



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Evergreen Enterprises, Inc.

COUNTRY: China

FACTORY CODE: 9900151048I

MONITOR: Global Standard Consultant
Service Co., Ltd.

AUDIT DATE: June 23-24, 2010

PRODUCTS: Napkins, Garden Flags,
Carpets, Poly

PROCESSES: Printing, Molding, Painting,
Sewing, Heating

NUMBER OF WORKERS: 498



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Wages, Benefits and Overtime Compensation: Accurate Length of Service Calculation

WBOT.18 All workers shall be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled. (S)

Noncompliance

Explanation: The working hours and overtime hours are not consistent among electronic time records, leave application forms and written time records found at the facility. As per local law, workers are entitled to have annual leave after the completion of one year's service. However, in this factory, they only receive leave entitlement after three years of service. This information was found in the working area.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Her responsibility is to help and supervise the factory work through the issues and take the corrective actions. During her stay, [Employee name] led and helped the Administration Director of the Factory, [Employee name], attend the China Social Compliance Leadership Series Part II seminar in Shanghai in July 2010, which was conducted by a consultant firm. One of the topics of the series was focused on improving the human resources management system.

Deadline Date: 10/11/2010

Action Taken: The reason for inconsistency is that the old electronic time records system is not stable; sometimes it couldn't read records and at times even misread records. The factory had already adopted a new electronic time records system. Also, in order to ensure the new system is accurate and reliable, factory requests every workshop supervisor to make records for their workers. When pay is calculated, factory compares the records from the electronic system with the records from workshop supervisors; they check if the records are consistent and ensure the inconsistency will not happen again.

Because of the new electronic system and the check conducted by HR staff and workshop supervisors, the factory had corrected the inconsistency. In addition, now the factory had corrected its annual leave regulation based on the local labor law, which entitles workers to 5 days annual leave after 1 year of service and 10 days annual leave after 10 years service. Also, in order to help all workers to better understand the new annual leave policy, factory introduced it in the staff morning meeting and posted the policy in the factory. In addition, the HR department did a survey to make sure every worker understood this new annual leave policy.

Factory provided evidence of corrections via photos and documents. Supporting documentations were submitted to FLA [August and September Salary Sheets, Time Records for August and September, Employee Handbook regarding annual leave].

Plan Yes
Complete:

Plan 10/11/2010
Complete
Date:

Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: The salary records are not consistent between those submitted by HR (which are without tax deductions and penalties), and those found at production areas of the facility (which showed tax deductions and penalties). While there were some deductions and penalties stated on wages, the factory could not provide documents related to bank remittance records for auditors to verify.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Her responsibility is to help and supervise the factory in working through the issues and taking the corrective actions. Also, as for WBOT.18, with the lead and help of [Employee name], the Administration Director of the factory, [Employee name], attended the China Social Compliance Leadership Series Part II seminar; one of the topics of the series was focused on improving the human resources management systems.

In addition, in the next 2 - 3 months, Evergreen will send a monitor to the factory again to ensure its salary system is improved and to audit the consistency of salary records.

Deadline Date: 10/11/2010



Supplier CAP: The HR department had a system to record the salary of every employee, and they will keep updating the system if new workers are hired, or if any raises/reductions in salary occur. When paying the salary, the HR person will check their record with the accounting department to make sure everything is consistent. Also, for each pay period, the HR department will compare their salary records to the records in the production area with each workshop supervisor. This will ensure the consistency of records in the office and the production area.

Supplier CAP 08/12/2010
Date:

Action Taken: The factory had followed its corrective action plan above step by step, which includes improving salary record system, keeping updates and checking the records among the HR department, accounting department and the production area. Because of the improved system and the checks conducted by the HR department, the factory had corrected the inconsistency. Regarding the tax deductions and penalties on wages, in the past, the factory conducted tax deductions and penalties on workers who had bad behaviors, like stealing and fighting. However, the factory had completely forbidden the penalties now.

Plan Yes
Complete:

Plan 10/11/2010
Complete
Date:



Wages, Benefits and Overtime Compensation: Payment for All Hours Worked

WBOT.7 Workers shall 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. (S)

Noncompliance

Explanation: The working hours and overtime hours are not consistent among electronic time records, leave application forms and written time records found at the facility. One of production inspection sheets dated 6/20, signed by two workers, is for Sunday work not recorded electronically. Also, although the factory showed OT until 8pm, the auditors found related meal coupons which showed that the factory provided snacks after 11:00pm. Therefore, correct payments could not be verified.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Her responsibility is to help and supervise the factory with working through the issues and taking the corrective actions. During her stay in the factory, [Employee name] requested the Administration Director of the Factory, [Employee name], participate in a webinar called Filed Case Studies on Addressing Excessive Working Hours. This webinar provided valuable information and suggestions for the factory regarding how to deal with overtime issues.

Deadline Date: 10/11/2010

Action Taken: The reason for the inconsistency is that the old electronic time records system is not stable; sometimes it couldn't read records and at times it even misread records. The factory had already adopted a new electronic time records system. Also, in order to ensure the new system is accurate and reliable, the factory requests every workshop supervisor to make records for their workers. When pay is calculated, the factory compares the records from the electronic system with the records from workshop supervisors. This check is to see if they are consistent and to ensure inconsistencies will not happen again. Because of the new electronic system and the check conducted by the HR staff and workshop supervisors, the factory had corrected the inconsistency.

The factory provided evidence of corrections via photos and documents. Supporting documentation was submitted to the FLA [August and September Salary Sheets, Time Records for August and September].

Plan Complete: Yes



Plan Complete Date: 10/11/2010

Wages, Benefits and Overtime Compensation: Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Noncompliance

Explanation: The salary records are not consistent between those submitted by the HR department and what was found at the facility. The salary was not calculated by attendance day; consequently, some workers' wages are calculated by piece rate instead of by hours. This, however, could not be verified from records.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Her responsibility is to help and supervise the factory as they work through issues and take corrective actions. With the lead and help of [Employee name], the Administration Director of the Factory, [Employee name], attended the China Social Compliance Leadership Series Part II seminar in Shanghai in July 2010, which was conducted by a consultant firm. One of the topics of the series was focused on improving the human resources management system, which included how to create and maintain an effective payroll system.

Deadline Date: 10/11/2010

Action Taken: The factory revised and improved its payroll system to ensure all workers' wages are calculated by hours and attendance days. Also, the factory had corrected miscalculations by making up for the deficit of salaries to employees.

The factory provided evidence of corrections via photos and documents. Supporting documentations were submitted to the FLA [August and September Salary Sheets, Time Records for August and September].

Plan Complete: Yes

Plan Complete Date: 10/11/2010

Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

Noncompliance

Explanation: The salary records are not consistent between those submitted by HR department and what was found at the facility. Those from HR calculated are by hourly rates (with no overtime on Sunday), and those from the facility are calculated by piece rate (with production inspection sheets related to Sunday work observed). Moreover, the facility could not submit the remittance records for auditors' identification.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Her responsibility is to help and supervise the factory as they work through the issues and take the corrective actions. During her stay in the factory, [Employee name] conducted and was highly engaged in the training of HR staff regarding payroll calculation; she also helped the factory revise the payroll policy.

In addition, in the next 2 - 3 months, Evergreen will send a monitor to the factory again to ensure the revised payroll policy is verified and followed.

Deadline Date: 10/11/2010

Action Taken: The factory conducted specific training for HR staff regarding payroll calculation. The factory had clearly improved and verified its payroll calculation policy, including regular wages, overtime pay, benefits and bonuses. Also, the factory published the policy for all employees.

The factory provided evidence of corrections via photos and documents. Supporting documentation was submitted to the FLA [August and September Salary Sheets, Time Records for August and September].



Plan Complete: Yes

Plan Complete Date: 10/11/2010

Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: The working hours and overtime hours are not consistent between electronic time records, leave application forms and written time records found at the facility. As such, the auditors found the production inspection sheet for 6/20, a Sunday, but without any related attendance records kept. Moreover, a hiring document reported two shifts, whereas management staff said there was only one shift.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Her responsibility is to help and supervise the factory as they work through the issues and take the corrective actions. With the lead and help of [Employee name], the Administration Director of the Factory, [Employee name], attended the China Social Compliance Leadership Series Part II seminar in Shanghai in July 2010, which was conducted by a consultant firm. One of the topics of the series was focused on improving the human resources management system. This series helps the factory improve its HR documentation process.

Deadline Date: 10/11/2010



Action Taken: The reason for the inconsistency is that the old electronic time records system is not stable, sometimes it couldn't read records and at times it even misread records. The factory had already adopted a new electronic time records system. Also, in order to ensure the new system is accurate and reliable, the factory requests every workshop supervisor to make records for their workers. When pay is calculated, the factory compares the records from the electronic system with the records from the workshop supervisors, to check if they are consistent and to ensure inconsistencies will not happen again. Because of the new electronic system and the check conducted by HR staff and workshop supervisors, the factory had corrected the inconsistency. The factory complied with one shift of each position at present, according to its production capacity. However, if the factory has more production capacity, perhaps several positions will be added to have more employees and two shifts will be arranged to meet capacity requirements.

Plan Complete: Yes

Plan Complete Date: 10/11/2010

Wages, Benefits and Overtime Compensation: Record Maintenance

WBOT.21 Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to-date. (P)

Noncompliance

Explanation: The number of employees is not consistent with time records, wages and union membership. The auditors could not identify the actual worker number through the above three documents and the factory could not explain the difference between these numbers.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Her responsibility is to help and supervise the factory as they work through the issues and take the corrective actions. With the lead and help of [Employee name], the Administration Director of the factory, [Employee name], attended the China Social Compliance Leadership Series Part II seminar in Shanghai in July 2010, which was conducted by a consultant firm. One of the topics of the series was focused on improving the human resources management systems, which included staffing management. This topic provides the factory with some valuable suggestions and guidelines on how to make the staffing management more effective and accurate.

Also, Evergreen will send a monitor to the factory again in the next 2 - 3 months to ensure the improved staffing management system is verified and followed.

Deadline Date: 10/11/2010

Action Taken: The reason for the inconsistency in information is because the factory didn't do well with personnel record work.

The factory improved its personnel administration by the following steps:

1. HR department sends the staff directory to each workshop to check worker numbers and see if they are correct;
2. Every workshop supervisor provides feedback on the staff directory.

Factory provided documents as evidence of corrections. Supporting documentation was submitted to the FLA. In addition, the factory realized that the inconsistency of worker numbers would also occur in the recruitment section, where new workers are hired. So regarding the new hires, the factory improved its recruitment system by requiring HR staff to finish the documentation procedures for new hires within one week from their starting date, and to update all the relevant documents accordingly. Also, the HR person notified the relevant workshop supervisor to update the staff directory.

Plan Yes
Complete:

Plan 10/11/2010
Complete
Date:

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: *[FLA Comment](#): 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. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The 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. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. Trade unions also have an enhanced role in dispute resolution. In Dec. 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.*

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Her responsibility is to help and supervise the factory as they work through the issues and take the corrective actions. During her stay, she led and helped two assistants of the factory president register and attend a Face-to-Face Training conducted by the FLA in Kunshan, the Joint Labor and Environment Training Workshop. This training workshop helps the factory understand the international context of social compliance, especially regarding freedom of association and collective bargaining of employees. Also, Evergreen will send a monitor to the factory again in the next 2 - 3 months to ensure the factory recognizes the best practices to take and respects the rights of employees.

Deadline Date: 10/29/2010

Supplier CAP: The factory will provide training to all the workers to enhance their self-awareness on association, and all the trainings will be based on the international standards. Also, the factory will provide coaching and will help them during the whole process. In conclusion, the factory will recognize the best practices to take and will respect the rights of employees regarding freedom of association and collective bargaining, which are required by the FLA. The ultimate goal is to meet the international standards.

Supplier CAP Date:

Action Taken: The factory has trade union and worker representative meetings. The worker representatives are voted by all workers and then published every year; the trade union conducts elections for union members every three years. The factory encourages the worker representatives to hold meetings regularly, and supports them in organizing workers parties or other activities. Also, the factory regularly collects comments and recommendations from the worker representatives to better protect the rights of workers.

The factory provided evidence of corrections via photos and documentation. Supporting documentation was submitted to the FLA [Record of worker representative selection part 1, 2, 3 and 4; Photos of worker representative 1, 2, 3 and 4]. Also, the factory provided photo and document evidence of the factory trade union. Supporting documentations were submitted to the FLA [Record of the Factory Trade Union Activities; Report of the Factory Trade Union Planning Meeting for 2010].

Plan Complete: No

**Plan
Complete
Date:**

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 worker representatives were not freely elected, but designated by the factory management.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. During her stay, she led and helped two factory president assistants register and attend a Face-to-Face Training conducted by the FLA in Kunshan, the Joint Labor and Environment Training Workshop. This training workshop helps the factory to understand the international context of social compliance, and to know how to ensure employees' rights are protected. Also, Evergreen will send a monitor to the factory again in the next 2 - 3 months to ensure the factory recognizes the best practices to take and respects the rights of employees.

Deadline Date: 10/29/2010



Action Taken: Every year, the worker representatives are voted by all workers and then published; they are not designated by factory management. The factory encourages the worker representatives to hold meetings regularly and supports them in organizing worker parties or other activities. Also, the factory regularly collects comments and recommendations from the worker representatives to better protect the rights of workers.

The factory provided photo and documentation evidence of corrections. Supporting documentation was submitted to the FLA [Record of worker representative selection part 1, 2, 3 and 4; Photos of worker representative 1, 2, 3 and 4]. In addition, the factory provided photo and documentation evidence of the factory trade union. Supporting documentation was submitted to the FLA [Record of the Factory Trade Union Activities; Report of the Factory Trade Union Planning Meeting for 2010].

Plan Complete: Yes

Plan Complete Date: 10/29/2010



Freedom of Association: Right to Collective Bargaining/Compliance with Collective Bargaining Agreement

FOA.22 Employers, unions and workers shall honor in good faith, for the term of the agreement, the terms of any collective bargaining agreement they have agreed to and signed. Worker representatives and workers shall be able to raise issues regarding compliance with a collective bargaining agreement by the employer without retaliation or any negative effect on their employment status. (S)

Noncompliance

Explanation: The collective bargaining agreement states workers will be paid by hourly or fixed monthly payments. However, according to workers' interviews and records found, they are paid by piece rate.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. During her stay, she led and helped two assistants to the factory president register and attend a Face-to-Face Training conducted by the FLA in Kunshan, the Joint Labor and Environment Training Workshop. This training workshop helps the factory to understand the international context of social compliance, and to know how to recognize and respect the rights of employees on freedom of association and collective bargaining. In addition, [Employee name] conducted and was highly engaged in the training for factory HR staff regarding payroll calculation; she also helped the factory revise its payroll policy. In the next 2 - 3 months, Evergreen will send a monitor to the factory again to ensure the revised payroll policy is verified and followed.

Deadline Date: 10/29/2010

Action Taken: The factory revised and improved its payroll system to ensure all workers' wages are calculated by hours and attendance days. Also, the factory had corrected miscalculations by making up for the deficit in the employees' salaries.

The factory provided photo and documentation evidence of corrections. Supporting documentation was submitted to the FLA [August and September Salary Sheets, Time Records for August and September].

Plan Complete: Yes

Plan Complete Date: 10/29/2010

Harassment or Abuse: Discipline/Monetary Fines and Penalties

H&A.8 Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies. (S)

Noncompliance

Explanation: The auditors found there are penalties between 10-100 RMB stated on March wages due to poor performance or the reissue of employee ID cards.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Regarding this issue, [Employee name] led and helped the Administration Director of the Factory, [Employee name], attend the China Social Compliance Leadership Series Part II - Capability Building in Chinese Factories Seminar in Shanghai conducted by a consultant firm. This seminar, in two parts, addressed productivity improvement issues; this provided the factory with valuable information and guidelines on improving productivity.

Deadline Date: 10/11/2010

Action Taken: Now, the factory has forbidden the penalties due to poor performance. Instead, for those poor performance workers, the factory provides relevant training to help them improve their performance. Regarding the employee ID cards, the factory gives free ID cards to all employees.

Plan Complete: Yes

Plan Complete Date: 10/11/2010

Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

Noncompliance

Explanation: There is recruitment discrimination for both age and sex; for example, hiring staff aged 28 - 45 for supervisor positions, 20 - 40 for worker positions and the employment of only males for electrician and warehouse positions.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Regarding this issue, [Employee name] led and helped the Administration Director of the factory, [Employee name], attend the China Social Compliance Leadership Series Part II seminar in Shanghai in July 2010, conducted by a consultant firm. Part ten of this seminar was about Human Resources Systems, which took a close look at the entire hiring process, covering various steps including: job description development, recruitment strategy design, candidate selection, new employee orientation and performance assessment. This part of the seminar provides the factory with practical insights and guidance on how to hire correctly in terms of finding the most suitable candidate for the job; how to ensure fair, objective and non-discriminatory hiring processes and how to avoid possible risks.

Deadline Date: 10/11/2010

Action Taken: The factory had totally changed and improved its recruiting process. The factory wrote job descriptions for each job position that included job responsibilities, required skills and knowledge. Also, the factory rewrote its job advertisements; there is no specification that applicants must be a particular age. For selection, recruiters will select employees only on the basis of their ability to do the job, rather than on the basis of any personal characteristics such as age or gender.

Plan Complete: Yes

Plan Complete Date: 10/11/2010



Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Noncompliance

Explanation: According to document review, there is no certification for the water discharge quality.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory as a monitor to make sure the factory is in possession of all legally required and valid permits as well as all certificates related to health and safety issues. Also, Evergreen will send a monitor to the factory again in the next 2 - 3 months to ensure the factory keeps all the required documents and continues to update them.

Deadline Date: 10/11/2010

Action Taken: The factory got certification for employee drinking water by the local Disease Control Center. The factory forgot to provide it to the auditor during the audit process.

The factory provided evidence of corrections. Supporting documentation was submitted to the FLA [Examination Report of Drinking Water].

Plan Complete: Yes

Plan Complete Date: 10/11/2010

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal 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 health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: The personal protection equipment is not the correct type, especially for the workers who directly handle chemicals.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Regarding this issue, her responsibility is to help and supervise the factory as they provide all workers with all necessary and effective personal protective equipment.

Deadline Date: 08/12/2010

Action Taken: The factory bought and prepared protective equipment based on each MSDS data sheet. In addition, in order to improve workers' safety awareness and protection knowledge, the factory arranged the relevant training.

The factory provided evidence of corrections. Supporting documentation was submitted to the FLA [Training Record 1, 2, 3 and 4].

Plan Complete: Yes

Plan Complete Date: 08/12/2010

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: The chemical materials are not stored properly, e.g., flammable materials are stored under stairways in the factory. Items are not clearly marked; some are marked with incorrect labels. The workers are not aware of the dangers related to chemical materials.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Regarding this issue, her responsibility is to help and supervise the factory with posting MSDS at relevant working areas. In addition, with lead and help of [Employee name], the Administration Director of the Factory, [Employee name], attended the China Social Compliance Leadership Series Part II seminar in Shanghai in July 2010 conducted by INFACT, and the Joint Labor and Environment Training Workshop in Kunshan conducted by the FLA. Both of the seminars help the factory management understand the buyers' expectations regarding workplace conditions and environmental management.

Deadline 10/29/2010

Date:

Action Taken: Now the chemical materials are stored properly. The factory arranged the training for relevant workers to enhance their awareness of the dangers of chemicals. The training includes the protection of chemical materials and instructions for using the chemical materials. Also, the factory conducted an emergency preview practice to ensure all the workers know how to protect themselves from chemical material. In addition, the factory asked every workshop supervisor to ensure all the chemical materials are properly labeled.

The factory provided evidence of corrections. Supporting photos and documents were submitted to the FLA [Photo of Stairways 1 and 2; Record of Training 1, 2, 3 and 4].

Plan Complete: Yes

Plan 08/12/2010

Complete

Date:

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: There are some chemical materials without MSDS posted in their working area, such as turpentine oil. Moreover, workers are not aware of the dangers related to chemical materials.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Regarding this issue, her responsibility is to help and to supervise the factory in posting MSDS at relevant working areas. In addition, with the lead and help of [Employee name], the Administration Director of the Factory, [Employee name], attended the China Social Compliance Leadership Series Part II seminar in Shanghai in July 2010, conducted by a consultant firm and the Joint Labor and Environment Training Workshop in Kunshan conducted by the FLA. Both of the seminars help the factory management understand the buyers' expectations regarding workplace conditions and environmental management.

Deadline 10/29/2010

Date:

Action Taken: The factory had posted MSDS in working areas. Also, the factory had arranged training for relevant workers.

The factory provided evidence of corrections. Supporting photos and documents were submitted to the FLA [MSDS 1, 2 and 3; Record of Training 1, 2, 3 and 4].

Plan Yes

Complete:

Plan 10/11/2010

Complete

Date:

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: The working hours and overtime hours are not consistent among electronic time records, leave application forms and written time records found at the facility.

Plan Of Action: Evergreen sent an employee, [Employee name], to the factory in China for 2 months as a monitor. Her responsibility is to help and to supervise the factory in working through the issues and taking the corrective actions. With the lead and help of [Employee name], the Administration Director of the Factory, [Employee name], attended the China Social Compliance Leadership Series Part II seminar in Shanghai in July 2010, which was conducted by INFACT. One of the topics of the series was focused on improving human resources management systems, which includes staffing management. This topic provides the factory with some valuable suggestions and guidelines on how to make staffing management more effective and accurately. This series also helps the factory improve its HR documentation process.

Evergreen will send a monitor to the factory again in the next 2 - 3 months to ensure the improved staffing management system and HR documentation process are verified and followed.

Deadline 10/11/2010

Date:

Action Taken: The reason for the inconsistency is that the old electronic time records system is not stable, sometimes it couldn't read records and at times it even misread records. The factory had already adopted a new electronic time records system. Also, in order to ensure the new system is accurate and reliable, the factory requests every workshop supervisor to make records for their workers. When pay is calculated, the factory compares the records from the electronic system with the records from workshop supervisors, to check if they are consistent and to ensure inconsistencies will not happen again. Because of the new electronic system and the check conducted by HR staff and workshop supervisors, the factory had corrected the inconsistency. In addition, the factory had improved the leave system according to local law requirements.

Plan Complete: Yes

Plan Complete Date: 10/11/2010

Hours of Work: Annual Leave

HOW.14 Employers shall provide workers with paid annual leave as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: According to the documents found at the working area, the workers are entitled to annual leave after 3 years of service, which is against the requirements of the local law.

Plan Of Action: [Employee name] was sent to the factory by Evergreen as a monitor, to ensure the updated annual leave policy for the factory completely complied with requirements of local law. Also, in the next 2 - 3 months, Evergreen will send a monitor to the factory again, to ensure the updated annual leave policy is followed.

Deadline Date: 10/11/2010



Action Taken: The documents were published before 2008, when the Regulation of Annual Leave created by China's State Council had not been published. Now the factory had updated its annual leave policy based on the local labor law, which entitles the workers to 5 days annual leave after 1 year of service, and 10 days annual leave after 10 years of service. Also, in order to help all the workers better understand the new annual leave policy; the factory introduced it in the morning staff meeting and posted the policy in the factory. In addition, the HR department did a survey to make sure every worker knew this new annual leave policy.

The factory provided evidence of corrections. Supporting documentation was submitted to the FLA [Employee Handbook regarding annual leave].

Plan Complete: Yes

Plan Complete Date: 10/11/2010
