



2008

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Umbro
COUNTRY: China
FACTORY CODE: 630015773G
MONITOR: Level Works, Ltd.
AUDIT DATE: July 24, 2008
PRODUCTS: Golf Bags
PROCESSES: Cutting, Sewing, Inspection,
Packing
NUMBER OF WORKERS: 928

Company Comment: The UMBRO licensee is no longer ordering product to be manufactured with this factory. UMBRO, as a licensor, has implemented a new process to evaluate future suppliers to UMBRO licensees, prior to production.



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Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: The factory only provided 4 types of social insurance to 703 employees (out of total 928), which were retirement insurance, illness or injury insurance, disability caused by work-related injury or occupational disease insurance and unemployment insurance. Childbearing insurance was not provided to all employees. The management claimed that the percentage was in compliance with the local insurance department's requirement, and they provided a written waiver obtained from the local social insurance bureau.

Note: As per the factory management, it was noted that all workers (local and migrant workers from other provinces) could participate in all 5 types of social insurance.

**Plan Of
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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; 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 non-negotiated administrative agreements.

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Freedom of Association: Employer Interference/Constitution, Elections, Administration, Activities and Programs

FOA.5 Employers shall not interfere with the right of workers to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programs. (S)

Noncompliance

Explanation: The candidates for trade union representative must be recommended by department supervisor and approved by factory management. The representatives elected by trade union must be approved by management and local Federation of Trade Unions and then can be effective.

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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: [The factory was not provided with a copy the company code of conduct.](#)

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Code Awareness:

GEN.3 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.

Noncompliance

Explanation: The workers were not provided with a noncompliance reporting mechanism which allows factory workers to contact the company.

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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: 2 overlocking sewing machines in the sewing section were found without safety eyeshields.

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