



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Chenfeng
COUNTRY: China
FACTORY CODE: 5400151089I
MONITOR: Openview Service Limited
AUDIT DATE: October 22, 2010
PRODUCTS: Garments
PROCESSES: Cutting, Sewing, Washing,
Ironing, Inspection, Packing
NUMBER OF WORKERS: 1570



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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 provided pension, medical, maternity and unemployment insurance for only 517 out of 1570 employees. All employees provided with work-related injury insurance.

Source: social insurance payment receipt provided by factory management

Legal Reference: Article 73 of China Labor Law

Plan Of Action: 65% of employees in the factory are not local workers. Because the social security cannot be transferred between provinces at present, most migrant employees do not want to participate in social security. The factory has established a social insurance participation plan for 3 years.

1. All local employees will participate in the social security before October 2011.
2. The participation rate can reach 50% in October 2012.
3. October 2013 the rate will reach 100%.

HR department manager of Chenfeng is responsible for improvement and completion of the social insurance participation plan for 3 years. Factory's Production Director will be responsible for implementing this plan. Every year before December, HR department will keep track of the social insurance participation plan's implementation periodically. Company CSR team will conduct annual internal audits to follow up on this issue.

Deadline Date: 10/31/2013

Action Taken: The participation rate reached 50% in October 2012. The HR department manager of Chenfeng is responsible for the improvement and completion of social insurance participation plan for 3 years. The factory's Production Director will be responsible for implementing this plan. Every year before December, the HR department will keep track of the implementation of the social insurance participation plan periodically. The company CSR team will conduct annual internal audits to follow up on this issue.

Plan Yes
Complete:

Plan 10/31/2012
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.

Monitor's note: There was a trade union established on July 18, 2008 in the factory. Record review and worker and management interviews found that all workers selected the chairman and union representatives by voting. Chairman of the trade union was the director of the factory. Around 50% of union representatives were production workers.

Plan Of Action: [Factory name] is the subsidiary of Chenfeng Group. A trade union of Chenfeng Group was set up in August 1992, located in [Factory name]. 32 employees representatives were elected in this trade union. According to the principle of Freedom of Association, Chenfeng ensures that the factory will establish Workers' Committee by democratic election before June 2013. HR department of Chenfeng Group will provide training to all employees in this factory 2 times every year, the factory production director will be responsible for training new employees monthly, the training mainly focuses on the introduction of rights and obligations of the newly built up Workers' Committee.

Deadline Date: 05/31/2013

Action Taken: HR department of Chenfeng Group provides training to all employees in this factory 2 times every year, the factory production director is responsible for training new employees monthly, the training mainly focuses on the introduction of rights and obligations of the newly built up Workers' Committee.

Plan Complete: Yes

Plan Complete Date: 10/31/2012

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: 1 out of the 2 exits in accessory warehouse was locked during working time.

Source: factory walkthrough

Legal Reference: Article 28 of China Fire Prevention Law.

Plan Of Action: The factory will take immediate actions and open the door.

Deadline Date: 12/20/2010

Action Taken: 1. Comprehensive Department conducts training to the responsible person of warehouse. Everybody must strictly comply with related regulations such as "Fire Law of People's Republic of China" and "The Administrative Provisions of Fire Protection Facilities" of the company, exits should not be locked and routes should not be blocked at the working time. Warehouse keeper regularly checks the exits to ensure every exit is open at working time and the routes are unblocked.

2. The warehouse keeper provides training to the employees.

3. The Comprehensive department must regularly check for fire safety in order to avoid the similar situation happening again.

4. The company CSR team will conduct annual internal audits to follow up on this issue.

Plan Complete: Yes

Plan Complete Date: 12/20/2010

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: None of the workers in the washing department were wearing waterproof boots or aprons.

Source: factory tour

Legal Reference: Article 37 of Law of the People's Republic of China on Production Safety

Plan Of Action: Factory ensures that the employees in the washing workshop must wear waterproof shoes and aprons.

Deadline Date: 12/15/2010

Action Taken: 1. Training about why and how to wear the waterproof boots and aprons had be provided to the supervisor and workers in the washing department by Company's Comprehensive department. Supervisor of washing department is required to assure the application of this PPE.

2. The Comprehensive department provides trainings on using PPE to the employees working in the washing department monthly. 3. The company CSR team will conduct annual internal audits to follow up on this issue.

Plan Complete: Yes

Plan 12/15/2010
Complete
Date:

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 safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: There was no secondary container for some chemicals in warehouse and part of them were not marked.

Source: visual inspection

Legal References: Article 16 of Regulations on Safety Administration of Hazardous Chemicals; Article 12 of Regulations on Safety in Workplaces Where Chemicals Are Used

Plan Of Action: Factory should ensure that all the chemicals stored in the chemical warehouse are labeled according to the material safety data sheets (MSDS) and all the liquid chemicals should be equipped with secondary containers.

Deadline 12/15/2010
Date:

Action Taken:

1. Comprehensive department provides trainings to the chemical warehouse keeper periodically. Trainings focus on the provision of labels to all chemicals and different storage methods of chemicals by classifying them and the secondary container equipment for liquid chemicals.
2. Comprehensive department inspects the chemical warehouse once per month to ensure that all chemicals are well labeled and the secondary containers are equipped.
3. The company annual CSR audit to follow up on the implementation of this issue.

Plan Yes
Complete:

Plan 12/15/2010
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: The MSDS for the chemicals such as softening agent were incomplete. Only physical properties and usage instructions were listed without potential hazards, first aid, fire-fighting precautions, or personal protective measures under emergency, etc.

Source: document review

Legal Reference: Article 3 of General Rules for Preparation of Chemical Safety Data Sheet (GB16483-2000)

Plan Of Action: Factory should require the chemical suppliers to provide fully complete MSDS.

Deadline Date: 12/15/2010

Action Taken:

1. Comprehensive department provides training to the chemical warehouse keeper about how to handle and manage the chemicals.
2. Comprehensive department inspects the warehouse once per month to ensure all the chemicals are appropriately handled.
3. The company CSR team will conduct annual internal audit to follow up on this issue.

Plan Yes
Complete:

Plan 12/15/2010
Complete
Date:

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: The 2-button operation system on 1 setting machine was deactivated.

Source: visual inspection

Legal Reference: Article 8 of the Regulation for Punching Safety Management

Plan Of Factory should repair the 2-button operation system of the setting machine
Action: immediately.

Deadline 06/21/2011
Date:

Action 1. Comprehensive Department provides trainings about the importance of the
Taken: protective equipment of machines to supervisors and mechanic in this factory.
2. Ensure that the factory production director provides training to all employees,
requiring employees to comply with safety equipment operation procedure, and raising
their safety consciousness.
3. The mechanic checks the equipment maintenance regularly.

4. Comprehensive department conducts monthly inspection to ensure the safety in production.

5. The company CSR team will conduct annual internal audit to follow up on this issue.

Plan Complete: Yes

Plan Complete Date: 06/21/2011

Health and Safety: Sanitation in Dormitories

H&S.28 All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills shall also be conducted at least annually. (S)

Noncompliance

Explanation: About half of the emergency lights and lighting evacuation marks in the dormitory buildings were deactivated.

Source: factory walkthrough

Legal Reference: Article 16 of Fire Prevention Law of the People's Republic of China

Plan Of Action: Factory should ensure that factory will conduct a full inspection of maintenance of the dormitory emergency lights and other fire safety equipment.

Deadline Date: 06/25/2011

Action Taken:

1. Training of firefighting equipment inspection has been provided to the dormitory keeper by Comprehensive department, so as to ensure that all firefighting equipment are well maintained.
2. Dormitory administrator conducts inspections on firefighting equipment monthly and keeps the inspection records.

3. Comprehensive department also conducts the inspection monthly to keep track of the improvement.

4. The company CSR team will conduct annual internal audit to follow up on this issue.

Plan Yes

Complete:

Plan 06/25/2011

Complete

Date:

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: Workers could not be guaranteed to have at least 1 day off per 7. For example: 90% of workers worked from August 2-11, 2010, consecutively.

Sources: time record review from October 2009 to September 2010; worker and management interviews

Legal Reference: Article 38 of China Labor Law

Plan Of Action: Responsible person of production department is arranged to take charge of the arrangement of the production plan. In order to ensure that the employees have 1 day off every 7 days and weekly working hours shall not be more than 60 hours, special training was provided to the factory production director and the Vice General Manager of production planning by the HR department.

Deadline 01/01/2011

Date:

Action Taken:

1. This situation is very rare in this factory. Normally, factory ensures that workers could enjoy 1 day off per week. During the dates before or after National Holiday, in order to let workers have a longer vacation, factory would shift the days off into the holidays.
2. The employees have 1 day off every 7 days and weekly working hours were not more than 60 hours.
3. The company CSR team will conduct annual internal audit to follow up on this issue.

Plan Complete: Yes

Plan Complete Date: 01/01/2011
