

FLA Audit Profile	
Country	China
Factory name	0100164971
FLA	Global Standards
Dating in factory	December 11-12, 2008
FLA No.	45166_02
Number of workers	1,291
Products	Footwear
Production processes	Quilting, Sewing, Checkin, Packing, Embroidery, Finishing

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	EHS Findings						Remediation				Status		Updates (Cite Date of Follow Up)		Updates (Cite Date of Follow Up)		Third Party Verification		Company Verification Follow Up	
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/ Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up	Documentation	Completed, Pending, Ongoing	Company Follow Up (January 11, 2009)	Documentation	Company Follow Up (May 15, 2009)	Documentation	External Verification (Date)	Documentation	Company Follow Up	Documentation
Right to Association/Information		Familiar and articulate clear, written workplace policies regarding these standards and their legal obligations to workers.			No interviewed worker was familiar with the code of conduct (COC).	Management provided training to workers on COC during OCE training but once a year and orientation for new workers. But, management stated they rarely just had policies to workers.	Record review, management interview, worker interviews	1) Factory management must provide more training to ensure that 1) management training process is provided during new employee induction and during ongoing education courses to existing employees. 2) Training department will follow and employ the results, also get feedback from workers after training.	3/31/08	New labor contract law training will be arranged January 14-25, 2009.		Completed	Management reestablished training program to ensure that 1) management training process is provided during new employee induction and during ongoing education courses to existing employees. 2) Training department will follow and employ the results, also get feedback from workers after training.	Management provided last training records for workers and new training schedule of 2009. Records for new labor contract law issued from 2008. Factory would arrange related training for all workers.								
Confidential Noncompliance Reporting Channel		FLA Principle of Monitoring, Detachment of Complaints. Develop a secure communications channel for workers to report labor issues and identify Company employees and employees of contractors and suppliers to report to the Company on non-compliance with the workplace standards, with priority that they shall not be punished or reprimanded for reporting.			No secure communications channel for workers to report problems to company.	Record review, management interview, visual inspection	SEA team provide workers with reporter's business card in a folder for workers to contact SEA team to file a complaint to company.	3/31/08				Completed	Workers use clear complaints procedure provided to factory management through 1) suggestion box 2) factory employee hot phone and 3) external representative meeting.	Management provided records from suggestion box and meeting minutes. Records showed that the communication channel really worked.								
3. Forced Labor																						
3.1 Child Labor		There will not be any use of forced labor, whether in the form of prison labor, bonded labor or otherwise.																				
3.2 Adult 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.																				
3.3 Discrimination in Labor		Every employee will be treated with respect and dignity. No employees will be subject to any physical, sexual, psychological or verbal harassment of abuse.																				
Other					Factory does not have a specific policy for termination/reassignment for operational purposes.	Record review, management interview	1) Management must develop a specific policy about termination/reassignment indicating possible reasons for termination, and severance specifications.	3/31/08	Related policy had been developed in September 2007.													
Other					In cases where discipline process results in termination, there is no safety provision workers safety. (Change of rates results repeat termination).	Record review, management interview	1) Add disciplinary policy in workers' manual. Management must include procedures for workers to discipline any termination, from a warning letter to termination. 2) Provide training to workers on disciplinary procedures and appeal process.	3/31/08				Completed	Factory 1) added disciplinary policy in workers' manual, which included procedures for workers to dispute any termination or warning letter and 2) provided training to workers on disciplinary procedures and appeal process.	Workers' manual, labor contract								
4. Non-discrimination		No person will be subject to any discrimination in employment, including hiring, salary benefits, advancement, discipline, termination or rehiring, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																				
4.1 Non-discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to the provision. They include: hiring, job assignment, wages, bonuses, advancement, and other terms of compensation, promotion, discipline, assignment of work, termination of employment, or reassignment.			No policy on non-discrimination.	Record review, management interview, worker interviews	1) Add non-discrimination policy in workers' manual. Factory should set up non-discrimination policy regarding recruitment, employment and promotion. 2) Provide training to management and workers.	3/31/08	Related policy had been developed and put in employee manual.			Completed	1) Non-discrimination policy has been developed and placed in employee manual. 2) Factory also arranged training to management and workers on non-discrimination policy.	Related policy, training records								
4.2 Health and Safety		Employment 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.																				
4.2.1 Accidents and Compensation		Not all workers using chemicals have access to material safety data sheet (MSDS).			MSDS documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers in different from the local language.	Visual inspection	1) Provide and post MSDS in local language. 2) Provide training on MSDS to supervisors and workers. 3) Factory management must ensure to follow all HSE requirements in temporary work areas.	9/20/08				Completed	1) MSDS in local language has been provided. 2) MSDS training records.									
4.2.2 Evacuation Procedures		Fire safety law regulation #14, point 6. All exits and pathways must be clear and open during work hours. Fire safety law #25. All factories that have at least 4 exits.			1) Some exits and pathways blocked. 2) 1 of the temporary sewing workspaces factory 1 not accessible, the other exit is blocked by machines.	Visual inspection	1) This sewing area was temporary, it stopped being used 02/10/2007. 2) When factory decides to use temporary plant for production, management must evaluate HSE practices, including pathway and emergency exit. 3) HSE Coordinator has to inspect all safety regularly, including temporary production area.	4/10/08				Completed	Factory corrected HSE violations found in new production area. HSE staff conducted regular inspection on a monthly basis.	HSE internal inspection records								
4.2.3 Safety Equipment		All safety and medical equipment must be in working order. Fire safety law regulation #12.2. All pathways, exits and stairs must have functioning emergency lights.			1) The extinguisher out of order. 2) 1 emergency light out of order.	Visual inspection	Fireworks inspection was not carried in doing inspection. Action: 1) Factory needs to set rules and training to inspectors on how to properly inspect all fire extinguishers. 2) Inspect all fire extinguishers and emergency lights on monthly basis, maintain documentation of the extinguishers' emergency lights results.	4/10/08				Completed	1) Factory conducted training to inspectors on how to properly inspect all the extinguishers. 2) Fire extinguishers and emergency lights are inspected monthly, and inspection records attached on equipment.	Safety equipment training records, monthly inspection records								
4.2.4 Personal Protective Equipment (PPE)		Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent contact exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including material risks.			No PPE for workers who use chemicals inside workarea.	Visual inspection	Reasons: Workers who used chemicals are not appointed persons to use chemicals. They did not know rules regarding PPE. Action: 1) Re-emphasize rules. Only appointed persons in chemical designated area can use chemicals. 2) Provide training on importance of PPE to all workers responsible for handling chemicals. 3) Require all supervisors to inspect chemical area to ensure that it is used under requirements of MSDS.	4/10/08	How to use PPE training conducted January 3, 2009.			Completed	Observed that only appointed workers used chemicals and they used PPE. Factory also provides training on importance of PPE to all workers responsible for handling chemicals and has developed policy to require supervisors to inspect chemical area to ensure it is used under requirements of MSDS.	MSDS training, PPE training records, factory tour								

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			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Date/Source/Notes)	If Not Corrected, Explain Why	Source/ Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Factory Response (Options)		Company Follow Up	Documents in	Completed, Pending, Ongoing	Company Follow Up (January 11, 2008)	Documentation	Company Follow Up (May 13, 2008)	Documentation	External Verification (Date)	Documentation	Company Follow Up
Chemical Management	Health and safety regulation #6 point 4. All electrical wire, junction boxes and appliances must be connected safe. Chinese label on the container.	All chemicals and hazardous substances should be labeled. All electrical wire, junction boxes and appliances must be connected safe. Workers should receive training, appropriate to their responsibilities, in the safe use of chemicals and other hazardous substances.	No Chinese label on some chemicals used by workers.				Visual inspection	Reasons: Containers are missing after long time use. Labels are present, with no characters, and ensure labels are properly reads.	4/10/2007			Completed	All chemicals are labeled in local language.	Factory tour								
Ventilation/Electrical/Facility Maintenance	Fire safety law regulations #41 and #6. All electrical wire, junction boxes and appliances must be connected safe.	All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions in employees in the facility.	Electrical wires and junction boxes are in poor condition and unsafely connected inside workday.				Visual inspection	Reasons: Maintenance was not good. Action: 1) Check all electrical wires and junction boxes again and repair unsafe connections. 2) Set up regular inspection date of all electric installations and machinery by a technician.	4/10/2007			Completed	Electrical safety inspection for entire factory will be conducted by an external department and factory management will take corrective action according to inspection report.	Internal electrical safety policy. Corrective action plan, internal electrical safety inspection records.	After external electrical safety inspection, factory developed a complete corrective action plan to address issues highlighted by inspection report. Solutions were considered, internal inspections arranged to monitor electrical safety. All electrical safety conditions were maintained in a good status.							
Machinery Maintenance	Industrial safety regulation #32 Machinery should have protection covers or guards for protection.	All production machinery and equipment shall be inspected, properly guarded, and operated in a safe manner.	No protective covers and guards on some of the sewing machines.				Visual inspection	Reasons: Some sewing machine guard covers were missing due to poor maintenance and no person in charge of checking the safety guard status. Action: 1) Factory management must set up the sewing machines maintenance record. 2) All workers need to check their own machines safety equipment including belt cover and handle guard. 3) HSE Coordinator need to regularly inspect the safety equipment, and ensure that each is in use by all.	4/10/2007			Completed	Through factory tour, all machines were in good working condition. 1) In sewing machines, maintenance records are attached to each sewing machine. 2) The policy posted orders to require each worker to check the safety equipment every day after work. 3) The HSE coordinator provide the monthly inspection records regarding the safety equipment.	The sewing machine maintenance records. The only safety equipment inspection record. The safety equipment monthly inspection records.								
2. Freedom of Association and Collective Bargaining																						
Employers will recognize and respect the right of employees to 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 Labor 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 relations 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 if members' associations 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. A new plan to make unions an effective 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																					
Right to Freely Associate		Workers will 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 starts employment, and continues through the course of employment.					Record review, management interview	1) Factory should set up policy on how the union operates and how union representative can effectively communicate with workers. 2) Provide training to union representatives and union members.	6/10/2007			Completed	1) Factory has set up policy on how union operates and how union representative can effectively communicate with workers. For example, some methods of communication used include monthly meetings, worker hotline and suggestion box. 2) Training on new policy was arranged in December	Related policy, training records								
Compliance to Local Collective Bargaining Laws		Employees will comply with all national and local laws and regulations concerning collective bargaining and free association. Where conflicts are relevant to them, employees will use the standard that provides the greatest protection for workers.	International standards know what collective bargaining agreement (CBA) was.				Record review, management and worker interviews	Workers signed individual contracts, and already includes the requirements. 1) Factory management/union must first deal with bargaining agreement. 2) Factory should provide the training on what the CBA is and what they have achieved.	3/31/2007			Completed	1) Factory developed CBA and included pay date in it. 2) Training on CBA will be arranged soon.	CBA, training records, internal management meeting minutes regarding CBA update.	Training on CBA conducted in mid-2008. All statements indicated that they understood the CBA. Internal meeting minutes also indicated that workers updates and discussions were taken into account during CBA.							
3. Wages and Benefits																						
Employees recognize that wages are essential to meeting employee basic needs. Employees will pay employees, as a basis, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																						
Wage Benefits Awareness		Employees will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in their company and under the applicable law.	No interviewed worker knew what minimum wage was.				Management Provides training for workers on wages. Factory also posted labor laws and orientation message to new workers. But management did not approach they directly pay need.	Record review, management and worker interviews	1) Factory set regular training for workers to understand what minimum wage is. 2) Management should also post legal requirements, including minimum wage, in areas that are accessible to workers.	3/31/2007		Completed	Factory organized training and posted information regarding local Minimum Wage, OT wage calculation methods, and local social insurance benefits.	Training records								
Payment of Wages		Legally mandated bonuses to a 13th month payments and insurance payments will be paid in full and on a timely manner.	Workers need to apply for resignation 1 month in advance, but cannot get full pay until final pay day.				Record review, management and worker interviews	Remediation Plan: 1) Factory management must pay outstanding wages immediately at the worker resign, be terminated, or end their contract. 2) Factory can pay cash to workers based on contract safety on date they left.	End of June, 2007			Completed	Factory established new policy regarding payment of wages to resigned workers.	New policy regarding payment of wages to resigned workers.								

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			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Unconcerned)	If Not Concerned, Explain Why	Essential Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Factory Response (Optional)		Company Follow Up	Documentation #	Completed, Pending, Ongoing	Company Follow Up (January 11, 2006)	Documentation	Company Follow Up (May 13, 2006)	Documentation	External Verification (Date)	Documentation	Company Follow Up
Legal Compliance for Holiday/Leave	China Labor ILO-29 , Zhejiang 027-2017 . Laborers who get married or whose direct relatives (parents, wives, children) pass away, employers should provide paid 3-3 days leave according to local situation. Population and family planning law in Zhejiang. Article 37. Laborers who get married late (female 23 years old, male 25 years old) can get marriage leave for other 12 days.	Workers will be paid for holidays and leave as required by law.	No paid maternity nor bereavement leave					1) Maternity leave is currently paid by factory. 2) Factory currently sets the 3 day marriage/bereavement leave and pay.	Completed			Completed										
Hours of Work																						
Engage 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 of rest every seven day period.																						
Over-time Limitations	Article 41 PRC Labor Code: Overtime and may exceed work hours as necessitated by its production or business operation after consultation with trade union and laborers, but generally not exceed 1 hour. Extension is needed for special reasons, when the conditions for health of laborers is guaranteed. 3. extended hours shall not exceed 3 hours per day. However, total extension in a month shall not exceed 36 hours. Regulations about Overtime Pay: Text by State Government May 1, 1997, Article #3	Engage 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 of rest every seven 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.	This June, most workers in sewing, sampling, cutting, checking and packing departments worked between 01-01 CDT hours the whole month. This July, a small portion of workers in sewing and checking departments worked around 03 CDT hours for whole month. This August, all workers in sampling departments, most workers in sewing and checking departments, some workers in finishing, auxiliary department and half of workers in cutting department worked around 04 hours for whole month.	Record review, management and worker interviews		Reasons: Too many orders, no capacity. Address: a) Factory already added 6 new production lines after Chinese New Year to be able to handle orders. b) Planning and production department receive orders based on 58 hours/week. c) If having OT more than 58 hours, supervisors have to apply to General Manager and HR department. d) Supervisors make sure to provide 1 day off in 7 for all workers.	5/30/2007			Completed		Though attendance records review and worker interviews, maximum weekly work hours still not exceed 60. 1 rest day in 7 days is guaranteed.	Attendance records, payroll									
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.																						
Discrimination																						