

FLA Audit Profile

Factory Code	440015825G
Country	China
FLA Affiliate	H&M
Monitor	SGS
Audit Date	Oct. 7-8, 2008
Products	Baby wear and child wear
Processes	Cutting-sewing-washing-buttoning-inspection-ironing-packing
Number of Workers	367



FAIR LABOR
ASSOCIATION™

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Wages, Benefits and Overtime Compensation: A. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

Explanation: The factory only provided partial local residential workers with social insurances. Retirement: 19; Unemployment: 19; Medical: 31; Injury 397. According to local labor bureau, the employing unit should pay all employees with at least above 4 types of insurances. Maternity insurance was not required in this city temporarily. This violated China Labor Law, Article 72: The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law.

Plan Of Action: H&M always require the factories manufacturing H&M products to follow the law in all aspects of their operations. This includes following national and local regulations on social benefits, and we work continuously with these factories in order to ensure that the workers are provided with the social benefits that they are entitled to. However, no matter what is required in local legislation, H&M always demand that all workers are covered by at least industrial injury insurance.

Deadline Date: 12/01/2009

Supplier CAP: The factory has always provided the disability caused by work related in injury or occupational disease insurance for all workers. The factory will increase the number of workers with full insurance coverage every year, under the condition that they are willing to pay for the insurance.

Supplier CAP Date: 11/01/2009

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: B. Minimum Wage

WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
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440015825G – China: H&M

10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)
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Explanation: All production workers in the factory were paid by piece rate. Throughout the payrolls from Sep. 2007 to August 2008, about 12.5% of sampled workers were paid below the minimum wage (RMB 730 before July 2008 and RMB 800 since July 1, 2008). According to payrolls, the lowest paid workers received RMB 680 in January 2008. The gap was RMB 50 to RMB 10 on an average and sampling basis. This violated China Labor Law, Article 48: Wages paid to laborers by the employing unit shall not be lower than the local standards on minimum wages.

Plan Of Action: H&M requires all factories producing H&M garments to pay their workers no less than minimum wage for normal working hours. We have contacted the supplier and demanded a correction plan on how to ensure that all the workers in the factory can earn minimum wage.

Deadline Date: 01/20/2009

Supplier CAP: The factory will review the payroll of Sept, Oct, Nov, Dec, and list the workers who don't receive the minimum wages despite working full time. Then they will analyze the reasons for these workers not reaching minimum wage, and draft and implement a plan accordingly, the plan is basically as follows: 1. They will enhance the technical training to these workers; 2. They will adjust the workers position so as to they could do the work they are good at.

Supplier CAP Date: 01/20/2009

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: G. Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

Explanation: Based on payrolls review, management and workers interview, all of the production workers were paid by piece rate and the factory did not calculate the overtime hours of workers when calculating their wages. That is, all production workers only received a piece rate earning during overtime working hours, no compensation wages at all. This violated China Labor Law, Article 44 The employing unit shall, according to the following standards, pay laborers remunerations higher than those for normal

working hours under any of the following circumstances: (1) to pay no less than 150 per cent of the normal wages if the extension of working hours is arranged; (2) to pay no less than 200 per cent of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and (3) to pay no less than 300 per cent of the normal wages if the extended hours are arranged on statutory holidays.

Plan Of Action: H&M requires all factories producing H&M garments to record working hours correctly, and pay overtime compensation according to legal requirements. We have discussed this matter with the factory, and demanded that they draft an action plan stating how they plan to gradually raise overtime compensation levels in the factory, until they pay full and legal overtime compensation. As a first step, we require the factory to show progress according to their plan and can initially accept small improvements as long as they are realistic and sustainable.

Deadline Date: 12/01/2009

Supplier CAP: The factory will organize the fabric and accessories more active and shorten the waiting time for bulk production; we will purchase new machines to improve efficiency; the factory will develop new tools to improve the working efficiency; the factory will shorten the overtime working in the peak season; the factory will study the advanced management experience and technical skills; the factory will improve the workers technical skill through the technical training. 1) Workers will get 15% of correct OT compensation by Dec 2009; 2) Workers will get 25% of correct OT compensation by Dec 2010; 3) Workers will get 50% of correct OT compensation by Dec 2011; 4) Workers will get 100% of correct OT compensation by Dec 2012.

Supplier CAP Date: 12/01/2009

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Wages, Benefits and Overtime Compensation: I. Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

Explanation: In a systemic manner, the factory only paid the piece rate earning to the workers during the statutory holidays and no any overtime premium was compensated to the workers. This violated China Labor Law, Article 51: The employing unit shall pay wages according to law to laborers who observe statutory holidays, take leaves during the periods of marriage or funeral, or participate in social activities in accordance with the law.

Plan Of Action: H&M requires all factories producing H&M garments to record working hours correctly, and pay overtime compensation according to legal requirements. We have discussed this matter with the factory, and

demanded that they draft an action plan stating how they plan to gradually raise overtime compensation levels in the factory, until they pay full and legal overtime compensation. As a first step, we require the factory to show progress according to their plan and can initially accept small improvements as long as they are realistic and sustainable.

Deadline Date: 12/01/2009
Supplier CAP: The factory will organize fabric and accessories more active and shorten the waiting time for bulk production; we will purchase new machines to improve efficiency; the factory will develop new tools to improve the working efficiency; the factory will shorten the overtime working in the peak season; the factory will study the advanced management experience and technical skills; the factory will improve the workers technical skill through the technical training. 1) Workers will get 15% of correct OT compensation by Dec 2009; 2) Workers will get 25% of correct OT compensation by Dec 2010; 3) Workers will get 50% of correct OT compensation by Dec 2011; 4) Workers will get 100% of correct OT compensation by Dec 2012.
Supplier CAP Date: 12/01/2009
Action Taken:
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Forced Labor: F. Wage Advances

F.6 Wage advances shall not exceed three months pay or legal limits, whichever is less. Advances shall only be made following clearly established factory rules which have been communicated to workers. Advances must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (signature, thumbprint, etc.). (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	2 (out of 5)

Explanation: According to management, workers sometimes would ask for wages before the payment date. In order to help the workers, their wages would be pre-paid. But the factory did not have a pre-payment policy or procedure in place. Yet, the factory actually had a limit on prepaid wages. These wages generally did not exceed half of local minimum wage and no workers confirmed that they were in debt to the factory.

Plan Of Action: H&M requires all factories producing H&M garments to develop internal regulations in line with our Code of Conduct and local legislation and clearly communicate these to all workers and management in the factory. In cases where the factory is advancing money to workers, we require the factory to set up clear procedures ensuring that the advance never exceeds three months, and that the advance can be paid back even if the worker resigns from the factory.

Deadline Date: 12/30/2008
Supplier CAP: The factory will make the prepayment policy, and inform all the workers to know the prepayment procedure.
Supplier CAP Date: 12/30/2008

Action Taken:
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Freedom of Association: B. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

Explanation: According to China Law, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union - the All China Federation of Trade Unions (ACFTU). Independent unions were legally prohibited in Chinese factories. Although there was a trade union representing workers were established in the factory, the union was led by management and local official ACFTU. The H.R manager was the chairman of the union. Therefore, no independent trade union was established in the factory.

Plan Of Action: H&M requires that workers should be free to form associations of their own choosing and to bargain collectively. We do not accept any disciplinary actions from the factory against workers who choose to peacefully and lawfully organize or join an association. In addition, during our audits we put effort on building effective communication channels between workers and management.

Deadline Date: 12/30/2008

Supplier CAP: This is the common thing in China, all the trade union is led by the management and local government. The factory will keep the dialogue system and grievance system running functionally and actively. And will keep the according records.

Supplier CAP Date: 12/30/2008

Action Taken:
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Harassment or Abuse: G. Discipline/Training of Management

H&A.7 Employers shall ensure managers and supervisors are fully familiar with the factory disciplinary system and trained in applying appropriate disciplinary practices. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
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10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)
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Explanation: The procedure for handling discipline was available in the factory, but the factory did not train its management like workshop supervisors, managers on how to use the disciplinary methods correctly by following the policy and procedure. Although the policy and procedure appeared to be effective and operational and there was no harassment or abuse case reported or happened.

Plan Of Action: H&M requires the factory to inform all workers about their legal rights and responsibilities. This training should be verbal, but factory should also provide workers with a handbook where they can read clearly about these issues. We encourage the factory to create a clear policy and procedures to ensure a system of progressive discipline in the factory. Under no circumstances do we accept that our suppliers or their subcontractors use corporal punishment or other forms of mental or physical disciplinary actions.

Deadline Date: 12/30/2008

Supplier CAP: The factory will train the management and workshop supervisors to handling discipline equally and correctly.

Supplier CAP Date: 12/30/2008

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Child Labor: F. Employment of Young Workers

CL.6 Employers shall comply with all relevant laws that apply to young workers (i.e., those between the minimum working age and the age of 18) including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

Explanation: There were 23 juvenile workers working in sewing and inspection workshop, which had no harm to their health. But the factory did not provide periodical health examinations to them. The factory only provided pre-job health examinations to these juvenile workers. This violated Regulations for the Special Protection of Juvenile Employees (Document No. 498, 1994) Article 6 Employers should provide, according to the following requirements, regular physical examination: (1) Before the juvenile employee begins working at the enterprise; (2) After the juvenile employee has worked for one full year; and (3) When the juvenile employee has reached 18 years of age and has not had a physical examination in the previous six months.

Plan Of Action: We require the factory to follow all relevant laws concerning protection of juvenile workers. We encourage the factory to write a policy and create

procedures on how to meet legal requirements regarding juvenile workers, including proper and timely physical examinations and registrations, working hours and suitable workstations. In order to in a more practical way implement these measures, we always require factories producing garments for H&M to separate juvenile workers personnel files from the rest. We will urge the factory to register all juvenile workers at the local labor department.

Deadline Date: 03/15/2009
Supplier CAP: For juvenile workers, the factory will provide the health examinations annually including pre-job health examinations and make sure providing the health examinations within six months before 18 years old. If they haven't done one in the last six months, the factory will make sure that juvenile workers are offered health examinations after they turn 18.
Supplier CAP Date: 03/15/2009
Action Taken:
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Miscellaneous: A. 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.

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	2 (out of 5)

Explanation: The company did train the factory management on the establishment of non-retaliation policy. But there was no written non-retaliation policy established. The factory said the policy was in process and they had educated the workers the policy orally.

Plan Of Action: During our audits and discussions with the factory, we primarily encourage the management to develop and deepen the factory's own confidential grievance system. We support the factory in building a dialogue system within the factory in order to have a forum for the workers to communicate grievances to the management. During our audits, we regularly check the function of these systems.

Deadline Date: 12/30/2008
Supplier CAP: The factory will write this non-retaliation policy.
Supplier CAP Date: 12/30/2008
Action Taken:
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:

Comments:

Health and Safety: H. Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

Explanation:

Finding 1. The factory did not obtain the fire safety certificates for its production and dormitory buildings. This violated Fire Prevention Law of the People's Republic of China, Article 10 At the time of completion of a construction project the fire prevention design of which is worked out pursuant to the state technical standards for fire prevention of engineering construction, acceptance checks for fire prevention must be carried out by a public security fire-fighting department; a project without completing acceptance checks or failing to qualify in acceptance checks must not be put into use. Finding 2: The factory did not obtain the construction safety certificates for its production and dormitory buildings. This violated Construction Law of the People's Republic of China, Article 61 A construction project may only be handed over for use upon passing the acceptance checks; no construction project shall be handed over for use without going through the acceptance checks or passing the acceptance checks. Finding 3: The factory had a washing workshop which generated waste water during operation. Yet, the factory did not obtain a waste water discharging permit from the local authority. The management explained that the waste water was discharged to a local water treatment center which was managed by local industrial zone management. The factory also had a contract with the management of local industrial zone and the factory paid the treatment center for water treatment. This violated Law of the People's Republic of China on the Prevention and Control of Waste Pollution, Article 14 Enterprises and institutions that discharge pollutants directly or indirectly into a water body shall, pursuant to the provisions of the environmental protection department of the State Council, report to and register with their local environmental protection department their existing treatment and discharge facilities for pollutants and the categories, quantities and concentrations of pollutants discharged under their normal operating conditions and also submit to the same department the relevant technical information concerning the prevention and control of water pollution. The pollutant discharging units mentioned in the preceding paragraph shall report in time if any substantial change occurs in the categories, quantities or concentrations of the water pollutants discharged. Their water pollutant treatment facilities must be kept in normal use. When such facilities are to be dismantled or left idle, prior approval must be obtained from the environmental protection department of the local people's government at or above the county level.

Plan Of Action:

H&M requires that safety in the factory as well as the dormitory is maintained according to local law and our Code of Conduct. We encourage the factory to develop policies and systems for health and safety and make sure these are clearly communicated to the workers, for example through a handbook. We also require the factory to be in possession of all legally required permits and certificates pertaining to safety and environmental health and safety. We will discuss with the factory management the possibility of acquiring any lacking certificates or permits.

Deadline Date: 12/07/2008
Supplier CAP: The factory could not get fire service inspection certificate from the local fire safe government because the local bureau couldn't give this certificate to the factory. The factory also could not get the construction safety certificates because of the same reason. The factory could not get the waste water permit form the local authority. They only have the stamped documents from the local government.
Supplier CAP Date: 12/07/2008
Action Taken:
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: R. Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

Explanation: There was missing any signs or diagrams in cutting and washing workshop to indicate the need of wearing personal protection equipment.
Plan Of Action: H&M requires that the workers should be provided with relevant personal protective equipment depending on work process, along with education both orally and in writing in their native language on how to use it.
Deadline Date: 12/07/2008
Supplier CAP: Post the sign or diagrams to indicate the need for PPE in the cutting workshop and washing workshop.
Supplier CAP Date: 12/07/2008
Action Taken:
Plan Complete: No
Plan Complete Date:
Action Verified: No
Action Verified Text:
Action Verified Date:
Comments:

Health and Safety: ZB. 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)

440015825G – China: H&M

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

Explanation: 4. There was one 3-story dormitory building in the factory. From the 3rd floor to 2nd floor, there were 3 emergency exits available, but two of them were of upright way in a 90-degree manner, which were not suitable to work as emergency exits. At the 3rd floor, there were about 30 supervisors lived and the total area was about 860 square meters. This violated Code of Fire Safety on Building Design (GB50016-2006), Article 5.3.11 For public building and the traverse-type resident building, the number of emergency exit should not less than two, but one exit is acceptable if fulfilling below conditions, Fireproofing Grade Max. Storey Max. Floor Area (m2) No. Person Grade 1& 2 3 500 Sum of 1/F and 2/F not exceed 100 persons Grade 3 3 200 Sum of 1/F and 2/F not exceed 50 persons Grade 4 2 200 1F not exceed 30 persons

Plan Of Action: H&M requires that safety in the factory as well as the dormitory is maintained according to local law and our Code of Conduct. Workers' safety should be a priority at all times and we require our factories to ensure that emergency exits are clear and unlocked at all times. Workers should be aware of and trained in fire safety and evacuation, and all relevant equipment such as fire extinguishers, fire alarms, evacuation plans and emergency exit lights should be functioning and properly situated. We also encourage the factory to participate in external training on health and safety in order to improve the health and safety awareness in the factory.

Deadline Date: 12/07/2008

Supplier CAP: The dormitory is an old building with only one emergency exits from the 3rd floor to 2nd floor. The upright way is built after we give the advice. We think this way is ok as an emergency exit.

Supplier CAP Date: 12/07/2008

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Hours of Work: A. General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

Explanation: According to time records provided, excessive overtime hours were quite common throughout the past year (Sep. 2007 to Sep. 2008). Approximately 100% of workers had worked more than 60 hours a week. The average weekly working hours were 68.5 and the maximum weekly

working hour was up to 71.5 hours. In addition, the daily overtime hours of workers in the factory was up to 4.5 hours. This violated China Labor Law, Article 41: The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours.

Plan Of Action: H&M require that workers in the factory should be provided enough time to rest between each work shift, and have at least one day off per week. All overtime should be voluntary, and compensated according to the law. We have requested the factory provide us with a remediation plan on how to, in a sustainable manner, reduce the overtime. Our aim is to, through dialogue, encourage the factory to establish a system to reduce the OT in order to meet the legal limit of OT hours per month and provide compensation for all OT hours according to law. The long term aim is to reduce the overtime hours through improved production planning and efficiency. In the short term, we require the factory to ensure that workers have one day off per week, and reduce the number of overtime hours in weekdays. As a first step, we require the factory to show progress according to their plan and can initially accept small improvements as long as they are realistic and sustainable.

Deadline Date: 12/01/2009

Supplier CAP: The factory will improve the normal working efficiency to shorten the overtime working hours: The factory will organize the fabric and accessories more active and shorten the waiting time for bulk production; we will purchase new machines to improve efficiency; the factory will develop new tools to improve the working efficiency; the factory will shorten the overtime working in the peak season; the factory will study the advanced management experience and technical skills; the factory will improve the workers technical skill through the technical training. 1) Overtime will be reduced with 5% by Dec 2009; 2) Overtime will be reduced by 10% by Dec 2010; 3) Overtime will be reduced by 15% by Dec 2011; 4) Overtime will be reduced by 40% by Dec 2012

Supplier CAP Date: 12/01/2009

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:

Hours of Work: B. Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
10/06/2008	External	FLA Independent External Monitoring	SGS (Societe General du Serveillance)	1 (out of 5)

Explanation: The factory failed to guarantee that workers at least had one day off every

week. This violation was identified throughout the past year, September 2007 to September 2008. According to time records and worker interview, workers might have 1-2 days of rest every month averagely. In peak months of April to September, they might even work for the entire month without one day off. For example, in June 2008, one worker was continuously working from June 16th to June 28th without rest; and from July 1st to August 30, the worker had only three days for rest which was on July 15th, August 8th and August 24. This violated China Labor Law, Article 38: The employing unit shall guarantee that its staff and workers have at least one day off in a week.

Plan Of Action: The workers should be provided enough time to rest between each work shift, and have at least one day off per week. All overtime should be voluntary, and compensated according to the law. We have requested the factory provide us with a remediation plan on how to, in a sustainable manner, reduce the overtime. Our aim is to, through dialogue, encourage the factory to establish a system to reduce the OT in order to meet the legal limit of OT hours per month and provide compensation for all OT hours according to law. The long term aim is to reduce the overtime hours through improved production planning and efficiency. In the short term, we require the factory to ensure that workers have one day off per week, and reduce the number of overtime hours in weekdays. As a first step, we require the factory to show progress according to their plan and can initially accept small improvements as long as they are realistic and sustainable.

Deadline Date: 12/01/2009

Supplier CAP: The factory will improve the normal working efficiency to shorten the overtime working hours: The factory will organize the fabric and accessories more active and shorten the waiting time for bulk production; we will purchase new machines to improve efficiency; the factory will develop new tools to improve the working efficiency; the factory will shorten the overtime working in the peak season; the factory will study the advanced management experience and technical skills; the factory will improve the workers technical skill through the technical training. 1) Overtime will be reduced with 5% by Dec 2009; 2) Overtime will be reduced by 10% by Dec 2010; 3) Overtime will be reduced by 15% by Dec 2011; 4) Overtime will be reduced by 40% by Dec 2012

Supplier CAP Date: 12/01/2009

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments:
