

FLA Audit Profile		FLA Audit Profile	
Country	China	Country	
Factory name	36001530D	Factory name	
IEM/IEV	IEM: ALGI	IEM/IEV	
Date(s) in facility	27, 28, 29, October, 2005	Date(s) in facility	
PC(s)	Puma	PC(s)	
Number of workers	3668	Number of workers	
Product(s)	Footwear	Product(s)	
Production processes	Sewing, cutting, molding, warehousing, sole-making, QC.	Production processes	
Other brands in facility	None	Other brands in facility	

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance
1. Code Awareness			
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			
Freedom of Movement		Employers are prohibited from practices that restrict a worker's ability to terminate his or her employment or freedom of movement, including physical or mental coercion, deposits , unreasonable financial penalties or recruitment fees, and access to and renewal of identity papers and/or work permits or other legal identification	New employees need to pay 50 Yuan as uniform deposit when start working. The money will be returned after one year.
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.			
Legal compliance for juvenile workers	Art. 9 of Regulations on Special Protection of Juvenile Workers: Employment of juvenile workers should be under registration. Art. 65 of PRC Labor Law: Employer shall carry out regular physical examinations for juvenile workers.	Employers will comply with applicable 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	Juvenile workers have not been registered with local labor bureau.

Legal compliance for juvenile workers	Art.6 of Regulations on Special Protection of juvenile Workers: Employer shall carry out regular physical examinations for juvenile workers as required by follows: (1) Before arrangement of working positions; (2) working for one year; (3) an employee just over 18 shall take physical examination if it has been more than 6 months since last physical examination.	Employers will comply with applicable 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	Juvenile workers do not take any physical examination during the employment.
Proof of age documentation	In accordance with Article 4 of State Council Order No. 364 of People's Republic of China "Regulation on Prohibition of Child Labor" (with effective from December 1, 2002): When recruiting employees, the employing unit shall verify the Identity Cards of the applicants, and must not employ those juveniles who have not reached 16 calendar years of age. The employing unit shall appropriately maintain the employees' employment register and materials being verified. (Effective from Dec 1, 2002)		
Young worker Identification System		Employers shall have a system for identifying work station and operations that are inappropriate for young workers according to the applicable law	
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 of abuse.			
Access to Facilities		Access to food, water, toilets, medical care or health clinics or other basic necessities will not be used as either reward or punishment	Workers have to apply for a toilet permission card before they go to the bathroom. One permission card is shared among 20-30 workers.

<p>Monetary Fines and Penalties</p>	<p>Art.16 of Interim Regulation on the Payment of Wages: Bearing damages for the employee's cause, the employer could ask for compensation from the employee according to the labor contract. The compensation could be deducted from the salary or wages of the employee. While the deduction could be not more than 20% of the salary or wages of present month. Besides, the remainder should be no less than the minimum wage regulated by local government if it is inclined to under it after the deduction.</p>	<p>Employers will not use monetary fines and penalties for poor performance</p>	<p>The policy and practice for handling discipline has different levels of monetary punishment including a combination of written warnings and wage deductions. According to the severity of the case, workers will be deducted 12, 20, 36 or 108 Yuan.</p>
<p>Verbal abuse</p>		<p>Employers will prohibit screaming, threatening, or demeaning verbal language</p>	
<p>Grievance Mechanism</p>		<p>FLA Audit Instrument 5E.1b: Does the factory have an internal comment or grievance system in which workers can raise issues of concern to factory management?</p>	
<p>5. Nondiscrimination</p>			
<p>No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on</p>			

Policy		FLA Audit Instrument 5E.1b: Does the factory have a non-discrimination policy and/or procedure?	
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. 37 of PRC Work Safety Law: Production and business units shall provide their employees with PPE that are up to national standards or industrial specifications, and they shall give instruction to their employees and see to it that they wear or use these PPE in accordance with the rules for their use.	Workers shall wear appropriate protective equipment (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.	Ear plugs are provided by the employer, but the use is not enforced. 80% of the workers exposed to excessive noise (as per the result of the environmental assessment conducted by Fuzhou Disease prevention and control center on September, 18th, 2005) did not wear provided ear plugs.
Evacuation Requirement and Procedure	1. . In accordance with Article 14.6 of the Fire Prevention Law of the People's Republic of China, factory shall make sure that the evacuation passages and fire exits remain unblocked and set up fire evacuation signs/plans throughout the factory to indicate evacuation directions and exit locations. 2. In accordance with Article 10 of Factory Safety and Health Rules : Machines, worktables, etc. must have passageway of at least 1-meter width between them to ensure safe operation. 3. In accordance with Article 10.2.6 of the Fire Prevention Standard for Building Design (new revision of GBJ 16-87) (1997): factory shall install emergency lights along all evacuation passages, above all exits and in all stairwells.		

Safety Equipment and First Aid Training	1. In accordance with Article 31 of Factory Safety and Health Rules, first aid kits shall be available in working places. 2. In accordance with Article 8.5.1 of Code of Design on Building Fire Protection and Prevention (Extract): The following locations should have self fire extinguishing system. Self water spraying fire extinguishers should be used except in the location where water is not applicable or the other areas specific by this Code: -EVA preparation, forming, cutting, empactic; wood working industrial building with land occupied		
Chemical Management and Training	1. In accordance with Article 16 of Regulation for Safety of Dangerous Chemical: Units that produce, store and use the dangerous chemical should install related safety facilities in workshop or warehouse for monitor, ventilation, sun proof, air-condition, fire prevention, fire fighting, explosive prevention, pressure release, gas defence, antiseptis, counteract, anti-moisture, lighting proof, anti-static, anti-leakage, safeguard,		
Machinery Maintenance and Worker Training	In accordance with Article 32 of Factory Safety and Sanitary Regulations: Hazardous parts like conveyor belt, gear, abrasive wheel, flywheel, sewing machine, etc., shall be equipped with protective devices.		
7. Freedom of Association and Collective Bargaining			
Employers will recognize and respect the right of employees to freedom of association and collective bargaining			
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 seeks employment, and continues through the course of employment	
Union Negotiation	Art.4 of Regulations on Collective Agreement: Collective bargaining shall be the legally designated means for the establishment of collective agreement. Employer and employees shall have meetings for collective bargaining	Employers will negotiate in good faith with any union that has been recognized, by law or agreement between the employer and that union, as a bargaining agent for some or all of its employees	

Victimization		Employers and employees will honor in good faith, for the term of the agreement. the terms of any collective bargaining agreement they sign. Employees shall be able to raise issues regarding CBA compliance by the employer without retaliation	As per the collective bargaining agreement, the company will comply with Minimum Wage requirements, legal working hours and overtime provisions. The auditing team concluded that the company is not in compliance with these items.
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			
Minimum Wage	Art. 48 of PRC Labor Law: The employer shall pay laborers wages no lower than local standards on minimum wages.	Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher	Workers get 1 Yuan per hour, which does not reach the minimum wage (2.57 Yuan).
Wage Benefits Awareness	Art. 19 of PRC Labor Law: Labor contract shall be in written form and with the following items included: term of contract, job description, labor protection and conditions, remunerations, labor discipline, conditions for termination of contract and liabilities for breach of contract.	Employers 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 that company and under the applicable law	No terms regarding wage, hours of work are listed in labor contract.
Wage and Benefits Posting		All notices that are legally required to be posted in the factory work areas will be posted. All legally required documents, such as copies of legal code or law, will be kept at the factory and available for inspection	The factory is not aware of and does not follow effective minimum wage applicable for this city.

Illegal Holding of Funds	Art.16 of Interim Regulations on the Payment of Wages: Bearing damages for the employee's cause, the employer could ask for compensation from the employee according to the labor contract. The compensation could be deducted from the salary or wages of the employee. While the deduction could be not more than 20% of the salary or wages of present month. Besides, the remainder should be no less than the minimum wage regulated by local government if it is inclined to under it after the deduction.	All voluntary deductions (savings clubs, loan payments, etc.) will be credited to proper accounts and funds will not be held illegally or inappropriately by employers.	The working fee (3 Yuan per month) is deducted by the employer to pay for commercial accident insurance. Workers have not been informed or agreed to this deduction.
Illegal Holding of Funds	Art.16 of Interim Regulations on the Payment of Wages: Bearing damages for the employee's cause, the employer could ask for compensation from the employee according to the labor contract. The compensation could be deducted from the salary or wages of the employee. While the deduction could be not more than 20% of the salary or wages of present month. Besides, the remainder should be no less than the minimum wage regulated by local government if it is inclined to under it after the deduction.	All voluntary deductions (savings clubs, loan payments, etc.) will be credited to proper accounts and funds will not be held illegally or inappropriately by employers.	The amount of wages to be paid to the employee, are round-down to the closest Yuan amount (fraction of the Yuan is always deducted). . As per management explanation, since it is very difficult to allocate the fraction of the Yuan to each worker, the deducted money is accumulated in an "employee benefit fund". As per record review of the use of employee benefit fund in October 2005, the money has been used to cover the Taiwanese management meal expense, electricity bill, water bill, employee meals and birthday parties. Expenses listed were considered by the auditing team to be inappropriate. Additionally, workers are not aware of anything related to the deducted money and the benefit fund.
Legal Compliance for holiday/leave	Art. 51. of PRC Labor Law: The employer shall pay wages to laborers in accordance with law when they have legal holiday, take leaves during periods of marriage or mourning, and participate in social activities in accordance with law.	Workers will be paid for holidays and leave as required by law	Workers are not paid for legal holidays.

False Payroll Records		Employers will not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.	Three versions of the payroll records were found in the factory. According to the original payroll, employees receive approximately 50% the required minimum wage. Overtime wages are also not in compliance. In the second version, the payroll is re-structured, to show 90% of the workers receiving at least minimum wage. The third version of the payroll is a simplified version of the second one. Details like overtime wages and allowances are missing since the figures are combined.
Holidays, Leave, Legal Benefits and Bonues	(1) In accordance with Article 73 of the Labour Law of the People's Republic of China (extracted): Workers shall enjoy social insurance benefits in accordance with the law in any of the following circumstances: (1) On retirement; (2) When suffering from an illness or sustaining an injury; (3) When disabled by a work-related injury or suffering an occupational disease; (4) When unemployed; or (5) When giving birth. (2) . In accordance with the Article 59 of Opinions on Matters of Carrying out Labor Law of the People's Republic of China of LMI [1995] No. 309: Sick pay or sick alms paid by the employing unit for the employees in therapy period who were sick or injured not in work could be lower than the local minimum wage standard but no less than 80% of the standard		
Payment for all hours worked			

Wages Receipt			
9. 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	Art. 41 of PRC Labor Law: Employees should not be allowed to work more than three overtime hours per day and 36 overtime hours per month.	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. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	<ol style="list-style-type: none"> 1. The monthly overtime hours for employees of all departments ranged from 91 hours to 112 hours in December, 2004, January, May, June, July, August, September and October 2005. 2. Employees work up to 70 hours a week in December, 2004, and January, May, June, July, August, September, October 2005. 3. Seven cafeteria workers and 15 security guards work 12 hours a day.
Day of Rest	Art. 38 of PRC Labor Law: Employer shall guarantee that its laborers have at least one day off per week.	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. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	Employees had one day off after consecutive 10 to 14 work days in May, June, July and August, 2005.

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.			
Accurate recording of OT hours worked		Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work	The supervisors are responsible for tracking the attendance sheet. Working hours recorded were found to be inaccurate.
OT Compensation	Art. 44.1 of PRC Labor Law: The employer shall pay workers no less than 150 % of their regular wages if they are required to work overtime.	The factory shall comply with applicable law for premium rates for overtime compensation	The regular overtime wage for workers is 1.5 Yuan per hour, which does not meet 150% of the local minimum wage (since factory fails to compensate legal minimum wage).
OT Compensation	Art. 44. 2 of PRC Labor Law : Payment of wages to laborers should be no less than 200% of the normal wage if the employees are required to work on a day of rest and no deferred rest can be taken.	The factory shall comply with applicable law for premium rates for overtime compensation	The rest day overtime wage for workers is 1Yuan per hour, which does not meet 200% of the local minimum wage (since factory fails to compensate legal minimum wage).
Miscellaneous			
Subcontract		FLA Audit Instrument 5E.1b: Do contracts between the factory and any subcontractors and/or recruitment agencies comply with the FLA Code of Conduct, including one rest day, maximum hours of work, minimum wage and OT payments, minimum age and health and safety requirements?	Subcontractors have not signed commitment to comply with the FLA Code is available. No evidence of compliance was available.

Cafeteria Licenses	Art. 27 of PRC Food Sanitation Law: Enterprise engaged in food production or marketing as well as food vendors must obtain a hygiene license issued by the administrative department of public health before they shall be permitted to apply for registration with the administrative departments of industry and commerce. No person who has not obtained a hygiene license may engage in food production or sale.		The cafeteria does not have license.
Cafeteria workers Licenses	Art. 26 of PRC Food Sanitation Law: All persons engaged in food production or marketing must undergo an annual medical examination; persons newly employed or serving temporarily in this field must also undergo a medical examination and may		Three out of seven cafeteria workers do not have mandated health certificates.
Security guard Licenses	Art 3.3 of Decision on Reorganizing Security-guarding Service by Ministry of Public Security of PR China: Security guards hired should have licenses issued by public security authority and should be registered with local police station.		11 out of 15 security guards do not have mandated licenses.
Employment Records	(1) Article 7 of Labor contract Law: The labor relationship between the Unit and the laborer is established on the date when the laborer is recruited and/or works in the Unit. The Unit shall establish a worker recruitment register for future reference and review. (2) In accordance with Article 10 of the Labor contract Law of the People's Republic of China, in establishing employment relationship, a written employment contract shall be concluded. Where no written employment contract is concluded at the time of establishment of an		

China
36001530DV
IEM: Social Compliance Service Asia Ltd.
8, 9 September 2011 (IEV)
Puma
2629
Footwear
Sewing, cutting, molding, warehousing, sole-making, QC.
N/A

IEM Findings						Remediation		
Risk of Noncompliance	Evidence of Noncompliance (uncorroborated)	If Not Corroborated, Explain Why	Sources/Documentation Used For Corroborating	Notable Features Implemented By Factory Management Or Company	PC Internal Audit Findings (Optional)	PC Remediation Plan	Target Completion Date	Factory Response (Optional)
			Workers interview/ Management interview/ Records review.					
			Management interview/ Document review/ Workers interview.					

			Management interview/ Document review/ Workers interview.					
			Workers interview/ Management interview/ Permission card review.					

The factory does not have a policy of nondiscrimination.			Management interview/Document review					
			Factory tour					

Factory does not have a policy on freedom of association and collective bargaining right.			Management interview/ Document review					

			Document review/ Management interview.					
			Management interview/ Workers interview/ Document review					
			Labor contracts review/ Management interview.					
			Management interview/ Document review					

			Management review/ Document review/ Workers interview.					
			Management review/ Document review/ Workers interview.					
			Workers interview/ Management interview/ Document review.					

			Records review (paper print out and computer records).					

			Workers interview/ Management interview/ Time cards and payroll review.					
			Workers interview/ Management interview/ Time cards and payroll review.					

			Workers interview/ Management interview/ Payroll review.					
			Workers interview/ Management interview/ Payroll review.					
			Workers interview/ Management interview/ Payroll review.					
			Document Review/ Management interview.					

			Document Review/ Management interview.					
			Document Review/ Management interview/ Cafeteria workers' interview					
			Document Review/ Management Security guards interview.					

		[Status]	Updates (Cite Date of Follow Up)	IEV Third-Party Verification by SCSA Ltd.	
Company Follow Up	Documentation	Completed; Pending; Ongoing	Company Follow Up	External Verification September 8-9, 2011	Sources/Documentation Used For Corroborating
				Completed: It was noted that factory had discarded the policy of charging the uniform fee/deposit.	Workers Interview, Management Interview and Document Review
				Completed: It was noted that there was no juvenile worker was found wokring at the facility at the time of audit.	Workers Interview, Management Interview, Document Review and Fatory Touring.

				<p>Completed: It was noted that there was no juvenile worker was found wokring at the facility at the time of audit.</p>	<p>Workers Interview, Management Interview, Document Review and Fatory Touring.</p>
				<p>New finding at IEV on Sept 9, 2011 1) Factory could not provide at least one temporary worker's personnel files, including age proof documents for review. (2) As per factory management information, factory subcontracted some of the products to factory employee and asked them to subcontract to other home workers to complete at home. There was no proper system to ensure that no child labour was involved in these process as no personnel records and proof of age documents of these home worker were maintained.</p>	<p>Management Interview, Document Review, Workers Interview, Factory Touring.</p>
				<p>New finding at IEV on Sept 9, 2011 There was no written juvenile workers protection procedure was established in the facility.</p>	<p>Management Interview/Document Review/Workers Interview</p>
				<p>Completed: During the audit, it was noted that the toilet permission card system was no longer in place.</p>	<p>Workers Interview, Management Interview, Factory Touring and Document Review.</p>

				<p>Completed: During the audit, it was noted that there was no sign of any monetary punishment. As per factory policy, the factory prohibited any form of monetary fines as disciplinary practices.</p>	Workers Interview, Management Interview, Factory Touring and Document Review.
				<p>Completed: During the audit, there was no indication leading to conclusion of any verbal abuse. The factory had established the written policy in prohibiting any form of harassment and abuse.</p>	Workers Interview, Training Records, Disciplinary Records, Policy and Procedures, Management Interview.
				<p>Completed: During the audit, it was noted that factory has set up the suggestion box procedure which documented the procedure for resolving issues through suggestion boxes</p>	Workers Interview, Management Interview, Document Review and Factory Touring

				<p>Completed: During the audit, it was noted that factory has established a written policy of prohibition of discrimination.</p>	Workers Interview, Document Review and Management Interview
				<p>Pending: During the audit, it was noted that workers were wearing the ear plug. However, it was still noted that a few of workers were still not wearing the protective mask while handling the hazardous chemicals.</p>	Workers Interview, Factory Touring, Document Review and Management Interview.
				<p>New finding at IEV on Sept 9, 2011 (1) It was noted that one emergency exit at the raw materials warehouse was blocked. (2) It was noted that the width of one evacuation aisle in lasting section was found lesser than 1 meter. (3) It was noted that the emergency exits of canteen were found not installed with the emergency lighting.</p>	Management Interview, Worker Interview, Factory Touring and Document Review

				<p>New finding at IEV on Sept 9, 2011 (1) It was noted that at least one first aid box was found with insufficient first aid supplies at the printing workshop. (2) It was noted that the workshop occupied more than 1,500 square meters or total covered area of more than 3,000 square meters were not installed with fire sprinkler system , such as in lasting section.</p>	Management Inteview, Workers Interview, Factory Touring and Document Review.
				<p>New finding at IEV on Sept 9, 2011 (1) It was noted that some chemicals were not equipped with proper secondary containment in printing workshop. (2) It was noted that the electrical fans in lasting chemical warehouse were without explosive-proof devices.</p>	Management Inteview, Workers Interview, Factory Touring and Document Review.
				<p>New Finding at IEV On Sept 9, 2011 It was noted that some sewing machines were found not equipped with needle guards.</p>	Management Interview, Workers Interview, Factory Touring
				<p>Ongoing: Factory had established the written policy of association and collective bargaing. The Chinese constitution guarantees Freedom of Association; 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 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 nonnegotiated administrative agreements.</p>	Workers Interview, Management and Union representative Interview, Document Review.

				<p>Ongoing: Factory had established the written policy of association and collective bargaining. The Chinese constitution guarantees Freedom of Association; 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 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 nonnegotiated administrative agreements. The union at the factory was under ACFTU and did not perform active function in negotiating the wages and benefit for the collective bargaining.</p>	<p>Workers Interview, Management and Union representative Interview, Document Review.</p>
				<p>Completed : Based on the time and payment records provided, no worker was found being paid below the prevailing minimum wages.</p>	<p>Workers Interview, Management Interview, Document Review</p>
				<p>Completed: Based on the labor contract provided, It was noted that wages and working hours information were included on the labor contracts.</p>	<p>Workers Interview, Management Interview and Document Review.</p>
				<p>Completed: It was noted that factory had designated person for updating the law pertaining to the minimum wages and respective information was posted out accordingly.</p>	<p>Workers Interview, Management Interview, Factory Touring and Document Review.</p>

				Completed : It was noted that there was no deduction of commercial insurance without agreement from workers found on the payroll.	Workers Interview, Management Interview, Factory Touring and Document Review.
				Completed: There was no longer any practice of using the round down amount of money for the employee benefits fund found.	Workers Interview, Management Interview, Document Review.
				Completed : Based on the time and payment record provided, it was noted that workers were provided with paid legal holiday.	Workers Interview, Management Interview, Document Review.

				<p>Completed : During the audit, there was no evidence leading to the conclusion of any kind of multiple and false payroll was noted.</p>	<p>Workers Interview, Management Interview and Document Review.</p>
				<p>New Finding at IEV On Sept 9, 2011 : (1) Based on the provided social insurance contribution receipt of August 2011, it was noted that factory covered 255 out of 2629 employees' under work related injury insurance, 1042 out of 2629 employees' under pension and unemployment insurance, no worker was covered under the medical and maternity insurance under the social insurance system. However, the factory also covered 2836 employees' under the commercial injury and medical insurance with validity period from June 22, 2011 to June 21, 2012. (2) It was noted that factory did not provide paid sick leave to workers.</p>	<p>Management Interview, Workers Interview and Document Review.</p>
				<p>New Finding at IEV On Sept 9, 2011 : As per workers interview, the piece rate workers were working during the lunch time without control and proper recording of the working hours despite the factory management reported that they were not required to work during the lunch time. Hence, these hours were not recorded and Paid.</p>	<p>Management Interview, Workers Interview and Document Review.</p>

			<p>New finding at IEV on Sept 9, 2011 As per factory management information, factory subcontracted some of the products to factory employee and asked them to subcontract to other home workers to complete at home. Factory management stated that the wage of these home workers would be paid by piece-rate and the wages were paid to factory employee directly and these employees would then pay the home workers. Factory has no system to make sure the wage was paid to home workers as per legal requirement as there was no proper time and payment records maintained for these workers.</p>	Management Interview, Workers Interview and Document Review.
			<p>Pending: It was noted that the weekly working hours of workers were at the level from 66 to 85 hours per week. For instance, there were lasting workers working 85 hours a week in period of April 18 to April 24, 2011. The monthly overtime hours also exceeded 36 hours a month and over 100 hours a months in some occasions. It was also noted that workers were working night overtime at the level from 3 to 4 hours per day, and a few of workers required to work night overtime more than 10 hours during peak month, for instance, there were sewing workers working overnight on March 15, 2011, till 05.30 am next day.</p>	Workers Interview, Management Interview, Document Review.
			<p>Pending: It was noetd that most of workers were having one day rest in every seven days work, However, there were still some workers required to work consecutively for 10 to 16 days, such as some workers at the lasting section, worked consecutively 16 days from March 4 to March 19, 2011.</p>	Workers Interview, Management Interview, Document Review.

				<p>Pending: (1) Both electronic timing recording system and manual time recording system were found running in the facility. Based on factory management and time records provided, it was noted that workers were required to swipe their cards 4 times a day only. As per workers interview, the piece rate workers were working during the lunch time without control and proper recording of the working hours despite the factory management reported that they were not required to work during the lunch time. Hence, the actual numbers of these off clock working hours and respective payment status could not be accurately verified. (2) As per factory management information, factory subcontracted some of the products to factory employee and asked them to subcontract to other home workers to complete at home. Factory management stated that the wage of these home workers would be paid by piece-rate and the wages were paid to factory employee directly and these employees would then pay the home workers. Factory has no system to make sure wage was paid to home workers as per legal requirement as</p>	<p>Workers Inteviw, Management Interview, Reviewing on time and payment records and production related records.</p>
				<p>Completed: Based on the time and payment records provided, Worklers were properly paid for the ovetime hours recorded on the time records provided as according to the prevailing law.</p>	<p>Workers Interview, Management Interview and Reviewing on time and apyment records provdied.</p>
				<p>Completed: Based on the time and payment records provided, Worklers were properly paid for the ovetime hours, including rest day overtime hours, recorded on the time records provided as according to the prevailing law.</p>	<p>Workers Interview, Management Interview and Reviewing on time and apyment records provdied.</p>
				<p>Pending: It was noted that factory did not sign the agreement with its subcontractors on the commitment of complying with the workplace standard of the factory and the FLA Code.</p>	<p>Workers Interview, Management Interview and Document Review.</p>

				Ongoing: The hygiene certificate of canteen was expired on August 23, 2011	Workers Interview, Management Interview and Document Review.
				Completed: All cafeteria workers presented during the audit date were having the mandated health certificates.	Workers Interview, Management Interview and Document Review.
				Completed: All security guards presented during the audit date were having the licenses.	Workers Interview, Management Interview and Document Review.
				New finding at IEV on Sept 9, 2011: Factory could not provide at least one temporary worker's personnel files and labour contracts for review.	Workers Interview, Management Interview and Document Review

Company Verification Follow up		
Company Follow Up	Documentation	Status (Completed, Ongoing, Pending)
		Completed
		Completed

		Completed
<p>PUMA visit on 5/16/2012:</p> <ol style="list-style-type: none"> 1. Factory had stopped using temporary workers and home workers since Sep. 2011. 2. This decision was informed to all management people, recruitment officers and production planning control personal through management meeting in Sep 2011. 3. HR supervisor and production control personal are responsible to implement this decision. 	<p>Management/workers interview and documentation review.</p>	Completed
<p>PUMA visit on 5/16/2012:</p> <p>Juvenile workers protection procedure has been established:</p> <ol style="list-style-type: none"> 1. Factory completed the written procedure of Juvenile workers projection in 2011. 2. This procedure content: juvenile workers recruitment progress, registration progress in local government, Juvenile workers work arrangement attentions, juvenile workers health check progress. 3. Every recruitment staff received this procedure training in their pre-job orientation. 4, Factory offered this procedure training to all management staff and supervisors in regular training progress. 	<p>Document review</p>	Completed
		Completed

		Completed
		Completed
		Completed

		Completed
PUMA visit on 5/16/2012: Factory provided protective masks to workers handling hazardous chemicals. Factory provide training to these workers on PPE.D	Visual inspection and document review	Completed
PUMA visit on 5/16/2012: (1) Factory will keep all emergency exit unblocked during working time. (2) Factory will keep all evacuation aisle with enough width. (3) Factory had installed emergency light at the emergency exits of canteen. In addition to these: 1. Factory established written fire safety management procedure, it is a standard to keep the emergency evacuation open in the procedure. 2. Workers will be trained about these fire safety regulations in annual training plan. 3. Internal H&S team will conduct monitoring on the emergency evacuation route in daily inspection. 4. Supervisors of each department also have the responsibility to keep evacuation route unobstructed.	Visual inspection and document review	Completed

PUMA visit on 5/16/2012: (1)Factory will make sure all first aid boxes supplied with sufficient first aid medicine. (2) It is under planning. Factory workshop is 20 years old, they will analyze how to modify the workshop first.		Pending
PUMA visit on 5/16/2012: (1) Factory had provided secondary containment for chemical storage in printing workshop. (2) Electrical fans had been removed from chemical warehouse.	Visual inspection	Completed
PUMA visit on 5/16/2012: Factory had installed needle guards for sewing machines.	Visual inspection	Completed
PUMA visit on 5/16/2012: Factory has completed the policy on freedom of association and collective bargaining right. Factory had established collective bargaining agreement with workers' representatives. During the follow up visit, it was also verified that: 1. All representatives were selected by workers themselves. The most updated representatives in factory was selected in May 2012. All these representatives in trade union were production worker, no management personal. 2. System for collective bargaining: Trade union hold regular meeting every 2 months. In the meeting, representatives will discuss the issues raised by workers during this period and send their suggestions for these issues to factory management. 3. Issues raised by workers and suggestions from trade union will be treated by management. For example, some workers suggested factory to provide herbal tea to workers during hot weather, and some workers suggested to improve food quality in canteen, these suggestion was accept by factory management.	Document review	Completed
		2013.4.1: Completed.

<p>PUMA visit on 9/15/2012: Factory will comply with Minimum Wage requirements, legal working hours and overtime provisions, per the collective bargaining agreement. Factory had established collective bargaining agreement with workers' representatives. During the follow up visit, it was also verified that:</p> <ol style="list-style-type: none"> 1. All representatives were selected by workers themselves. The most updated representatives in factory was selected in May 2012. All these representatives in trade union were production worker, no management personal. 2. System for collective bargaining: Trade union hold regular meeting every 2 months. In the meeting, representatives will discuss the issues raised by workers during this period and send their suggestions for these issues to factory management. 3. Issues raised by workers and suggestions from trade union will be treated by management. For example, some workers suggested factory to provide herbal tea to workers during hot weather, and some workers suggested to improve food quality in canteen, these suggestion was accept by factory management. 	<p>Document review, interview with the workers and management</p>	<p>Completed</p>
		<p>Completed</p>
		<p>Completed</p>
		<p>Completed</p>

		Completed
		Completed

		Completed
<p>PUMA visit on 9/15/2012: (1) Factory will continuously increase the coverage of social insurance. (2) Factory provided paid sick leave to workers. (Update April 2013)</p> <p>1. In March 2013, pension and unemployment insurance coverage in this factory was 55.6%. Factory has purchased a group insurance covered 100% workers for injury.</p> <p>2. Factory will keep training and encouraging workers to participate the social insurance program.</p> <p>3. PUMA.Safe member collects the HR information including social insurance coverage from this factory every season, to monitor the factory increasing social insurance coverage step by step.</p>	Document review and management interview	on going
<p>PUMA visit on 5/16/2012:</p> <p>1. Working during lunch time had been forbidden since Oct. 2011. This decision was informed all production management and supervisors through management meeting.</p> <p>2. Supervisors informed their workers about no working during lunch time at their regular meeting.</p> <p>3. During lunch time, main power supply will be cut off in production area. Supervisors will monitor their workers rest during lunchtime.</p>	Document review, worker and management interviews	Completed

<p>PUMA visit on 5/16/2012:</p> <ol style="list-style-type: none"> 1. Factory had stopped using temporary workers and home workers since Sep. 2011. 2. This decision was informed to all management people, recruitment officers and production planning control personal through management meeting in Sep 2011. 3. HR supervisor and production control personal are responsible to implement this decision. 4. These actions had been confirmed through management/workers interview and documentation review. 	<p>Document review, worker and management interviews</p>	<p>Completed</p>
<p>PUMA visit on 9/15/2012: Factory was recommended to control production arrangement to reduce excessive overtime. Factory controls the overtime through these methods: 1. production planning control by planning officer, no order received if exceed the product capacity.</p> <ol style="list-style-type: none"> 2. Factory tries to improve the working and living environment for workers, to keep more senior worker stay in factory to ensure higher production efficiency. 3. All overtime should be approved by factory management. Now factory management will not approve these OT application if it make overtime exceed 60 hours per week. 4. Administration department has the responsibility to monitor the working time status for each employee. Main power supply will be cut off ten minutes after the approved working time. 		<p>on going</p>
<p>PUMA visit on 9/15/2012: Factory was recommended to control production arrangement to reduce excessive overtime. Factory controls the overtime through these methods: 1. production planning control by planning officer, no order received if exceed the product capacity.</p> <ol style="list-style-type: none"> 2. Factory tries to improve the working and living environment for workers, to keep more senior worker stay in factory to ensure higher production efficiency. 3. All overtime should be approved by factory management. Now factory management will not approve these OT application if it make overtime exceed 60 hours per week. 4. Administration department has the responsibility to monitor the working time status for each employee. Main power supply will be cut off ten minutes after the approved working time. 		<p>on going</p>

<p>PUMA visit on 5/16/2012: (1)All working time would be recorded accordingly. Working at lunch time was forbidden. (2) No homework subcontracted to employees any more.</p> <p>Factory stopped using manual time record from Oct,2011. Per document review, workers interview and management interview, all working time is now recorded with electronic attendance system.</p>	Document review	Completed
		Completed
		Completed
<p>PUMA visit on 5/16/2012: Factory had signed the agreement with its subcontractors on the commitment of complying with the workplace standard of the factory and the FLA Code.</p>	Document review	Completed

PUMA visit on 5/16/2012: The hygiene certificate had been updated.	Document review	Completed
		Completed
		Completed
<p>PUMA visit on 5/16/2012: 1. Factory had stopped using temporary workers and home workers since Sep. 2011.</p> <p>2. This decision was informed to all management people, recruitment officers and production planning control personal through management meeting in Sep 2011.</p> <p>3. HR supervisor and production control personal are responsible to implement this decision.</p> <p>4. These actions had been confirmed through management/workers interview and documentation review.</p>	Document review	Completed