

FLA Audit Profile		IEV Profile	
Country	China	Country	China
Name of Factory	5410015533F	Name of Factory	540015533FV
Independent External Monitoring Organization	SCSA	Independent External Monitoring Organization	SCSA
Date(s) in Facility	August 14-15, 2007	Date(s) in Facility	November 20 - 21, 2009
FLA Affiliated Compan(ies)	Chenfeng Group	FLA Affiliated Compan(ies)	Chenfeng Group
Number of Workers	1132	Number of Workers	937
Product(s)	Shirts	Product(s)	
Production Processes	Cutting, Sewing, Pressing, Packing, Shipping	Production Processes	

FLA Code/Benchmark	Compliance Status	[Status] Complete, Pending,	Noncompliance, Risk of Noncompliance or Uncorroborated Evidence of Noncompliance	Updates		Status Completed, Pending, Ongoing
				Company Follow Up	Documentation	
GEN 2: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Noncompliance	Ongoing	Workers have not received any training on Chenfeng Group's Code of Conduct (COC) since July 2006.			Completed
F.9 Employment Records	Noncompliance	Completed	1) Some new employees (3 out of 40 samples) had not signed a labor contract. 2) The factory does not maintain copies of employment applications.			Completed
F.14 Forced Overtime	Uncorroborated noncompliance	Ongoing	One of the interviewees called the monitor after assessment to complain that if workers refuse overtime when the delivery dates are tight, they are fined 50 RMB per time.			Completed
Other	Risk of noncompliance	Ongoing	Factory fails to establish written policy or procedures related to forced labor.			Completed
CL.6 Employment of Young Workers	Noncompliance	Completed	The physical examination form does not cover all the examination items prescribed by Regulations on Special Protection for Juvenile Workers.			Completed
Other	Risk of noncompliance	Ongoing	Factory failed to establish a written policy or procedures related to prohibition of child labor.			Completed
H&A. Other	Risk of noncompliance	Ongoing	Factory has failed to establish a written policy or procedures related to prohibition of harassment and abuse.			Pending

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Other	Risk of noncompliance	Ongoing	Factory has failed to establish a written policy or procedures related to non-discrimination.			Completed
H&S.6 Communication to Workers	Noncompliance	Ongoing	No continuous training on health and safety was provided to workers.			Completed
H&S.7 Notification and Record Maintenance	Noncompliance	Completed	Facility does not maintain an injury log.			Completed
H&S.9						Pending
H&S.10 Safety Equipment and First Aid Training	Noncompliance	Ongoing	There are only 46 members in the volunteer fire prevention team, which does not meet 10% of the total workforce as stipulated by law.			Completed
H&S.18 Machinery Maintenance and Worker Training	Noncompliance	Completed	None of the sewing machines are equipped with needle guards.			Pending
H&S.20 Bodily Strain	Noncompliance	Completed	1) No ergonomic policy or procedures were adopted. 2) Ironing and inspection workers will stand all the time to work, no floor mats were provided.			Completed
H&S.22 Sanitation in Factory Facilities	Noncompliance	Completed	There is no soap, toilet paper or towels available in the bathrooms.			Completed
H&S.26 Drinking Water	Noncompliance	Completed	Potable water is only placed on the first floor of the production floor, which is not easily accessible to all employees.			Completed

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FOA.2: Right to Freely Associate	Non-compliance	Pending	FLA Comment: The Chinese constitution guarantees Freedom of Association (FOA); however, 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). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of FOA, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of Oct. 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. Trade unions also have an enhanced role in dispute resolution. In Dec. 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.			
Other	Risk of noncompliance	Ongoing	Factory did not adopt written policy related to freedom of association and collective bargaining.			Completed
HOW.2 Rest Day	Noncompliance	Ongoing	Employees working in ironing and packing departments failed to receive a whole rest day in 7-day period (daily production book found in the ironing department showed working records on July 22, July 29 and June 24, which are Sundays).			Pending
HOW.6 Time Recording System	Noncompliance	Ongoing	1) Some employees such as security guards, cleaners, specialists (boiler operator, electrician, elevator operator, and mechanic) and personnel working in warehouse do not use swipe cards to record their working hours. 2) Due to the inconsistencies found among worker interviews, production documents and time records, it can be concluded that factory maintains false records. 3) 2 workers in packing department stated that their line supervisor would swipe their time cards for them. 4) Prolonged overtime working hours occurred during weekdays and Sundays as per documents reviewed but this was not properly recorded			Ongoing
HOW.10 Overtime/Calculation over Period Longer than One Week	Uncorroborated noncompliance	Ongoing	Due to the inconsistencies found among worker interviews, production records and time records, it cannot be concluded whether the overtime hours are in compliance with the law and COC or not. According to information provided by workers during interviews, they are doing around 70 hours of work per week.			Completed
HOW.11 Extraordinary Business Circumstance/Forced Overtime	Uncorroborated noncompliance	Ongoing	No records were available to demonstrate that any work over 60 hours was voluntary. Also, a worker called the monitor after the audit to complain that workers could not refuse to work overtime freely. Especially when the delivery dates were tight, they would be fined 50 RMB if they refused to work overtime.			Completed

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WBOT.5 Holidays, Leave, Legal Benefits and Bonuses	Noncompliance	Ongoing	Only about 30% (342 out of 1132) of employees are enrolled in pension, unemployment, childbearing, medical care, and occupational accident insurances.			Pending
WBOT.7 Payment for All Hours Worked	Uncorroborated noncompliance	Ongoing	Since it was determined that time records are inaccurate, we cannot confirm that compensation and wage calculations are adequate.			Completed
WBOT.8 Calculation Basis for Overtime Payments	Uncorroborated noncompliance	Ongoing	Payroll records showed that workers are compensated at 200% of regular wage for their rest day OT. No regular OT or holiday OT were recorded in time records or payroll. However, due to the inconsistencies found among worker interviews, documentation review, and factory tour, correct calculation of OT wages cannot be confirmed.			Completed
WBOT.10 Premium/Overtime Compensation	Noncompliance	Ongoing	1) No regular overtime hours were detected according to time records and payroll, which was inconsistent with worker interviews. Therefore, audit team cannot confirm the OT has been properly calculated or paid. 2) No working hours on Sundays were recorded, but production records and employee interviews verified workers in ironing department had OT on Sundays. Therefore, it can be concluded that the Sunday wages of workers in ironing departments were not properly compensated.			Completed
WBOT.17 Accurate Calculation and Recording of Wage Compensation	Noncompliance	Ongoing	1) No regular overtime hours were detected according to time records and payroll, which was inconsistent with workers' interviews. Therefore, audit team cannot confirm that the calculation of wages is correct. 2) No working hours on Sundays were recorded, but production records and employee interviews verified workers in ironing department had OT on Sundays. Audit team could not verify whether the Sunday work was correctly calculated or paid.			Completed
WBOT.19 False Payroll Records	Noncompliance	Ongoing	No regular overtime hours were detected according to time records and payroll, which was inconsistent with workers' interviews. No working hours on Sundays were recorded, but production records and employee interviews verified workers in ironing and packing department had OT on Sundays. Therefore, it can be concluded that factory utilizes false time and payroll records.			Completed

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WBOT.20 Payroll Record Maintenance/Worker Acknowledgement						Pending
MISC.1 Illegal Subcontracting	Risk of noncompliance	Completed	1) Contract between factory and subcontracted cafeteria did not conclude any terms requiring the subcontractor to comply with the FLA COC. 2) The factory has not assigned designated personnel to oversee the subcontractor to ensure that their contracts are implemented in compliance with the COC.			Pending

Third-Party Verification		Company Verification Follow Up	
External Verification (November 20-21, 2009)	Documentation	Company Follow Up	Documentation
Training on Chenfeng COC was provided to workers upon joining the group.	worker interviews, document review, management interview		
No worker found not to have signed labor contract; copies of employment application maintained.	worker interviews, document review, management interview		
No evidence showed that the disciplinary fines were still imposed on workers.	worker interviews, document review, management interview		
Written policy and procedures related to forced labor were established.	worker interviews, document review, management interview		
The proper physical examinations had been provided to juvenile workers.	worker interviews, document review, management interview		
There were written policy or procedures related to the prohibition of child labor.	worker interviews, document review, management interview		
The factory had yet to establish the written policy in related to prohibition of harassment and abuse.	worker interviews, document review, management interview	The HR department of the factory has established the policy of prohibition of harassment and abuse. The training of this policy will be provided to workers once per year by staff of HR department.	Social Accountability Policy of Chenfeng; Harassment and Abuse; Training Records of [Factory name]

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The factory has established written policy or procedure in relation to non-discrimination.	worker interviews, document review, management interview		
H&S training was provided to workers on a regular basis.	worker interviews, document review, management interview		
The factory has established the injury log.	worker interviews, document review, management interview		
1) 1 exit at the sample room was without emergency light. (Article 11.3.1 of Fire Prevention Regulation of Building Design) 2) Blocked fire extinguishers and fire hose at the 1/F of packing section. (Fire extinguishers Installation and Design Regulation (GB 50140-2005))	on-site observation	1) We have taken immediate actions to install the emergency light when this problem was found November 20, 2009, and have had training about fire control for related workers. 2) We have cleared up all the fire escapes and have had training about fire control for related workers.	
The factory had more than 10% of workers trained as volunteer fire prevention team.	worker interviews, document review, management interview		
Some sewing machines were still not equipped with needle guards.	worker interviews, document review, management interview	1) We have installed all sewing machines with needle guards and have given training to related workers.	
Ergonomic policy or procedure had been established and long standing workers were provided with floor mats.	visual inspection, worker interviews, document review		
Bathrooms had proper supplies.	visual inspection		
Potable water was easily accessible for all workers.	visual inspection		

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<p>FLA Comment: The Chinese constitution guarantees Freedom of Association (FOA); however, 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). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of FOA, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of October 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. Trade unions also have an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.</p>		<p>There is a workers' trade union established in the factory. Worker representatives of this trade union were elected by workers themselves. Here is the procedure of the election: 1) Before the election, a notice will be posted in the bulletin of the factory, informing workers they have the right to elect themselves or their coworkers as worker representatives. 2) It is the marginal election. Workers elect their representatives in their working team. 3) The number of representatives shall be accounted for 5% of the total number of factory, and representatives shall include workers, technicians and factory management personnel. 4) Elected worker representatives will elect Workers' Committee members. 5) Workers' Committee members list will be posted at publicity bulletin for a week. If there's no dissent, the name list is effective. HR department will provide training on the right of freedom of association and the election procedure to workers once per year.</p>	
<p>The factory had established written policy in relation to freedom of association and collective bargaining.</p>	<p>worker interviews, document review, management interview</p>		
<p>Some workers were still not guaranteed with 7th day rest, for instance, some of them were required to work consecutively for 17 days.</p>	<p>worker interviews, document review, management interview</p>	<p>1) HR department will provide training of normal working hours regulations to the responsible person who arranges production plans and orders distribution. 2) When this responsible person arranges production planning, they must ensure workers 1 day off per week and a maximum 60 working hours per week. 3) Overtime arrangement should be approved by the GM before it is arranged in the production line. 4) The company CSR team will conduct annual internal audit to follow up on this issue.</p>	
<p>The factory could not provide the time records and payment records for workers in the warehouse and the canteen and for security guards.</p>	<p>worker interviews, document review, management interview</p>	<p>1) Factory has established the Labor Employment Management system, which requires that all workers should have employment contracts with factory. Worker documents, including personnel files, time records, and payrolls, should be kept and saved by the HR department. 2) HR department will provide training to the HR specialist of [Factory name]. 3) The CSR Specialist of this factory will inspect samples of these records every year. These samples will be submitted to the HR department of company. 4) The company's CSR team will conduct annual internal audit to follow up on this issue.</p>	
<p>There was no sign of inconsistencies noted during the audit.</p>	<p>worker interviews, document review, management interview</p>		
<p>Voluntarily overtime application system was established and no report of forced overtime was obtained during the audit.</p>	<p>worker interviews, document review, management interview</p>		

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External Verification (November 20-21, 2009)	Documentation	Company Follow Up	Documentation
Based on the social insurance contribution record for the month of October 2009, 941 workers were covered under worker-related injuries, 295 workers were covered under retirement, medical, unemployment, and childbearing insurance. Social insurance waiver was provided for review.	worker interviews, document review, management interview	1) Factory will provide orientation training to employees. 2) Workers who do not want to participate in social insurance must fill an application form showing that they do not want to attend social insurance; application forms will be kept together with the workers' personnel files. 3) Factory invited relevant persons in local labor bureau to propaganda why and how to participate social insurance periodically. 4) All workers are enjoying industrial injury insurance. For birth, female workers, even if they did not participate in the maternity insurance, the factory will also provide corresponding welfare according to the provisions of the labor bureau. 5) Factory planned to increase the coverage of social insurance progressively: a) in July 2012, participation rate has reached 25%; b) until July 2013, the rate will reach 50%; c) in July 2014, participation rate will reach 75%; and d) until July 2015, the rate will reach 100%.	
No evidence or sign showed that the time records are inaccurate.	worker interviews, document review, management interview		
No inconsistency was observed during this audit.	worker interviews, document review, management interview		
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Factory was unable to provide the payment records of workers in warehouse and the canteen and of security guards.	record review, management interview	1) Factory will keep all copies of payment records of these workers. 2) HR Specialist of this factory will take responsible of this issue. 3) HR department of this factory will provide training to the responsible person of the factory, and inspect the maintenance of these records periodically. 4) The CSR team will follow up this issue in the yearly internal inspection.	
Factory did not have proper monitoring on the compliance status of its subcontracting factories, such as washing and embroidery factory.	worker interviews, document review, management interview	1) Until now, factory has subcontracted the refectory and washing section. The washing section was subcontracted by washing department of Chenfeng Group. CSR internal audit of Chenfeng Group inspects this department once per year. 2) Chenfeng has established subcontracted policy. When signing the lease agreement with subcontractors, Chenfeng requires subcontractors to comply with subcontracted policy. The company's CSR department will provide guidance to subcontractors and ensure that subcontracted policy is put into use.	Suppliers and Subcontractors Management Policy: notification letter