and Overtime Compensation: Posting Notices	9
Freedom of Association: Right to Freely Associate.....	10
Freedom of Association: Other - Freedom of Association and Collective Bargaining	12
Harassment or Abuse: Discipline/Review of Disciplinary Action	13
Child Labor: Other Means of Age Verification	14
Child Labor: Other - Child Labor.....	15
Non-Discrimination: Medical Examination	16
Code Awareness:.....	17
Miscellaneous: Illegal Subcontracting	18
Health and Safety: Evacuation Requirements and Procedure.....	19
Health and Safety: Safety Equipment and First Aid Training.....	21
Health and Safety: Chemical Management and Training	22
Health and Safety: Material Safety Data Sheets/Worker Access and Awareness.....	23
Health and Safety: Sanitation in Dormitories	24
Hours of Work: Time Recording System	25
Hours of Work: Overtime/Calculation Over Period Longer Than One Week	27
Hours of Work: Annual Leave/Wage Payments.....	28

Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: According to records review, management and worker interviews, the factory did not buy all 5 kinds of insurance for all workers. The factory bought occupational injury insurance for 965 workers, endowment and unemployment insurance for 490 workers, medical insurance for 962 workers in July 2008. According to local regulation, factories should buy occupational injury and medical insurance for all employees, and endowment and unemployment insurance for at least 50% of the whole workforce.

Plan Of Action: Not paying social insurance is now against the law Chinese labor law, all 5 types of social insurance including pension, unemployment, medical, industrial injury and maternity must be covered across all employees; if the waiver has been provided, then the waiver must include and clearly state the participant number of every insurance item. However, it is strongly recommended that the factory pay 5 types of social insurance to 100% of employees, a waiver does not correct the noncompliance, but, it does bring the guidelines in with local minimums. Factory management need to arrange plan and they must have a certain percentage of unemployment insurance and endowment insurance arranged and communicate to employees by a certain timeframe.

Deadline Date: 02/01/2009

Supplier CAP: The factory management agreed that maternity insurance would be provided once it is established in the town. In addition, other types of social insurance will be provided to 100% employees; however, the timescale needs to be discussed with the top management.

Supplier CAP Date: 10/31/2008



Action Taken: During the October visit the factory management provided a copy of document issued by the local social insurance department, stating that the factory is only required to contribute industrial injury for 973 employees, pension insurance for 490 employees, medical insurance for 970 employees and unemployment insurance for 490 employees, and maternity insurance has not been established in the town yet. According to the social insurance payment receipt, industrial injury and medical insurance have been provided to 100% employees, while pension insurance and unemployment insurance have been provided to 490 employees, which is in compliance with the local requirement. 4/28/09 audit: Currently, the factory only has 355 employees. Based the social insurance receipts from February to April 2009 and confirmed through workers and management interviews, all 355 workers were provided with industrial injury insurance, but only 208 workers were provided pension and unemployment insurance. No worker was provided maternity insurance although the factory provided internal maternity benefits to all workers.

Plan Complete:

Plan Complete Date:



Wages, Benefits and Overtime Compensation: Payment for All Hours Worked

WBOT.7 Workers shall be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work. (S)

Uncorroborated Evidence of Noncompliance

Explanation: According to worker interviews, workers are not paid for overtime compensation after 20:30. Through records review, no OT after 20:30pm was ever recorded or paid in payroll. The management interviewed reported that there was no OT after 20:30pm at all.

Plan Of Action: Workers shall not, on a regular basis, be required to work in excess of 48 hours per week and shall be provided with at least 1 day off for every 7 days period on average. Overtime should be a maximum of 12 hours; however, we understand how production peaks and the desire of the workers themselves can force occasional overtime. Employees under ILO (International Labor Organization) guidelines should not be required to work in excess of 10 hours a day. The factory must comply with all applicable laws, rules and regulations on working hours, overtime and benefits. When a worker is hired, the factory must disclose to the worker the regular working hours per day, the applicable wage rate, the policies regarding overtime hours and pay along with probation period, if applicable. The factory must have a written policy which states THE ABOVE and this policy must be communicated to employees upon employment and on regular intervals during their employment. The factory shall pay wage rates for overtime (under or within legal limit) and piece work that exceeds normal minimum wage and meet all applicable laws and regulations, at least an additional 50% of regular salary rate for overtime.

Deadline Date: 01/01/2009

Supplier CAP:

Supplier CAP Date: 10/31/2008



**Action
Taken:**

The factory management denied this statement. The factory management stated that wages are paid for all working hours. The factory management explained that it is possible that the employees stay on the work floor even after the work ends. Since the factory pays the workers production bonuses, the employees may try to finish the job and stay in the workshop without authorization. Since such overtime is not authorized, it is thus not been paid. To prevent unauthorized overtime, the factory decided to lock the work floor at the end of work. The time record and payroll record show that all workers are paid correctly for overtime. The records show that the workers sometimes work up to 9:30PM; however, they are paid adequately. The overtime compensation standard has been posted on the notice board.

April 28, 2009 audit: Based on the working hours records from October 2008 to March 2009, and confirmed through worker interviews, workers worked overtime at the latest until 9:30PM. All working hours were recorded and paid properly.

**Plan
Complete:**

**Plan
Complete
Date:**

Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Noncompliance

Explanation: According to worker interviews, workers do not know how the factory deducts meal fees. Through records review and management interviews, meals fees the factory deducts from workers' wages are made according to workers' productivity. That is in this February and March, because there were many orders, so only a small part of workers received deductions of 50 RMB for meals. During this April, May and June, almost all workers received deductions of 165 RMB for meals, because they did not reach production targets. Although the factory provides compensation for meals to workers, most workers only receive 15 RMB or 55 RMB per month as compensation for meals.

Plan Of Action: The factory shall sign individual labor contracts to establish the employment relationship. Terms and conditions of employment in this contract shall include information on all fees including meals and housing; if the factory does require a fee, then it shall be well communicated to all employees. Managers and supervisors shall receive full training on meal fees, and notices should be posted around the factory in the local language. Employees shall have the opportunity to address such an issue with trade union if they feel fees are too high or unreasonable.

Deadline Date: 06/01/2009

Supplier CAP:

Supplier CAP Date: 10/31/2008

**Action
Taken:**

The factory signed labor contracts, which is a standard format from the government, with the employees. Although fees are not mentioned in the labor contract, the factory posted a notice about deduction of meal fees such that all workers could review. Training to explain meal fees has been conducted during recruitment of employees. The factory has a catering committee which is comprised of workers' representation and is established to reflect workers' opinions on the meals. Meetings will be held if there is any comment from the workers.

April 28, 2009 audit: Based on interviews with workers and reviewing the payroll records, although workers knew the fee of meals allowance, the wage structure was complicated and very difficult for workers to understand. For example: there were 4 types of productivity bonuses with different calculation criteria for workers in each month. On-site interviews found that only 20% of workers were clear about the bonus calculation.

**Plan
Complete:**

**Plan
Complete
Date:**



Wages, Benefits and Overtime Compensation: Posting Notices

WBOT.23 All notices that are legally required to be posted in the factory work areas shall be posted. All legally required documents, such as copies of legal code or law, shall be kept at the factory and available for inspection. (P)

Noncompliance

Explanation: According to factory walkthrough and management interview, no laws and regulations are posted in the factory.

Plan Of Action: Factory shall ensure that all below documents are posted around the facility in local language: UMBRO CODE OF CONDUCT, HEALTH AND SAFETY POLICY, MATERIAL SAFETY, FACILITY MAP, EVACUATION PLAN, RESTRICTED SUBSTANCE LIST, WARNING SIGNS, and PROTECTIVE EQUIPMENT REQUIREMENTS. Factory management must ensure that there is a fully functional H&S policy in place and that an appointed employee will manage policy.

Deadline Date: 01/01/2009

Supplier CAP: Currently the factory does not post any laws or regulations. The factory management agreed to post a copy of an abstract of labor related laws and regulations within 1 week.

Supplier CAP Date: 10/31/2008

Action Taken: April 28, 2009 audit: On-site observation found that labor law, labor contract law and related requirement of customers were posted in the factory.

Plan Complete:

Plan Complete Date:

Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: It is said in China trade union law that only All-China Federation of trade union and its' authorized branches are legal trade unions in China. There is no trade union in the factory. Workers can use suggestion boxes, write emails, use telephone or directly talk to highest management to report their complaints. HR department would open suggestion boxes once a week, investigate the problems and then finally publicize the resolution on bulletin board. The factory protects workers' privacy.

Plan Of Action: Open door policy and suggestion boxes must be fully operational. The law requires a system is in place where an employee can confidentially raise their grievances and that documentation related to the resolution of such grievances is maintained. It is recommended that the factory ensure that workers grievances are heard and addressed by following a logical grievance reprisal system and implementing and encouraging the adoption and use of suggestion boxes/open door policy. Worker representation shall be established, as well as rules insuring such systems, like suggestion boxes are kept locked and cannot be tampered with. If local law does not place emphasis on trade unions, UMBRO would suggest that factory maybe take a poll or a vote for a trade union or worker-composed grievance committee.

Deadline Date: 01/01/2009

Supplier CAP:

Supplier CAP Date: 10/31/2008

Action Taken: Currently there are suggestion boxes in the factory. In addition, a workers' representative committee is established. The factory management nominates candidates for worker representatives, and then the workers elect worker representatives. Complaint policy is also present. However, the factory management admitted that the employees might have a lack of knowledge on reflecting their opinion through these channels. The factory agreed to post notices within 1 week to promote the usage of the above-mentioned channels to reflect their opinions and complaints.

April 29, 2009 audit: The factory has grievance and disciplinary procedures. However, their efficacy is questionable, as there have been no grievance and disciplinary cases raised by workers.

Plan Complete:

Plan Complete Date:



Freedom of Association: Other - Freedom of Association and Collective Bargaining

Other

Noncompliance

Explanation: According to records review and management interviews, there is no procedure for freedom of association and collective bargaining.

Plan Of Action: The factory should establish and communicate to workers written policies and procedures that ensure and protect the worker's right to freely associate.

Deadline Date: 06/01/2009

Supplier CAP: A worker representative committee is in place. However, factory management admitted that employees might have a lack of knowledge on reflecting their opinions through these channels. The factory agreed to post notices within 1 week to promote the usage of the above-mentioned channels to reflect their opinions and complaints.

April 28, 2009 audit: Although the factory has grievance procedures, a worker representative committee and disciplinary procedures, they were not functional; since, as management stated, there were no grievance and disciplinary cases raised by workers. The only topic discussed in the representative committee meeting in the past year was food quality only.

Supplier CAP Date:

Action Taken:

Plan Complete:

Plan Complete Date:



Harassment or Abuse: Discipline/Review of Disciplinary Action

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

Noncompliance

Explanation: According to record reviews, the disciplinary system does not include the ability for a worker to appeal and/or question any disciplinary action against them and/or have a third party of their choice present when the disciplinary action is being imposed.

Plan Of Action: The law requires a system is in place where an employee can confidentially raise their grievances and documentation related to the resolution of such grievances is maintained. It is recommended that the factory ensure that workers' grievances are heard and addressed by following a logical grievance reprisal system. They should implement the encouragement of the adoption and use of suggestion boxes/open door policy. A labor union representative shall be established and they shall follow the correct union standards, including ensuring workers have access to union documents, and that systems like suggestion boxes are kept locked and cannot be tampered with. The factory is required to implement a new policy which will clearly state that employees have the right to appeal and question any disciplinary action against them; they may also have a third party present at action hearing.

Deadline Date: 06/01/2009

Supplier CAP: Ensuring employees have the right to appeal and question, along with a policy of disciplinary action, will be established within 1 month. In addition, notice will be posted on the notice board to ensure employees understand the policy. The policy should also allow the workers to involve worker representatives during the appeal process.

April 28, 2009 audit: Based on review of disciplinary policy and procedure and management interviews with, there was still no "right of appeal" included in the disciplinary system.

Supplier CAP Date:

Action Taken:

Plan
Complete:

Plan
Complete
Date:

Child Labor: Other Means of Age Verification

CL.4 In those cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary precautions which can reasonably be expected of them to ensure that all workers are at least the minimum working age, including requesting and maintaining medical or religious records of workers, or through other means considered reliable in the local context. (P)

Noncompliance

Explanation: According to records review and management interview, there are no other methods to prove workers' ages when age documents are not readily available or are unreliable.

Plan Of Action: Upon employment, the factory shall maintain accurate and consistent records for verifying age. The employee should be required to submit ID card and other relevant documents; these shall be scanned and copied, then returned to the person. Child labor procedure needs to be implemented and communicated to HR employment staff, and the procedure must include a checklist of methods to verify workers' ages, e.g., ID cards, medical records, health examinations.

Deadline Date: 01/01/2009

Supplier CAP:

Supplier CAP Date: 10/31/2008

Action Taken: The factory management established a policy to check the candidates' national identity card. If the ID card looks suspicious, the ID card number will be crosschecked with the internet-based inquiry system. If the factory still could not confirm if the ID card is genuine, the factory may bring the ID card to the police station for examination, or the factory will not hire the candidate.

**Plan
Complete:**

**Plan
Complete
Date:**

Child Labor: Other - Child Labor

Other

Noncompliance

Explanation: According to records review and management interview, there is no policy and procedure for child labor.

**Plan Of
Action:** Upon employment, the factory shall maintain accurate and consistent records for verifying age. The employee should be required to submit ID cards; the cards shall be scanned and copied, then returned to the person. Child labor procedures need to be implemented and communicated to HR employment staff; the procedure must include a checklist of methods to verify persons' age, e.g., passports, ID cards, medical records, health examinations.

**Deadline
Date:** 01/01/2009

**Supplier
CAP:** The issue is that the factory does not have a policy/procedure on how to deal with the child labor in case the factory hires a child laborer by mistake. The factory should establish policy to ensure child is removed from the workplace. If a child is hired, the factory should support the child for education; minimum wage should be paid until the child is no longer a child. It will be done in 1 month.

**Supplier CAP
Date:** 11/30/2008

Action Taken: April 28, 2009 audit: The factory has prepared a “Prohibiting Child Labor” policy, and indicated that HR department shall be responsible for checking workers' IDs during recruitment. All ID copies were kept in workers’ personnel files, and no suspected ID was found through interviewing with workers and cross-checking other personal information. And there was also a “Child Labor Remediation Plan” prepared, which indicated the procedure to handle any potential child laborer according to the requirement of law.

Plan Complete:

Plan Complete Date:

Non-Discrimination: Medical Examination

D.11 Employers are allowed to require routine medical examination for fitness as a condition of recruitment or continued employment. Such examination shall, however, be strictly limited to assess general fitness, and not include testing for any disease or illness, such as HIV/AIDS, that does not have an immediate effect on a person's fitness and/or is not contagious. (P)

Noncompliance

Explanation: According to records review, management interviews and worker interviews, the factory requires workers to test for hepatitis B virus for a pre-employment physical examination.

Plan Of Action: Hepatitis B vaccination must become widely available for all workers who are employed, having occupational exposure after the initial training period. The contractor must not make participation in a pre-screening program a prerequisite for receiving hepatitis B test; the test should not be forced upon pre-employment.

Deadline Date: 01/01/2009

Supplier CAP: Factory management stated that since Hep-B test is just for reference only, the factory will consider stoppage of Hep-B test, unless required by law, such as for kitchen staff and/or medical staff. The factory will confirm in 1 month.

Supplier CAP Date: 10/31/2008



Action Taken: The factory stopped the practice of arranging medical examinations for workers. Workers can do the examination by themselves and they don't need to submit the reports to factory.

Plan Complete:

Plan Complete Date:

Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: According to records review and factory walkthrough, there is no noncompliance reporting mechanism which allows factory workers to contact the Company.

Plan Of Action: There has recently been an internal monitoring document written by Umbro. This document has been forwarded to the factory, and should be available for review at any time. When Umbro staff visits the factory they leave relevant contact details for workers.

Deadline Date: 01/01/2009

Supplier CAP:

Supplier CAP Date: 10/31/2008

Action Taken: Name cards left for employees and informed workers the way of contacting Umbro's personnel.

April 28, 2009 audit: On-site observation found that the contact information of Umbro and other brands were posted in the factory. Asics is no longer active at the factory.

Plan Complete:

Plan Complete Date:

Miscellaneous: Illegal Subcontracting

MISC.1 Illegal Subcontracting

Noncompliance

Explanation: According to records review and management interview, printing and washing subcontractors have not been approved by Umbro.

Plan Of Action: Management must submit all subcontractor details as soon as possible upon signing the manufacturing authorization agreement. The manufacturer is given the opportunity to submit a list of subcontractors.

Deadline Date: 01/01/2009

Supplier CAP:

Supplier CAP Date: 10/31/2008

Action Taken: Details of subcontractors for washing and printing have already been provided to Umbro. Factory management was advised to submit the information to Asics. Based on the communication email with Umbro staff, the factory has revealed the printing and washing subcontractors to Umbro. And, the factory also passed the information to Asics auditor during the audit.

**Plan
Complete:**

**Plan
Complete
Date:**

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: 1. According to factory walkthrough, "sign for fire equipment," on one set of fire extinguishers in the warehouse on the first production floor fell off.

2. One emergency light in the embroidery department and one on the first floor of the dormitory are not functioning.

**Plan Of
Action:** A fully working fire equipment extensive training to workers is required regarding fire safety to enable them to react quickly. Evacuation routes, gathering areas, fire safety, fire extinguishers, exit signs and other equipment should be checked by the official external officials on a regular basis; all should be clearly outlined including emergency lights (all emergency lights must be in working order). Each aspect must be tested on a regular basis. Steps should be taken in order to prevent fire and personal injury. Factory shall appoint a responsible employee to ensure that the H&S policy is enforced and all areas of the policy are covered. Employers are required to develop, maintain and regularly review a written H&S policy, and the policy must be aimed at complying with legal minimum H&S standards, regulations and procedures. Relevant documents should be communicated clearly with workers and posted in all chemical storage areas.

**Deadline
Date:** 01/01/2009



Supplier CAP: All fire extinguishers are marked. Emergency lights are functioning. The factory management established fire equipment inspection policy and from November weekly inspection will be conducted. Inspection records are kept currently.

Supplier CAP Date: 10/31/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: According to factory walkthrough, one fire extinguisher in the garbage collection site is not charged enough.

Plan Of Action: A fully working fire equipment extensive training to workers is required regarding fire safety to enable them to react quickly. Evacuation routes, gathering areas, fire safety, fire extinguishers, exit signs and other equipment should be checked by the official external officials on a regular basis, and all should be clearly outlined including emergency lights (all emergency lights must be in working order). Each aspect must be tested on a regular basis. Steps should be taken in order to prevent fire and personal injury. Factory shall appoint a responsible employee to ensure that the H&S policy is enforced and all areas of the policy are covered. Employers are required to develop, maintain and regularly review a written H&S policy and the policy must be aimed at complying with legal minimum H&S standards, regulations and procedures. Relevant documents should be communicated clearly with workers and posted to all chemical storage areas.

Deadline 12/01/2008

Date:

Supplier

CAP:

Supplier CAP 10/31/2008

Date:

Action Taken: During the factory walkthrough, all fire extinguishers are adequately charged. The factory management fire equipment inspection policy is established and from November 2008, weekly inspection will be conducted. Inspection records are kept currently.

Plan

Complete:

Plan
Complete
Date:

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: According to factory walkthrough, there is no tag posted on the containers in the place where sewing machine oil is stored. No tag posted on small bottles of sewing machine oil in workplace. "No fire" sign fell off in the place storing sewing machine oil. There is garbage in secondly used container in place storing sewing machine oil.

Plan Of Action: Factory should appoint a responsible employee to ensure that the H&S policy is enforced and all areas of the policy are covered. Employers are required to develop, maintain and regularly review a written H&S policy and the policy must be aimed at complying with legal minimum H&S standards, regulations and procedures. Relevant documents should be communicated clearly with workers and posted to all chemical storage areas. The factory is urgently required to label the machine oil in local language and store correctly immediately. The fire labels must be re-applied and maintained correctly. A sign must be made and posted warning workers of the dangers of mishandling the oil. The oil must be kept in a well ventilated room free from obstructions, smoking, etc.

Deadline Date: 12/01/2008

Supplier CAP: Currently all chemical containers are labeled adequately. Warning sign ("No Fire") has not been posted at sewing machine oil storage area. Factory management stated it would be posted in 1 week. No garbage was found in chemical containers. Policy and training will be set up and conducted to ensure used chemical containers are removed from work floor in 1 month.

Supplier CAP 10/31/2008

Date:

Action
Taken:

Plan
Complete:

Plan
Complete
Date:

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: According to factory walkthrough, there is no MSDS posted in the place storing sewing machine oil.

Plan Of Action: Factory should appoint a responsible employee to ensure that the H&S policy is enforced and all areas of the policy are covered. Employers are required to develop, maintain and regularly review a written H&S policy and the policy must be aimed at complying with legal minimum H&S standards, regulations and procedures. Relevant documents should be communicated clearly with workers and posted to all chemical storage areas.

Deadline Date: 12/01/2008

Supplier CAP:

Supplier CAP 10/31/2008
Date:

Action Taken: All MSDS for sewing machine oil were posted on-site.

Plan Complete:

Plan Complete Date:

Health and Safety: Sanitation in Dormitories

H&S.28 All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills shall also be conducted at least annually. (S)

Noncompliance

Explanation: According to factory walkthrough, toilets in dormitory are not clean.

Plan Of Action: Cleaning rotations and procedures shall be arranged and communicated to all cleaning staff and supervisors. Soap must be constantly made available and toilets must reach the legal cleanliness standard. The toilets have doors to the stalls for privacy, clean running water is tested and certified. Toilets should be disinfected at least once a day.

Deadline Date: 12/01/2008

Supplier CAP:

Supplier CAP Date: 10/31/2008

Action Taken: April 28, 2009 audit: On-site observation found that the toilet is clean and acceptable.

Plan Complete:

Plan
Complete
Date:

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Uncorroborated Evidence of Noncompliance

Explanation: According to worker interviews, OT hours after 20:30 are not recorded. Through records review, workers only work until 20:30. The compliance manager reported that time records and payroll were definitely real. The lights of production building were often turned on after 20:30pm, but it did not mean that workers worked later than 20:30; he himself also felt weird about why they turned on the lights after 20:30. He said that the reason workers left the factory late after 22:30pm was not because they worked late; he himself also did not know why they walked out of the factory so late.

Plan Of Action: The factory shall maintain accurate and consistent records for monitoring pay and working hours, this includes ensuring all timesheets are kept up to date, clocking systems tally with registers, delivery notes, needle logs inspection, production reports cleaning records, etc. All information must match from employee to employee; to determine code compliance, it is necessary that factories have available, complete, accurate and up-to-date records.

Deadline 12/01/2008
Date:

Supplier
CAP:

Supplier CAP 10/31/2008
Date:



Action Taken: To prevent unauthorized overtime the factory decided to lock the work floor at the time of off-duty.

April 28, 2009 audit: Based on working hours records from October 2008 to March 2009, cross check production records, and confirmed through worker interviews, all working hours were recorded properly. No double booking and inconsistent records were found.

Plan Complete:

Plan Complete Date:

Hours of Work: Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

Noncompliance

Explanation: 60% of workers' work hours from January 2008 to June 2008 exceeded work hour limitation (1220 hours in half a year) approved by comprehensive working time certificate, the exceeding time is around 140 hours.

Plan Of Action: Workers shall not, on a regular basis, be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven days period on average. Overtime should be a maximum of 12 hours; however, we understand how production peaks and the desire of the workers themselves can force occasional overtime. The factory must comply with all applicable laws, rules and regulations on working hours, overtime and benefits. When hired, the factory must disclose to the worker the regular working hours per day, applicable wage rate, policies regarding overtime hours and pay, along with the probation period, if applicable. The employer shall demonstrate an overall commitment to reduce overtime and enact a voluntary overtime system, including the overtime mandated to meet extraordinary business circumstances. Factories approved to adopt the comprehensive working hours system shall adopt the week, month and quarter as the cycle for comprehensive calculation of working hours. However, the average daily work hours shall be the same as the work hours under legal standards. Overtime shall not exceed 3 hours per day and 36 hours per month, please attempt to reduce, immediately.

Deadline Date: 06/01/2009

Supplier CAP:

Supplier CAP Date:

Action Taken: April 28, 2009 audit: Although the factory has a comprehensive working hours permit from local government, all workers signed the labor contract for the normal working hours system. No detailed calculation and traceable working hours records of each worker, as per required by the comprehensive working hour system. Workers worked 60 hours per week in peak season.

Plan Complete:

Plan Complete Date:

Hours of Work: Annual Leave/Wage Payments

HOW.18 Employers shall provide workers taking annual leave their normal or average wages for the full period of annual leave in advance, unless specified differently under local laws, regulations and procedures. (S)

Noncompliance

Explanation: According to records review and management interview, the factory does not provide workers' annual leave with their normal or average wages for the full period of annual leave in advance.

Plan Of Action: When a worker is hired, factory must disclose to worker the regular working hours per day, applicable wage rate, policies regarding overtime hours and pay along with probation period, if applicable. Factory must have a written policy which states/allows workers have annual leave according to local law. Labor contract is an agreement between employee and employer; it must be signed and agreed with all employees on record. The contract establishes the employment relationship and clarifies rights and obligations of both parties. Factory shall sign individual labor contract to establish the employment relationship. The employment contract should cover the following aspects, contracted hours of work; start and finish times; holiday entitlement; sick pay entitlement; overtime rates; bonus structure; performance related bonus schemes; attendance bonus; transport arrangements; dormitory facility information and costs; notice period; penalty payments if leave before notice period; wage structure; basic rates; deductions; wage payment method; bank account and date of payment.



Deadline 06/01/2009

Date:

Supplier

CAP:

Supplier CAP 04/28/2009

Date:

Action Taken: April 28, 2009 audit: Based on review of the payment records from October 2008 to March 2009 and confirmed through worker and management interviews, annual leaves were provided and paid legally.

Plan

Complete:

Plan

Complete

Date:
