

FLA Audit Profile		IEV Audit Profile	
Country	China	Country	
Name of Factory	440015551FV	Name of Factory	
Independent External Monitoring Organization	SGS	Independent External Monitoring Organization	
Date(s) in Facility	Sep 10-13, 2007	Date(s) in Facility	
FLA Affiliated Compan(ies)	Hennes & Mauritz AB	FLA Affiliated Compan(ies)	
Number of Workers	1595	Number of Workers	
Product(s)	Underwear	Product(s)	
Production Processes	Cutting, Sewing, Trimming, Inspecting, Packing	Production Processes	

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description Of Noncompliance, Risk Of Noncompliance or Uncorroborated Evidence Of Noncompliance	Updates (Cite Date)
				Company Follow-Up
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	Noncompliance	Completed	The factory did not post the H&M Code of Conduct where it could be easily seen.	
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	Completed	Noncompliance reporting mechanism was not established.	
F.13 Worker Ability to Terminate-Freedom of Movement	Noncompliance	Completed	New workers were charged RMB60 as a training fee.	
D.3 Recruitment and Employment Practices (Job Advertisements, Job Descriptions and Evaluation Policies)	Noncompliance	Completed	The factory did not recruit the workers who had hepatitis B.	

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description Of Noncompliance, Risk Of Noncompliance or Uncorroborated Evidence Of Noncompliance	Updates (Cite Date)
				Company Follow-Up
H&S.18 Machinery Maintenance and Worker Training	Noncompliance	Completed	80% of overlocking machines did not have needle guards.	
HOW.1 General Compliance Hours of Work	Noncompliance	Pending	Workers' monthly overtime hours exceeded the legal limit.	
HOW.2 Rest Day	Noncompliance	Pending	Workers did not have one day off in every seven days.	
WBOT.3 Training and Probation Wage	Noncompliance	Completed	During training periods, the factory provided free dorms and meals, but did not pay wages to new workers.	

FLA Code/Benchmark	Compliance Status	[Status] Completed, Pending, Ongoing	Description Of Noncompliance, Risk Of Noncompliance or Uncorroborated Evidence Of Noncompliance	Updates (Cite Date)
				Company Follow-Up
FOA.2 Right to Freely Associate	Noncompliance	New Finding		
WBOT.5 Holidays, Leave, Legal Benefits and Bonuses	Noncompliance	New Finding:		
H&A.8 Discipline/Monetary Fines and Penalties	Noncompliance	New Finding:		

China
440015551FV
Openview Service Limited
September 5 - 6, 2011
Hennes & Mauritz AB
1272
Underwear
Cutting, Sewing, Trimming, Inspecting, Packing

of Follow-Up)	Third-Party Verification	
Documentation	External Verification (September 5, 2011)	Documentation
	Completed: The factory posted the H&M Code of Conduct on the notice boards.	H&M Code of Conduct
	Completed: Based onsite observation, it was found that the H&M Code of Conduct included noncompliance reporting mechanisms, such as contact email.	H&M Code of Conduct
	Completed: New workers no longer need to lodge RMB60 as a training fee/deposit	Payroll, worker interviews
	Completed: The factory no longer tests for Hepatitis B during the recruitment period or during employment. The management did not refuse to recruit workers with Hepatitis B.	Health examination records, worker interviews

of Follow-Up)	Third-Party Verification	
Documentation	External Verification (September 5, 2011)	Documentation
	<p>Completed: Based onsite observation, it was found that the factory installed needle guards for all overlocking machines.</p>	None
	<p>Pending: The workers' overtime hours exceeded the legal limit (e.g. maximum 3 hours per day, 36 hours per month) and the workers' weekly working time was more than 60 hours during peak months. Based on the time records from August 2010 to September 6, 2011 and worker interviews, it was found that the workers worked overtime for 3.5 to 4 hours per day (2 to 16 times per month), 48 to 145 overtime hours per month between August 2010 and May 2011. Workers worked for 60.5 to 78 hours per week (1 to 4 times per month) from August 2010 to March 2011. (The overtime hours were less than 3 hours per day and 36 hours per month, and the weekly working time were less than 60 hours from April</p>	Time records, worker interviews
	<p>Pending: Workers did not have one day off in every seven days during peak months. Based on the time records from August 2010 to September 2011 and worker interviews, it was found that workers worked consecutively for 10 to 30 days in each month from August 2010 to March 2011. (Workers were guaranteed having rest 1-2 days per week between April to September 6, 2011)</p>	Time records
	<p>Completed: It was found that the factory provided wages to new employees during the training periods. These wages were in compliance with Chinese law. The factory continues to provide free dorms and reduced priced meals for new workers during training periods.</p>	Payroll, worker interviews

of Follow-Up)	Third-Party Verification	
Documentation	External Verification (September 5, 2011)	Documentation
	<p>New Finding: There was no independent trade union in the factory. (The factory had 13 worker representatives who were selected by workers). 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 of 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</p>	<p>Worker representative election records, meeting records</p>
	<p>New Finding: The factory did not provide pension, medical, unemployment and accident insurances for 742 out of 1272 employees and did not provide maternity insurance for any employee. (The factory obtained a legal waiver from local authority. The so-called waive contradicts Chinese Labor Law and the new Social Insurance Law. This waiver cannot be used to justify noncompliance with the social insurance requirements mandated by law.)</p>	<p>Social insurance receipts, worker interviews</p>
	<p>New Finding: It was found that the employees could be fined RMB 20-100 per time if breaking the factory rules. For example, one packing worker was fined RMB 20 because of wearing slippers on August 15, 2011.</p>	<p>Employment handbook, monetary fine notices, worker interviews</p>

FLA Comment: *This report was submitted to the FLA and the FLA-affiliated company by the accredited independent external monitor. Despite deadline reminders and extensions for submission of a corrective action plan, the FLA has not received a plan to address the noncompliances raised in the report. Therefore, the report is posted in its current state and will be updated once a corrective action plan has been submitted to and reviewed by the FLA.*

Company Verification Follow-Up	
Company Follow-Up	Documentation

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Company Verification Follow-Up

Company Follow-Up

Documentation
