

FLA Audit Profile		FLA IEV Profile	
Country	China	Country	China
Name of Factory	590015539F	Name of Factory	590015539F
Independent External Monitoring Organization	A.L.G.I.	Independent External Monitoring Organization	Global Standards
Date(s) in Facility	June 4-5, 2007	Date(s) in Facility	October 9-10, 2009
FLA Affiliated Compan(ies)	Fossil	FLA Affiliated Compan(ies)	Fossil
Number of Workers	535	Number of Workers	450
Product(s)	Jewelry (watches)		
Production Processes	Assembly, packing		

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description of noncompliance, risk of noncompliance or uncorroborated evidence of noncompliance	Updates (Cite Date of Follow Up)		Third-Party Verification		Company Verification Follow
				Company Follow Up	Documentation	External Verification (October 9-10, 2009)	Documentation	Company Follow Up (December 20, 2010)
GEN 1: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	Noncompliance	Completed	China Labor Law is not posted.			Completed The China labor law is now posted.	Observation, record review	
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	Completed	1. Participating company has not trained management or workers on Code obligations. 2. The factory was not informed of the association between FLA and the brand until this unannounced audit. 3. Workers are not trained on the Code at regular intervals.			Completed 1. The factory has conducted CSR Requirement Self Assessment on 6 suppliers as of August 2009. Completed 2. The Code of Conduct of Fossil is posted at the entrance of workplace. The FLA Compliance Benchmarks are posted in the office. Pending. 3. No record shows that the workers or suppliers are trained on CoC by the factory.	Observation, records review	Factory management has provided internal training on the CoC and distributed the policy to employees and suppliers. Records of internal training and supplier responses have been provided.
F.2 Freedom in Employment	Noncompliance	Completed				New Finding Worker has to get an approval from the Administration department for resignation. The factory does not consider employment of workers under 16-18 years old.	Records review, worker's manual, factory regulations, worker interviews	Factory management has removed the policy requiring workers to gain approval for resignation. The factory has removed any restrictions for hiring workers between 16-18 years old in the employee manual.
F.14 Forced Overtime	Noncompliance	Completed				New Finding The factory does not have a procedure/system for voluntary working overtime and overtime hour control.	Records review, worker interviews	The procedure to ensure compliance with applicable labor laws, to include voluntary overtime and overtime hour limits is outlined in Corporate Social and Environmental Responsibility (CSER) manual. CSER committee reviews factory practices yearly to ensure compliance with overtime laws. In addition, HR Policy 001 has been posted in factory and states that all employees have option to volunteer for overtime prior to the start of a new month. Overtime is arranged among the volunteers in amounts not to exceed 36 hours per month.
CL.4 Other Means of Age Verification	Noncompliance	Completed				New Finding The factory does not have a mechanism to ensure juvenile workers are identified and protected.	Records review, management interviews	Factory management has a process to review records during the hiring process, identifying any juvenile workers at that time. Special protections for juvenile workers are outlined in the CSER manual.
H&A.3 Discipline/Review of Disciplinary Action	Risk of noncompliance	Completed	The discipline policy does not provide workers with an opportunity to reply, challenge or make appeals against termination.			Completed The factory has established an employee suggestion and grievance/compliance policy which they put in place. Workers can appeal to higher management if they are not satisfied with the handling of complaints. Pending. No record of complaint/suggestions provided.	Records review, worker interviews, management interviews	The factory has provided a record of suggestions provided by employees.
D.3 Recruitment and Employment Practices (Job Advertisements, Job Descriptions and Evaluation Policies)	Noncompliance	Completed				New Finding The factory has age discrimination on hiring. It only employs workers from 18 to 30.	Records review, management interviews	The age restriction has been removed from the employment advertisement.
D.8 Pregnancy and Employment Status	Noncompliance	Completed	In the worker application form, female workers have to mark their pregnancy status.			Pending In the worker application form, female workers have to mark their pregnancy status.	Records review, management interviews	Questions regarding the pregnancy status of potential employees have been removed from the application.
D.10 Health Status	Noncompliance	Completed				New Finding Hepatitis-B Virus testing is a required pre-employment medical checkup.	Records review, management interviews	Hepatitis-B testing will no longer be required.
H&S.2 Document Maintenance/Worker Accessibility and Awareness	Risk of noncompliance	Completed	Local fire permit is documented in the factory, but not posted.			Pending Local fire permit is still not posted in the factory.	Visual observation	The fire permit has been posted.

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H&S.5 Health and Safety Management System	Risk of noncompliance	Completed	The factory has not conducted ESH hazards assessment.			Completed The Construction Project Environmental Impact Report on 12 April 2007 was provided.	Record review	
H&S.8 Permits and Certificates	Noncompliance	Completed	1 security guard license has expired and some others stated that their licenses are in the annual inspection process.			Completed All security guards have valid licenses.	Record reviews	
H&S.9 Evacuation Requirements and Procedure	Noncompliance	Completed	Most of the emergency exits of the production floors do not open outward.			Completed Most of the emergency exits of the production floors have been changed to open outwards. Pending Emergency exits in the assembly department, transition department, etc., still open inwards. These exits are not designed to open outwards.	Visual observation	Emergency exits now open in the direction of evacuation.
H&S.11 Personal Protective Equipment	Noncompliance	Completed	1. In testing room on third production floor, noise level reached 88 dBs. Two affected employees were not wearing earplugs. 2. No signs or diagrams indicating the need of PPE were posted in the appropriate place.			Completed 1. Testing room is equipped with a soundproofing guard. Pending 2. Signs or diagrams indicating the need for PPE are not posted in appropriate place. New Finding No eye washing equipment is provided in assembly workshop on third floor. Eye washing medicine only provided in the first aid kit.	Visual observation	Signs have been posted to indicate the need for PPE in areas where it is required. Training on proper use of PPE has been provided. An eyewash station has been installed.
H&S.12 Use of Personal Protective Equipment	Noncompliance	Completed				New Finding Workers exposed to chemicals wear improper masks (assembly workshop on the third floor).	Visual observation	A notice has been provided to workers that proper masks must be worn when working with chemicals. Training on proper use of PPE has been provided and records have been kept. Additionally, per safety policy, section leaders are responsible for ensuring that correct PPE is worn by workers in their respective areas.
H&S.13 Chemical Management and Training	Noncompliance	Completed				New Finding No record of chemical waste handling is provided.	Records review, onsite observation, management interviews	The factory has provided waste handling records.
H&S.14 Material Safety Data Sheets/Worker Access and Awareness	Noncompliance	Completed				New Finding No MSDS posted in chemical temporary storage place or in operation site in assembly workshop on third floor.	Visual observation	MSDS have been posted. Workers have been provided training on MSDS and records of the training have been provided.
H&S.20 Bodily Strain	Noncompliance	Completed	Workstations are not designed for ergonomic concerns.			Completed Chairs were provided to workers working in the assembly and packing departments.	Visual observation	
FOA.2 Right to Freely Associate	Noncompliance	Ongoing				Employers will recognize and respect right of employees to freedom of association and collective bargaining. FLA Comment: The Chinese constitution guarantees Freedom of Association (FOA); however, Trade Union Act prevents establishment of trade unions independent of sole official trade union - the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of Trade Union Act are contrary to fundamental principles of FOA, including non-recognition of the right to strike. As a consequence, all factories in China fall short of ILO standards on right to organize and bargain collectively. However, government has introduced new regulations that could improve functioning of labor relations mechanisms. Amended Trade Union Act of Oct. 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. Trade union has responsibility to consult with management on key issues of importance to their members and to sign collective agreements.		Factory supports the organization of a trade union in the Corporate Social and Environmental Responsibility (CSER) Manual. Additionally, manual provides for employee communication sessions to allow for group bargaining. Committees are formed to address various aspects of factory conditions. [Factory name] has provided a roster of a committee formed to review food quality and food services in the factory as an example. Committee consists of an employee representative, factory management and the food service provider. In addition, factory management has posted announcements for all employee elections to various committees in the factory, encouraging workers to participate in elections. An incentive program was created to provide a small bonus to any employee who is elected and serves as a representative on a committee.
FOA.16 Right to Strike/Sanction for Organizing or Participating in Legal Strikes	Noncompliance	Completed				New Finding Workers will be fired if they instigate and participate in a strike or slow down.	Records review, worker manual, management interview	This has been removed from the employee manual. The factory has provided training to the workers on their right to participate in union activities.
HOW.17 Leave/Retaliation	Noncompliance	Completed				New Finding Wages will be deducted for leaving job without 30 days notice in advance.	Records review, worker interviews, worker manual	This policy has been removed from the employee manual.
WBOT.5 Holidays, Leave, Legal Benefits and Bonuses	Noncompliance	Ongoing	In April 2007, out of 448 workers, factory bought 406 workers occupational injury insurance, 407 medical insurance, 63 pension and 1 maternity insurance.			Completed From the documents provided by the factory, all workers (667) are covered by the social insurance, including pension, medical insurance and occupational injury insurance as of August 2009.	Records review, worker interviews	The factory provides maternity coverage to employees directly.

Up
Documentation
Reply from suppliers on CSR requirements are reviewed.
Employee manual, Rev 5.0
Corporate Social and Environmental Responsibility (CSER) Manual & HR Policy 001
Corporate Social and Environmental Responsibility (CSER) Manual
Suggestion Records
Hiring advertisement
FM-EX-001 Employment Application Form was revised
FM-EX-001 Employment Application Form was revised
Photo

Up
Documentation
Photo
Photo
Training Records & Safety Policy
Waste Handling Records
Training records
Corporate Social and Environmental Responsibility (CSER) Manual & Worker Representative Voting Notice
Employee Manual Rev 5.0
Employee Manual Rev 5.0
Factory maternity policy.