

FLA IEM Profile	
Country	China
Factory name	120215472E
IEM	A.L.G.L.
Date(s) in facility	October 23-24, 2006
PC(s)	Reebok International, Ltd.; Top of the World, Inc.
Number of workers	428
Product(s)	Caps
Production processes	Embroidery, Cutting, Sewing, Packing

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	IEM Findings				Remediation				[Status]	Updates		[Status]	Updates		[Status]			
					Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/ Documentation Used for Corroborating	Notable Features Implemented by Factory Management or Company	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (Cite Date of Follow Up)		Documentation	Completed, Pending, Ongoing		Company Follow Up (April 25, 2007)	Documentation		Completed, Pending, Ongoing	Company Follow Up (January 2008)	Documentation
1. Code Awareness																						
Worker/Management Awareness of Code		FLA Principle of Monitoring, Obligation of Companies: 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.	Top of the World (TOW) has not provided training to factory on Code of Conduct (COC).				Management interview, documentation review		TOW will be sending training materials to the factory on COC.	15-Jun-07		1-Aug-07	Ongoing							TOW CSR staff provided code information, applicable training plans and verification of all being implemented from ongoing discussion with factory management in 2007.	Follow-up visit to facility by TOW CSR staff. Hard copies of training records sent to FLA. Sign-in sheets, photos and agendas for Workplace Standards (Forced Labor, Child Labor, Harassment or Abuse, Non-Discrimination, H&S, FOA & CBA, Wages and Benefits, Hours of Work, OT Compensation and Communication Channels).	Completed
Confidential Noncompliance Reporting Channel		FLA Principle of Monitoring, Obligation of Companies: 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.	Top of the World has failed to put in place a confidential noncompliance reporting mechanism that allows workers to report complaints directly to company.				Factory walkthrough, management interview		TOW will provide factory with information on a confidential noncompliance reporting mechanism that allows workers to report complaints directly, which will be covered in the COC training.	15-Jun-07		1-Aug-07	Ongoing							TOW CSR staff provided our confidential reporting channel poster and trained factory staff on best-practice implementation during 2007.	Follow-up visit to facility by TOW CSR staff. Hard copies of training records sent to FLA. Sign-in sheets, photos and agendas for Workplace Standards (Forced Labor, Child Labor, Harassment or Abuse, Non-Discrimination, H&S, FOA & CBA, Wages and Benefits, Hours of Work, OT Compensation and Communication Channels).	Completed
2. Forced Labor																						
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.																						
3. Child Labor																						
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																						
4. Harassment or Abuse																						
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.																						
5. Nondiscrimination																						
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																						
6. Health and Safety																						
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.																						
PPE	Art. 54 of PRC Labor Law: Employer shall provide laborers with PPE. Art. 37 of PRC Work Safety Law: Production and business units shall provide employees, and see that they wear or use PPE in accordance with rules for their use. Art. 15 of PPE Rules: Company must provide employees with necessary PPE without asking money in return.	Workers shall wear appropriate personal protective equipment (PPE) (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	1) Workers in the embroidery workshop not wearing earplugs. 2) Workers using stain remover not provided with PPE.				Factory walkthrough, worker interviews		1) Provide appropriate PPE for workers in chemical area (i.e., carbon masks, latex gloves, respirators) as indicated by MSDS. In addition, factory management must provide earplugs to workers in embroidery workshop and any areas with a noise level of 80 Db and above. 2) Train workers on how to wear PPE correctly, and enforce use of all required PPE. 3) Proper ventilation system recommended to be installed at the spot cleaning area.	31-May-07		30-Aug-2007	Ongoing	1) Earplugs provided to all workers who work in embroidery area. Masks available on operation table. 2) No ventilation system installed at the area yet.					1) Proper PPE provided to workers who require them. 2) Operators who wear PPE have been trained on how to use PPE. 3) No ventilation needed since factory replaces the cleaner with water.	On-site tour, training records	Completed	
Chemical Management	Art. 12 of PRC: Safe Use of Chemical Materials in Production Area: Chemical materials used in factory should have labels. Dangerous chemical materials should bear safety labels. MSDS should be offered to workers who use chemicals.	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	Stain remover used did not have labels on it. No MSDS was posted in the production area where the stain remover is used.				Factory walkthrough, worker interviews		1) Chemical Safety Data Sheets (CSDS) should be developed and posted on each chemical in use and storage. They should be written in simple language to ensure each worker can understand them. 2) MSDS should be posted in local language in areas where chemicals used and stored.	16-Mar-07			Ongoing	Still no CSDS labeling on the container of the cleaner.					1) New chemicals found in embroidery workshop. MSDS provided as required in areas where chemicals are used/stored.	MSDS	Completed	
Chemical Management	Art. 60 of PRC Factory Safety and Sanitary Regulations: Poisonous and hazardous goods shall be stored at specific locations separately, and shall be managed with stringency.	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	Storage room for stain remover contains flammable materials and no fire extinguisher was installed in it.				Factory walkthrough, management interview		1) Factory management must ensure proper fire safety equipment is provided in areas where chemicals are stored, including fire extinguishers.	16-Mar-07		25-Apr-07	Completed	1 fire extinguisher was installed in the storage room.								
7. Freedom of Association and Collective Bargaining																						
Freedom of Association: FLA Comment	FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the state 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 freedom of association, 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. Recently, 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 does stipulate 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. It also grants the trade union 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.																					
8. Wages and Benefits																						
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																						

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	IEM Findings				Remediation					[Status]		Updates		[Status]		Updates		[Status]	
					Evidence of Noncompliance (Un corroborated)	If Not Corroborated, Explain Why	Sources/ Documentation Used for Corroborating	Notable Features Implemented by Factory Management or Company	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (Cite Date of Follow Up)	Documentation	Completed, Pending, Ongoing	Company Follow Up (April 25, 2007)	Documentation	Completed, Pending, Ongoing	Company Follow Up (January 2008)	Documentation	Completed, Pending, Ongoing	Company Follow Up (December 2011)	Documentation	Completed, Pending, Ongoing
8. Hours of Work																							
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven-day period.																							
Overtime Limitations	Reply to Questions on Working Hours, Art. 5: Providing system of comprehensively calculated working hours is executed, in the period of comprehensively calculated working hours, actual working hours could exceed 8 hours (or 40 hours) on a specific day (or week). But total actual working hours shall be no more than total normal working hours regulated by law. Excess part shall be regarded as overtime and paid according to Art. 44.1 of PRC Labor Law. If employee asked to work on legal holidays, overtime payment should be paid as required by Art. 44.2 of PRC Labor Law. Besides, average hours of overtime each month shall be no more than 36 hours.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least 1 day off in every 7 day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	4 workers in packing section worked 65 hours per week. In September, total overtime hours reached 96 hours. Though factory has comprehensive calculation of working hours permit (for February to August), overtime working hours were approximately 357, which exceeds the imposed limitation of 216 hours.			Documentation review, worker interview		1) Production capacity should be based on regular work week, not on OT. 2) Work hours must not exceed 60 hour limit without notifying SEA/Manager and advise country manager. 3) Factory management must devise system to handle overtime problems, e.g., cross training and shift work. 4) Factory management must ensure workers do not exceed 60 hour work week or local daily limits on individual basis. 60 hour limit applies to rostered workers also. Follow the local legal limits for rostered or shift workers.	16-Mar-07		25-Apr-07		Completed	January-April working time records indicate that no work hours exceeded 60 hour limit.			1) Currently factory size is shrinking, as factory is moving large orders to their Vietnam factory. Hence, production capacity is regularly reviewed based on relative factors, e.g., turnover rate, etc. As a result, work schedule is arranged by reviewed capacity to make sure work time does not exceed 60 hour a week limit. Factory required to submit work schedule on monthly basis in past several months for SEA's further review. 2) Based on time record (September-December 2007) reviews and worker interviews, factory has not exceeded 60 hour a week limit. 3. 4) Work hours managed to be controlled under 60 hours by new work schedule based on newly established capacity.	Working time records	Completed				
Daily OT Limitation	Art. 41 of PRC Labor Law (Chapter 4 Working Hours, Rest Days and Holidays). Employees should not be allowed to work more than 3 overtime hours per day and 36 overtime hours per month.		Average daily overtime hours for workers in packing section reached 3.5-4.5 hours in August and September.			Documentation review, worker interview		1) Production capacity should be based on regular work week, not on OT. 2) Work hours must not exceed 60 hour limit without notifying SEA/Manager and advise country manager. 3) Factory management must devise system to handle overtime problems, e.g., cross training and shift work. 4) Factory management must ensure workers do not exceed 60 hour work week or local daily limits on individual basis. 60 hour limit applies to rostered workers also. Follow the local legal limits for rostered or shift workers.	16-Mar-07				January-April working time records indicate highest daily overtime is 3 hours.			1) Currently factory size shrinking as factory is moving large orders to their Vietnam factory. Hence, production capacity is regularly reviewed based on relative factors, e.g., turnover rate, etc. As a result, work schedule arranged by reviewed capacity to make sure work time does not exceed 60 hour a week limit. Factory required to submit work schedule on monthly basis in past several months for SEA's further review. 2) Based on time record (September-December 2007) reviews and worker interviews, factory has not exceeded 60 hour a week limit. 3. 4) Work hours managed to be controlled under 60 hours by new work schedule based on newly established capacity.	Working time records	Completed					
10. Overtime Compensation																							
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																							
Miscellaneous																							
Illegal Subcontracting				On subcontract with embroidery company and cafeteria, there is no item specifying that subcontractor will meet code requirements.			Documentation review, management interview	1) Factory will prepare written policy ensuring all subcontractors are communicated to about P.C.s code requirements and follows them accordingly before they have any PC production or provide any other service to factory, such as canteen.	30-May-07		30-Aug-2007		Ongoing			Written policy was communicated to subcontractor before contract signed.		Completed					