2008

Fair Labor Association
Independent External Monitoring Report

COMPANY: Wincraft
COUNTRY: China
FACTORY CODE: 840015797G
MONITOR: ALGI
AUDIT DATE: September 16 – 17, 2008
PRODUCTS: Metallic Badges, Metallic Accessories
PROCESSES: Molding, Punching, Polishing, Plating, Painting, QC, Packing
NUMBER OF WORKERS: 301

For an explanation on how to read this report, please visit the FLA website here.

FAIR LABOR ASSOCIATION

CONTENTS:

Wages, Benefits and Overtime Compensation: Voluntary Wage Deductions _____ 3
Forced Labor: Freedom of Movement _____ 4
Freedom of Association: Right to Freely Associate_____ 5
Freedom of Association: Employer Interference/Formation of Alternative Organizations _____ 6
Code Awareness:_____ 7
Code Awareness:_____ 8
Code Awareness:_____ 9
Health and Safety: Bodily Strain _____ 10

FAIR LABOR ASSOCIATION

Wages, Benefits and Overtime Compensation: Voluntary Wage Deductions

WBOT.14 Voluntary wage deductions for savings clubs, loan payments, etc. can only be made with the express and written consent of workers and shall be documented in employee files. All such voluntary deductions shall be credited to proper accounts and funds shall not be held illegally or inappropriately by employers. (S)

Noncompliance

Explanation:	Factory makes an illegal deduction (vehicle parking fee). Bicycles are charged for 5 RMB per month and motorcycles are charged for 15 RMB monthly. The evidence was corroborated by Management and worker interview.
Plan Of Action:	Free parking will be furnished for all workers. This will be posted so all workers will know of this change in policy.
Deadline Date:	10/31/2008
Action Taken:	The factory has canceled this illegal deduction (vehicle parking fee) since October 2008. The factory has also posted this notice on the bulletin board to inform all the employees. Factory sent a photo (Photo 1) for reference.
Plan Complete:	
Plan Complete Date:	05/05/2009

FAIR LABOR ASSOCIATION

Forced Labor: Freedom of Movement

F.10 If factory entrances are locked or guarded to prevent non-employee access to the premises for security reasons, workers shall have free egress at all times. (S/P)

Noncompliance

Explanation: Employees cannot freely leave the facility during the unpaid lunch break. All workers, randomly selected for an interview, stated that they could not leave the facility freely during the unpaid lunch break. If they wanted to leave the factory, they had to submit an application to the supervisors and get their approval. The situation was also confirmed by factory management. The factory management expressed that it was in consideration for workers' safety. They thought that if workers leave the factory without submitting an application form, this would create a management problem. Also, they worry in case there are any accidents during the lunch break when workers are not in the facility. The evidence was collected through worker and management interview.

Plan Of Action: Employees do have the ability to freely leave the factory on their lunch break. They just need to inform employer in advance they are going to leave.

Deadline Date: 11/07/2008

Supplier CAP:

Supplier CAP Date: 05/05/2009

Action Taken: The factory has noted the issue on the freedom of movement outside of the factory during unpaid lunch breaks. This rule is much more lenient now in terms that the employees now only need to notify a coworker of their absence from the facility. If the employee does not return to work on time, the company will give the employee demerit points for breaking company rules. Too many misconducts may lead to suspension of an employee.

Plan Complete:

Plan Complete Date:

FAIR LABOR ASSOCIATION

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: **China-Specific 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.

1. Employees do not have the right to freely associate.

2. As per worker interview, workers have no knowledge of their right to freely associate. Trade union in factory is an ACFTU branch union. [Employee name] is chairman of union in factory. There is no written proof showing representative is elected by workers. Worker interviews showed acknowledgment of the union chairman and union functions. But they did not know about the election of the union chairman.

Plan Of Action: There will be meetings to ensure that the workers know their rights to freely associate.

Deadline Date: 11/07/2008

Supplier CAP:

FAIR LABOR ASSOCIATION

Supplier CAP Date: 05/05/2009

Action Taken: An ACFTU branch union exists at factory. [Employee name] is the representative for all employees to consult with. [Employee name] will represent work issues to our union president for the benefit of our employees. Also, factory employees are allowed to organize unions at their own free will. We provide proper HR management and representatives for all employees to speak to if needed, and they are also informed of this during initial training. The factory provided photo for reference.

Plan Complete:

Plan Complete Date:

Freedom of Association: Employer Interference/Formation of Alternative Organizations

FOA.8 In cases where a single union represents workers, the employer shall not attempt to influence or interfere in any way in workers' ability to form other organizations that represent workers. (S)

Noncompliance

Explanation: There is no evidence to prove that the union chairman was democratically elected by union members. The evidence was collected through worker interviews and documentation review.

Plan Of Action: Factory will furnish a signed document to show that union chairman was democratically elected by union workers.

Deadline Date: 05/05/2009

Action Taken: Factory agrees to ensure they will keep records of all activities. Factory provided a photo to show union chairmen was democratically elected by union workers.

Plan Complete:

Plan Complete Date:	05/05/2009

Code Awareness:

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

Explanation:	Wincraft has not conveyed their Code of Conduct to the factory yet. Evidence was collected through management interview and documentation review.
Plan Of Action:	Wincraft had furnished the Code of Conduct in English. Wincraft has now furnished a copy of the Code of Conduct in Mandarin Chinese and the factory has posted it.
Deadline Date:	05/05/2009
Supplier CAP:	
Supplier CAP Date:	05/05/2009
Action Taken:	Factory has posted Code of Conduct on the wall and has provided training at all levels to ensure all employees are aware of all policies and procedures. Factory provided photo for reference.
Plan Complete:	
Plan Complete Date:	

FAIR LABOR ASSOCIATION

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:	Code of Conduct is not posted and workers are not informed and trained on Code. The evidence was collected through document review, worker and management interview.
Plan Of Action:	Code of Conduct will be posted and meetings have been held to inform and train employees on Code. Each employee should sign verifying that they have received this training.
Deadline Date:	11/07/2008
Supplier CAP:	
Supplier CAP Date:	05/05/2009
Action Taken:	Factory has posted Code of Conduct on the wall and has provided training at all levels to ensure all employees are aware of all policies and procedures. Factory provided photo for reference.
Plan Complete:	
Plan Complete Date:	

FAIR LABOR ASSOCIATION

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: Wincraft fails to develop a secure communication channel in the factory to enable its suppliers' employees to report to it on noncompliance issues. The evidence was collected through management interview, worker interview and documentation review.

Plan Of Action: Wincraft has developed a secure and confidential method for employees to report any noncompliance issues that may occur. A suggestion box with pre-addressed envelopes has been set up. Photo verification is available.

Deadline Date: 11/07/2008

Supplier CAP:

Supplier CAP Date: 05/05/2009

Action Taken: We have conducted a few suggestion boxes with pre-addressed envelopes in our facility for all the employees to report noncompliance issues.

Plan Complete:

Plan Complete Date:

FAIR LABOR ASSOCIATION

Health and Safety: Bodily Strain

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

Noncompliance

Explanation:	No ergonomic practices are adopted. Workers with standing jobs are not provided with mats; those with sitting jobs are not provided with armed chairs. The evidence was collected through documentation review and factory tour.
Plan Of Action:	Factory is required to provide mats to workers with standing jobs and proper chairs to workers with sitting jobs.
Deadline Date:	11/07/2008
Supplier CAP:	
Supplier CAP Date:	05/05/2009
Action Taken:	Management has furnished standing workers with mats and workers that sit with chairs. There are pictures available to verify that the workers have been furnished these items.
Plan Complete:	
Plan Complete Date:	