

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]", etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Instructions for Printing

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	China
Factory name	440015496E
IEM	A.L.G.I.
Date(s) in facility	December 13-14, 2006
PC(s)	Hennes & Mauritz AB
Number of workers	280
Product(s)	Apparel
Production processes	Cutting-sewing-ironing-inspection-washing-packing

H&M note: We have been cooperating with this factory for many years as a subcontractor to one of our suppliers. Just after the FLA audit we were informed by our supplier that the factory had changed name, management and workers. The factory that FLA audited was in fact a totally different legal entity than the one approved by H&M, the only thing in common was the bricks that made up the building. The production capacity of this new legal entity was much smaller than before and did not suit our volumes. As this new factory is totally unaware of our Code of Conduct requirements, along with our quality standards and all other relevant business practices, we took the decision not to work with this factory in the future.

Before we exited the factory we gave the FLA audit report to the supplier, who we still work with for other subcontractors. He created a remediation plan together with the subcontractor, and held a workshop on our Code of Conduct requirements with them focusing on the issues brought up during the FLA audit. Recently the supplier informed us that he also has ceased working with this subcontractor, which is why we now have no possibility to follow-up on the remediation plan.

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings	If not corroborated, explain why	Sources/Documenta- tion in used for corroborating	Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan	Remediation				Documentation	(Status)	Updates (Cite date of follow up)		
											Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Completed, Pending, On-going				Company Follow up	Documentation
1. Code Awareness																			
Code Posting/Information		FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	H&M Code of Conduct had been provided to the factory, but it was not posted by the factory.				Factory tour and management interview			Generally we do not require our Code of Conduct to be posted in the factory. In the case a factory produces for different buyers it might be confusing for the workers. Instead we encourage the factories to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers, for example through a handbook for the workers or on the notice board.	On-going	We will provide trainings about CoC Principles for the existing workers and in the future for new workers as well before they start to work.							
Worker/Management Awareness of Code		FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards only 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.	Employees have received no training regarding Code of Conduct.				Management interview and worker interview			We encourage the factories to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers, for example through a handbook for the workers or on the notice board.	On going								
Confidential Non-compliance Reporting Channel		FLA Principle of Monitoring, Obligation of Companies: 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 non-compliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	The factory failed to post the CoC where the hotline number for workers to communicate with PC was provided.				Factory tour and management interview			H&M primarily encourage[s] the factory to develop and deepen its own confidential non-compliance system. We support the factory in building a dialogue system within the factory in order to have a forum for the workers to communicate grievances to the management. During our audits we regularly check the function of these systems. At all H&M audits we conduct worker interviews. During these confidential, one-to-one interviews, our contact information is provided to the workers in order for them to be able to contact with us to put forward their grievances directly to us. We have decided to establish a hotline in order to ensure that the workers can put forward confidential complaints directly to H&M. It will be a mobile number that the workers can call or SMS. The mobile number will be printed on business cards that will be provided to the workers during worker interviews.	June 2007	Establish a grievance system and install suggestion box, take necessary practices according to the definitions of this system to make sure the grievance system is implemented and work well.							
2. Forced Labor																			
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.																			
Employment Records	Art. 16 of PRC Labor Law (Chapter 3 Labor Contracts and Collective Contracts): A labor contract is an agreement between a worker and a company that establishes a labor relationship and defines the rights and obligations for each party. To have labor relationship shall sign a labor contract.	Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision.	Workers hired in and after October 2006 have not signed labor contracts with the factory.				Documentation review and management/worker interview			The factory should sign a labor contract with all workers within 30 days of starting to work in the factory. We will follow-up according to factory remediation plan.	Just after Chinese New Year (CNY) [until] 3/01/2007.	Factory will sign contracts with all those workers that have not granted a contract as soon as possible. In the future, for all newly employed workers, the factory will sign a contract with each of them within one month.							
Policy			Factory does not have written policy regarding forced labor.				Documentation review and management interview			See factory response.	Before 4/01/2007	Establish and articulate a non-forced labor policy according to ILO standards and Chinese Law/Legal Reference, which includes the contents of Workers' Basic Rights and Obligations/social responsibility of the factory/workplace and so on. The policy protects worker's rights and interests from being abused, and it must be complying strictly.							
3. Child Labor																			
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																			
Age Documentation		Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.	Around 10% of the personnel records sampled did not contain copy of worker's ID.				Documentation review and management interview			We will follow up according to the factory remediation plan at next audit.	Just after Chinese New Year (CNY) [until] 3/01/2007.	We will check all employees' labor contract and ID card, make sure the copy of ID card is kept in personal files. Complete all relevant information necessary in the personal files for all workers. We will improve the process of recruiting, check ID card strictly for every applicant, make sure no child(ren) work in the factory. We will sign the labor contract with all new employees. The young workers must have healthy examination[.]							
Policy			Factory does not have written policy regarding child labor.				Documentation review and management interview			We will follow up according to the factory remediation plan at next audit.	Before 3/01/2007	Establish and articulate a non-child labour policy according to ILO standards and Chinese Law/Legal Reference. The policy is to make sure no worker under 16 years old can work in the factory, and it must be complying strictly.							
4. Harassment or Abuse																			
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of Progressive Discipline																			
Progressive Discipline		Employers will utilize progressive discipline, e.g., escalating discipline using steps such as verbal warning, written warning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or assault, shall be in writing and clearly communicated to workers.	Factory does not have the policy for termination/retrenchment for operational purposes.				Documentation review and management interview			We will follow up according to the factory remediation plan at next audit.	Before 4/01/2007	Establish a progressive disciplinary policy to maintain workplace discipline. Keep written records of all disciplinary actions that have [been] taken.							
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	The factory failed to keep records of disciplinary actions.				Documentation review and management interview			We will follow up according to the factory remediation plan at next audit.	Before 4/01/2007	Establish a progressive disciplinary policy to maintain workplace discipline. Keep written records of all disciplinary actions that have taken.							

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					Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documents used for corroborating	Notable Features implemented by Factory Management or Company		PC Internal audit findings (Optional)	Target Completion Date	Factory Response (Optional)		Company follow up (Cite date of follow up)	Documentation
Policy				Factory does not have written policy regarding harassment or abuse.			Documentation review and management interview		We will follow up according to the factory remediation plan at next audit.	Before 4/01/2007	Establish and articulate a policy against harassment and abuse in work place according to ILO standards and Chinese Law/Legal Reference, which also includes the contents of Obligations/social responsibility of the factory/workplace. The policy protects worker's rights and interests from being abused, and it must be complying strictly.				
5. Nondiscrimination															
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.															
Policy				Factory does not have written policy regarding non-discrimination.			Documentation review and management interview		We encourage the factory to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers. These should include all disciplinary procedures, including procedures for hiring and termination in place in the factory along with non-discrimination and harassment policies. We will follow up on the factory remediation plan at next audit.	Before 4/01/2007	Establish and articulate a policy against harassment and abuse in work place according to ILO standards and Chinese Law/Legal Reference, which also includes the contents of Obligations/social responsibility of the factory/workplace. The policy protects worker's rights and interests from being abused, and it must be complying strictly.				
6. Health and Safety															
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.															
Evacuation Procedure	Art. 14.3 of PRC Fire Prevention Law: Enterprises shall carry out fire prevention awareness education among their employees in accordance to the characteristics of the employing unit. Art. 14.6 of PRC Fire Prevention Law: Keep the evacuation passages and exits clear. Set up the safety demarcation in accordance with national standards. Art. 40 of Factory Fire Control Rules: The factory must conduct fire drills at least twice a year.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Emergency aisles in the sewing workshop were blocked by goods.			Factory tour and management interview		H&M requires that safety in the factory is maintained according to local law and our Code of Conduct. The workers should be able to easily evacuate the premises in case of emergency, and the building is to be considered as safe. The factory premises should be equipped with enough and well-maintained fire extinguishers. The workers should at regular intervals receive training on how to use the fire extinguishers.	Before 3/01/2007	The factory will give more education regarding fire safety to raise fire prevention awareness of the workers. Try the best to keep the evacuation passages and exits are free all the time.					
Safety Equipment	Art. 31 of PRC Factory Safety and Sanitary Regulations: First aid kits must be available in working areas. Art. 14.5 of PRC Fire Prevention Law: The company should maintain fire fighting facilities and equipments and fire safety signs in accordance with State regulations; company must also check and maintain the equipments regularly to ensure that they are in working conditions. Art. 43 of Fire Prevention and Safety Rules of Textile Mills: Obstructive items such as sundry goods or other items must not be piled up around the fire extinguishers or fire hydrant. Art. 5.1.1 of Design Regulations for Installation of Fire Extinguisher (GBJ 140-90): Fire extinguishers shall be installed in noticeable and accessible locations, and shall not be obstructed during safety evacuation. Art. 5.1.3 of Design Regulations for Fire Extinguisher Installation (GBJ 140-90): Portable fire extinguisher shall be installed in such a way that the height from the top of extinguisher to the floor shall be less than 1.5m, and the height from the bottom of the extinguisher to the floor shall be no less than 0.15m. Art. 14.4 of PRC Fire Prevention Law: There shall be no less than two fire extinguishers in a fire extinguishers equipped location, there should not be more than 5 fire extinguishers in each location.	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	No medicine was found in the first aid kit.			Factory tour and management interview		H&M require the factory to have well equipped first aid boxes easily available at each workshop. The factory should ensure that in each workshop there are a sufficient number of staff present during working hours who are trained in first aid.	Before 3/01/2007	Factory will check and maintain the first aid equipments regularly to ensure that they are supplemented in time and be working in emergency situation. All the first aid boxes will be installed in locations that are easily identified and accessed to.					
Machinery Maintenance	Art. 29 of Safe Production Law: The designing, making, installment, usage, checking, maintenance, upgrading and discarding of equipment should comply with national or professional standards. The facility should be responsible for regular maintenance and checking of equipments to ensure their normal function.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	Some sewing machines were missing pulley guards.			Factory tour and management interview		The workers should be provided with relevant personal protective equipment depending on work process, along with education both orally and in writing in their native language on how to use it.	Before 4/01/2007	The missing protective facilities will be supplemented in those machines ASAP. Also all the production machinery and equipment will be checked and maintained regularly, to make sure they are properly guarded, and operated in a safe manner.					
Sanitation in Dormitories	Art. 34 of Factory Safety Law: Employee dormitory shall keep a safe distance from the product workshop and other premises. The dormitory should have fire evacuation signs that meet state regulations. Fire exits and evacuation passage must remain unblocked.	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 should also be conducted at least annually	Factory did not provide fire extinguishers, emergency lightings and evacuation plans in the dormitory.			Factory tour and management interview		H&M have the same requirements for safety in the dormitory as in the workshop. During the audits we tour the dormitories and check that they fulfil our safety requirements.	Before 7/01/2007	Fire extinguishers, emergency lights and evacuation plans will be installed in the dormitory ASAP. Also Emergency evacuation drill is to be conducted together with the workshop evacuation drill.					
Other	Art. 29. Factory Safety Regulations: Working area should set hand wash equipment according to needs and provide soap.		No soap was provided in the restrooms.			Factory tour and management interview		All restrooms should be kept clean and soap should be provided. We have suggested to the factory that they should appoint a person to be in charge of ensuring that cleanliness is maintained on a daily basis.	Before 2/01/2007	We will supply soaps in rest rooms.					
7. Freedom of Association and Collective Bargaining															
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.															
Freedom of Association: FLA Comment		FLA Comment: 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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											Target Completion Date	Factory Response (Optional)				Company Follow up	Documentation
Policy				Factory does not have a written policy on independent worker representation.			Management interview and documentation review			The workers should be free to form associations of their own choosing, and to bargain collectively. We don't accept any disciplinary actions from the factory against workers who choose to peacefully and lawfully organize or join an association. In addition, during our audits we put effort on building effective communication channels between workers and management.	Before 4/01/2007	Establish and articulate clearly a policy about independent worker representation according as FLA codes and Chinese Law/Legal Reference.					
3. Wages and Benefits																	
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																	
Minimum Wage	Art. 48 of PRC Labor Law: The employer shall pay laborers wages no lower than local standards on minimum wages.	Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.			New employees hired in October declared during interviews that they received 10 RMB per day for October's salary which is below the local minimum wage.	Only one piece of payroll records was provided to the audit team. No detailed items was listed on it, except the sum of the salary. It was difficult to verify whether the situation was true or not.	Worker interview and documentation review			All workers should be guaranteed legal wages, this is an absolute minimum requirement for cooperation with H&M. We require the factory to provide accurate documentation on salaries and working hours. We will initiate a dialogue with the factory on openness and communication regarding the actual salaries in the factory. This issue will be followed up during the coming follow up audit according to the factory remediation plan.	At next audit	All kinds of wages (hourly wages, piecework), including regular hour and overtime payments, bonuses and all deductions, will be calculated carefully and recorded accurately.					
Pay Statement	Art. 6 of the Interim Regulations on the Payment of Wages: Company shall provide workers with a detailed pay stub.	Employers will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions.	No items of withholdings or deductions were listed in the payroll records. It only has the net payment on it.				Documentation review and management interview			We will follow-up according to factory remediation plan at next audit.	At next audit	All kinds of wages (hourly wages, piecework), including regular hour and overtime payments, bonuses and all deductions, will be calculated carefully and paid within the legal frame and recorded accurately.					
Time-recording System		Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards.			No time record was provided to the audit team.	The responsible person was not in the factory, so the time records were not available.	Documentation review and management interview			All workers should be guaranteed legal wages, this is an absolute minimum requirement for cooperation with H&M. We require the factory to provide accurate documentation on salaries and working hours. We will initiate a dialogue with the factory on openness and communication regarding the actual salaries in the factory. This issue will be followed up during the coming follow up audit according to the factory remediation plan.	At next audit						
Legal Benefits	Art. 72 of PRC Labor Law: Management and employees must participate in social insurance programs. Art. 45 of PRC Labor Law (Chapter IV: Working Hours, Rest and Vacations): Laborers are entitled to paid annual leaves after having continuously worked for one year or more.	Employers will provide all legally mandated benefits to all eligible workers.			Payroll of October 2006 only had total sum of wages listed. Payment of legal mandated benefits could not be verified.		Documentation review			We require the factory to provide accurate documentation on salaries and working hours. From the payroll it should be possible to understand how the salary is calculated. We should discuss with the factory how they can improve their payroll.	At next audit						
Payment of Wages	Art. 50 of PRC Law: Wages shall be paid to the workers in cash and on a monthly basis. Under no circumstances is it allowed to deduct or delay the payment.	Legally mandated bonuses (e.g. 13th month payments and severance payments will be paid in full and in a timely manner.			Payroll of October 2006 only had total sum of wages listed. Payment of legal mandated benefits could not be verified.		Documentation review			We require the factory to provide accurate documentation on salaries and working hours. From the payroll it should be possible to understand how the salary is calculated. We should discuss with the factory how they can improve their payroll.	At next audit						
Payment of Legal Benefits		Legally mandated benefits will be provided or paid in full within legally defined time periods.			Payroll of October 2006 only had total sum of wages listed. Payment of legal mandated benefits could not be verified.		Documentation review			We require the factory to provide accurate documentation on salaries and working hours. From the payroll it should be possible to understand how the salary is calculated. We should discuss with the factory how they can improve their payroll.	At next audit						
Timely Payment of Benefits		All legally mandated deductions for taxes, social insurance, or other purposes will be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc. The employer will not hold any of these funds over from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g., monthly deposits, weekly pay). If the law does not specify, then deposits will be made before the next pay period in all cases.			Only one payroll of October was provided to the audit team and it only contained the net payment of each worker, legal deductions could not be verified.		Documentation review			We require the factory to provide accurate documentation on salaries and working hours. From the payroll it should be possible to understand how the salary is calculated. We should discuss with the factory how they can improve their payroll.	At next audit						
Accurate Recording of Wage Compensation		All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately.	Payroll of October 2006 only had total sum of wages listed. No detailed items were listed in the payroll records.				Documentation review and management interview			We require the factory to provide accurate documentation on salaries and working hours. From the payroll it should be possible to understand how the salary is calculated. We should discuss with the factory how they can improve their payroll.	Before 4/01/2007	All kinds of wages (hourly rate, piece-rate), including regular hours and overtime payments, bonuses and all deductions, will be calculated carefully and paid within the legal frame and recorded accurately.					
Record Maintenance		All legally required payroll documents, journals and reports will be available complete, accurate and up-to-date. (In the United States terms this would include W-2s, I-9s, green cards, 941s and supporting material).			Only one payroll of October was provided to the audit team.	The responsible person was not in the factory during the auditing days. Further information could not be provided by the factory.	Documentation review and management interview			We require the factory to ensure that 12 months of payrolls and attendance documents are available for review of the auditing team at any time.	On-going						
4. Hours of Work																	
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.																	
Overtime Limitations	Art. 41 of PRC Labor Law: Employees should not be allowed to work more than three overtime hours per day and 36 overtime hours per month. Art. 38 of PRC Labor Law: Employer shall guarantee that its laborers have at least one day off per week. Article 5 of Regulations on enterprises implementation of irregular working system and comprehensive working hours calculation (Chapter IV: Working Hours, Rest and Vacations): Enterprises can implement comprehensive working hours calculation (a unique way of classifying cycles weekly, monthly, quarterly, and yearly to calculate overall working hours) for laborers meeting any of the conditions below, however, the average daily and weekly working hours should basically be the same as the legal standard working hours.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.			As per interviews, gate-keepers worked every day without one day rest.	No time record was provided to the audit team, so the accurate working hours could not be verified.	Worker and management interview			We will ask the factory management to ensure that all workers are allowed at least one day off per week.	On-going						

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					Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company		PC Internal audit findings (Optional)	Target Completion Date	Factory Response (Optional)			Company follow up (Cite date of follow up)	Company Follow up
Record Maintenance		All legally required payroll documents, journals and reports will be available complete, accurate and up-to-date. (In the United States terms this would include W-4s, I-9s, green cards, 941s and supporting material).			Factory did not provide any time records to the audit team. It is impossible to verify working hours issues in the factory.	The responsible person was not in the factory during the auditing days. Time records were not available to the audit team.	Documentation review and management interview			We require the factory to record all working hours in the factory, allowing the worker themselves to punch their own time card according to their actual working hours.	On-going					
Other /Days of Rest		Employees will be entitled to at least one day off in every seven day period.	As per worker interview, production workers worked on Sundays during the peak season. Information was verified through the production records, which showed that employees worked on 11/05/2006 (Sunday).				Worker interview and records review			We require the factory to record all working hours in the factory, preferably by the worker themselves punching their own time card according to their actual working hours. All workers should be entitled to enough rest, including at least one day off per week. We will follow up on factory remediation plan.	On-going	We will try our best to reduce overtime working, plan production carefully, make sure worker has at least one day off in every seven days work				
16. Overtime Compensation																
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																
Accurate Recording of OT Hours Worked		Employees will 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.			No time record was provided to the audit team to review. It was impossible to verify whether overtime hours were accurately recorded.	The responsible person was not in the factory during the auditing days. Time records were not available to the audit team.	Documentation review and management interview			We require the factory to allow the workers to punch their own attendance cards by themselves according to their actual working hours.	On-going					
OT Compensation	Art. 44.1 of PRC Labor Law: The employer shall pay workers no less than 150 % of their regular wages if they are required to work overtime. Art. 44. 2 of PRC Labor Law : Payment of wages to laborers should be no less than 200% of the normal wage if the employees are required to work on a day of rest and no deferred rest can be taken. Art. 44.3 of PRC Labor Law: Payment to workers should be no less than 300% of the normal wage if they are required to work during a legal holiday.	The factory shall comply with applicable law for premium rates for overtime compensation.			Only one payroll was provided to the audit team and it only contains the net payment of each employee. OT compensation could not be verified.	The responsible person was not in the factory during the auditing days. Further information could not be provided by the factory.	Documentation review and management interview			All employees should be guaranteed legal wages. We require the factory to provide true documentation on salaries and working hours. From the payroll it should be possible to understand how the salary is calculated. We will discuss with the factory how they can improve their payroll.	On-going					
OT Compensation for Piece	Art.13 of Interim Regulation on the Payment of Wages: Piece workers who are required to work overtime after they finished production quotas must be paid no less than 150% (regular work days), 200% (days of rest), or 300% (on statutory holidays) of the normal piece-rate during regular working hours.	Where workers are paid on a piece rate, the payment for overtime work performed shall result in no less payment than the premium pay required by law.			Only one payroll was provided to the audit team and it only contains the net payment of each employee. OT compensation could not be verified.	The responsible person was not in the factory during the auditing days. Further information could not be provided by the factory.	Documentation review and management interview			We require the factory to ensure that at 12 months of payrolls and attendance documents are available for review of the auditing team at any time.	On-going					
Miscellaneous																