



2008

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: 780015814G
COUNTRY: China
FACTORY CODE: Northpole
MONITOR: Global Standards
AUDIT DATE: September 22, 2008
PRODUCTS: Sand Chair, Tent
PROCESSES: Cutting, Sewing, Finishing
NUMBER OF WORKERS: 410

Due to a 2010 IEV (Independent External Verification) at this factory, all updates after 2008 can be found on the IEV report [here](#).



CONTENTS:

Wages, Benefits and Overtime Compensation: Timely Payment of Wages _____	3
Wages, Benefits and Overtime Compensation: S. Posting Notices _____	4
Forced Labor: Other - Forced Labor _____	5
Freedom of Association: Right to Freely Associate _____	6
Freedom of Association: Other - Freedom of Association and Collective Bargaining _____	7
Harassment or Abuse: Discipline/Review of Disciplinary Action _____	8
Harassment or Abuse: Punishment of Abusive Workers/Supervisors/Managers _____	9
Harassment or Abuse: Other - Harassment or Abuse _____	10
Child Labor: Other - Child Labor _____	11
Non-Discrimination: Other - Non-Discrimination _____	12
Code Awareness: _____	13
Health and Safety: Safety Equipment and First Aid Training _____	14
Health and Safety: Chemical Management and Training _____	15
Health and Safety: Material Safety Data Sheets/Worker Access and Awareness _____	16
Health and Safety: Machinery Maintenance and Worker Training _____	17
Health and Safety: Sanitation in Factory Facilities _____	18
Hours of Work: Overtime/Calculation Over Period Longer Than One Week _____	19
Hours of Work: Annual Leave/Wage Payments _____	20

Wages, Benefits and Overtime Compensation: Timely Payment of Wages

WBOT.4 All wages, including overtime compensation shall be paid within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month. (S)

Noncompliance

Explanation: According to records review and management interview, no matter whether worker submits resignation application one month in advance or not, the factory does not pay workers on the day they leave the factory, but at the fixed pay day.

Law: Temporary regulation for wage payment Article 9 Laborers end labor contracts with working units as per law, working units should pay all wages to laborers for one time at the time contracts' end.

Plan Of Action: [Factory name] follows labor law regulations set by government. HR department is responsible for this process.

Deadline Date: 11/10/2008

Action Taken: As of June 1, 2009, [Factory name] management has reviewed HR practices and has found to be in compliance with requirements.

Plan Complete:

Plan Complete Date: 06/01/2009

Wages, Benefits and Overtime Compensation: S. 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.

Law: Article 4, Employment contract law: Rules and regulations, and decisions on material matters, that have a direct bearing on the immediate interests of Employees shall be made public or be communicated to the Employees by the Employer.

Plan Of Action: [Factory name] has posted regulations in the factory for employees to read and absorb.

Deadline Date: 11/01/2008

Action Taken: Regulations have been posted in common place for employees to view.

Plan Complete:

Plan Complete Date: 11/01/2008

Forced Labor: Other - Forced Labor

Other

Noncompliance

Explanation: According to records review and management interview, there is no procedure on forced labor.

Plan Of Action: Regulations procedure on forced labor has been implemented within our organization.

Deadline Date: 11/25/2008

Action Taken: Implementation of regulations procedure on forced labor has been noted throughout the factory. As of June 1, 2009, policy is included in new employee training and employee update sessions.

Plan Complete:

Plan Complete Date: 06/01/2009

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: 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.

According to records review and management interview, there is a trade union in Head company, and there is only one union committee member in factory. Workers can use suggestion boxes, or directly report their complaints to team leaders/supervisors/factory manager. Quality department will collect letters once a week. The factory makes sure that problems are solved within one week, and will post resolution on bulletin board. The management explained that they only received several letters concerning canteen issues last year when they newly moved to the new facility, and have received no letters yet this year.

Plan Of Action: Trade union is present in the [Factory name] company.

Deadline Date: 11/20/2008

Action Taken: As of June 1, 2009, workers are encouraged to voice their concern and candidates are represented from the workforce.

Plan Complete:

Plan Complete Date: 06/01/2009



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

Other

Noncompliance

Explanation: According to records review and management interview, there is no procedure on freedom of association and collective bargaining in the factory.

Plan Of Action: [Factory name] has procedure for freedom of association and collective bargaining.

Deadline Date: 11/26/2008

Action Taken: As of June 1, 2008, these policies are located in the HR department and are readily available to any employee at any time. Consider this complete. 6/1/09

Plan Complete:

Plan Complete Date: 06/01/2009

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 records review, the disciplinary system does not 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.

Plan Of Action: To add the ability for workers to appeal or question when any action is taken against them.

Deadline Date: 11/13/2008

Action Taken: We have added 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 to the disciplinary system. Completed and verified on June 1, 2009.

Plan Complete:

Plan Complete Date: 06/01/2009

Harassment or Abuse: Punishment of Abusive Workers/Supervisors/Managers

H&A.16 Management shall discipline anyone (including managers, supervisors or fellow workers) who engages in any physical, sexual, psychological or verbal violence, harassment or abuse, regardless of whether such action was intended as a means to maintain labor discipline. Such discipline could include (combinations of) compulsory counseling, warnings, demotions and termination. (P)

Noncompliance

Explanation: According to records review and management interview, there is no disciplinary procedure made for those who engage in harassment or abuse of workers.

Plan Of Action: To implement procedure.

Deadline Date: 11/20/2008

Action Taken: Disciplinary regulation procedure has been implemented. As of June 1, 2009, implementation has been verified and completed.

Plan Complete:

Plan Complete Date: 06/01/2009

Harassment or Abuse: Other - Harassment or Abuse

Other

Noncompliance

Explanation: According to records review and management interview, there is no procedure for non-harassment and abuse.

Plan Of Action: Company needs to implement procedure into the daily routine.

Deadline Date: 11/13/2008

Action Taken: Regulation procedure has been implemented on non-harassment and abuse. As of June 1, 2009, the head of HR department is responsible to communicate to workers, supervisors and managers.

Plan Complete:

Plan Complete Date: 06/01/2009

Child Labor: Other - Child Labor

Other

Noncompliance

Explanation: According to records review and management interview, there is no procedure (how to prevent, how to solve related problems and so on) on child labor.

Plan Of Action: Company to immediately implement procedure in regards to child labor.

Deadline Date: 12/01/2008

Action Taken: Regulation procedure regarding child labor has been implemented and will be monitored closely. Confirmed on 6/1/09 that this practice is maintained and meets requirements.

Plan Complete:

Plan Complete Date: 06/01/2009

Non-Discrimination: Other - Non-Discrimination

Other

Noncompliance

Explanation: According to records review and management interview, there is no procedure (how to prevent, how to solve related problems and so on) on non-discrimination.

Plan Of Action: [Factory name] will implement regulations throughout factory.

Deadline Date: 12/03/2008

Action Taken: Regulation procedure regarding non-discrimination has been implemented in the [Factory name] factory. We have verified on 6/1/09 that this policy is provided to new employees and is reviewed in employee update meetings.

Plan Complete:

Plan Complete Date: 06/01/2009

Code Awareness:

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

Explanation: According to factory walkthrough and workers interview, no NorthPole Code of Conduct is posted in the factory. Workers are not aware of Code obligations.

Plan Of Action: NorthPole will post Code and stress employees to be aware of posting.

Deadline Date: 12/01/2008

Action Taken: We have posted the NorthPole Code of Conduct and also educated our employees for their awareness. New employees are provided with a Code of Conduct and on 6/1/09 it was verified that the Code of Conduct is posted throughout the factory.

Plan Complete:

Plan Complete Date: 11/25/2008

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:

1. There are no inspection records for all fire hoses.
2. Fire extinguishers for garbage rooms are blocked by waste materials and have no inspection records.

Plan Of Action: We will have all fire hoses inspected and keep record of these inspections. We will also clear way to fire extinguishers.

Deadline Date: 11/10/2008

Action Taken: [Factory name] has had fire hoses inspected and will now keep records of these inspections. In regards to the fire extinguishers for garbage rooms, they are not blocked by any waste materials; we will keep inspections records and will keep area free of any blockage. As of 6/1/09 these spaces were again surveyed and found to be in compliance. The head of HR insures these practices are maintained.

Plan Complete:

Plan Complete Date: 11/01/2008

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 are combustible materials outside of oil warehouse, and garbage room is too close to the oil warehouse.

Plan Of Action: We will keep combustible materials separate from oil warehouse area.

Deadline Date: 11/26/2008

Action Taken: Segregation of materials has been implemented for safety and housekeeping. Effective 6/1/09 the head of HR is responsible for maintaining chemical management and training. Review of the area showed all procedures being followed. Consider this complete.

Plan Complete:

Plan Complete Date: 11/10/2008

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 are no hazardous warning signs and MSDS posted in oil warehouse.

Plan Of Action: Post immediately necessary warning signs.

Deadline Date: 11/20/2008

Action Taken: Warning notices and MSDS have been posted throughout oil warehouse, Pictures were received from factory. Workers continue to be trained in health and safety. MSDS posted in all relevant areas. Department managers, supervisors and top managers are aware of responsibility,

Plan Complete:

Plan Complete Date: 06/08/2009

Health and Safety: 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)

Noncompliance

Explanation: According to factory walkthrough:

1. There are no inspection records for 2 air tanks and 4 air pressure machines.
2. No sign about wearing gloves is posted in cutting department.

Plan Of Action: We will get inspection and keep records.

Deadline Date: 11/15/2008

Supplier CAP: Ongoing contact with relevant department and local government for possible setting of inspection.

Supplier CAP Date:

Action Taken: As of 6/1/09 government inspections are planned quarterly at the discretion of the government inspector. As of 6/8/09 it has not been confirmed that proper gloves are being used in the cutting sections.

Plan Complete:

Plan Complete Date: 06/08/2009

Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: According to factory walkthrough, there is water on the 4th floor of building A-1-1, which makes the floor slippery.

Plan Of Action: To clear area on water that is hazardous.

Deadline Date: 11/30/2008

Action Taken: Regular maintenance has been implemented and monitored throughout factory. The head of HR is responsible for insuring this. On 5/27/09 plumbing repairs are complete and this item can be considered closed.

Plan Complete:

Plan Complete Date: 05/27/2009

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: According to records review and management interview, the factory received comprehensive working time certificate from [City name] labor bureau from last September to this August saying that average monthly OT hours is 109.67. Through time records review from last August to this August, the auditor found that all workers worked almost the same working hours. Average monthly working time is 251.46. All workers worked 90 OT hours in this March. All workers worked 140 OT hours in this June in response to Sichuan earthquake. Workers worked around 65 OT hours per month in other months.

Plan Of Action: We will monitor and control overtime hours throughout factory.

Deadline Date: 12/01/2008

Action Taken: Control of overtime hours according to the comprehensive working time certificate has been implemented and will continue to be an ongoing process. HR is overseeing this procedure. 2008 OT hours were the results of meeting government requirements for China earthquake victims. Also in 2008 extra OT hours were required due to a labor shortage in the area. In 2009 we currently see less OT due to new equipment and more efficient operation. OT will continue to be monitored on an ongoing basis.

Plan Complete:

Plan Complete Date: 06/01/2009

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, workers' wages of annual leave are not paid in advance, while at the fixed pay day.

Plan Of Action: [Factory name] will reevaluate procedure.

Deadline Date: 11/05/2008

Action Taken: [Factory name] staff normally take seasonal break all together at the end of July or early August, and the salary is settled on normal payday. Nobody has been deducted salary of seasonal leave up to now. Confirmed on 6/1/09 that seasonal break policy applies to all factory workers and [Factory name] staff.

Plan Complete:

Plan Complete Date: 06/01/2009
