

FLA Audit Profile		FLA Audit Profile		
Country	China	Country	China	
Factory name	270015373E	Factory name	270015373EV	
IEM	TUV Rheinland Hong Kong Ltd.	IEV	Openview Service Limited	
Date(s) in facility	38940	Date(s) in facility	40809	
PC(s)	New Era	PC(s)	New Era	
Number of workers	~1000	Number of workers	00750	
Product(s)	Hats	Product(s)	Hats	
Production processes	Cutting, Sewing, Stitching, Ironing, Packaging	Production processes	Cutting, Sewing, Stitching,	
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance
1. Code Awareness				
Confidential Noncompliance 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 noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.		
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.				

Forced Labor				
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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.		
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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 or abuse.		
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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.		
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Non-discrimination				
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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.				
Fire Safety: Health and Safety Legal Compliance		Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.		
Other				No health and safety training items were found in the training plan for those existing workers.
Health and Safety				

Health and Safety				
Health and Safety				
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		<p>FLA Comment: <i>The Chinese constitution guarantees Freedom of Association; however, Trade Union Act prevents 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 non-recognition of the right to strike. As a consequence, all factories in China fall short of 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. 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</i></p>		
8. 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.				
Payment of Legal Benefits		Legally mandated benefits will be provided or paid in full within legally defined time periods.	There are 1000 employees in factory. Only 25% of employees are covered by social security insurance (250 people joined retirement insurance and unemployment insurance; 322 people joined injury insurance), although there was proof issued from the local social security insurance authority about the ratio being acceptable. Also, some interviewed workers did not know the rule of social security insurance.	

Wage and Benefit				
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9. 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.

Hours of Work				
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10. 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.

Miscellaneous

Construction safety proof and fire safety proof for production buildings and rent dormitory were not available.	Factory explained the responsible person was out of office during visit.	Review factory records			Requested documentation from factory to evidence proof of documentation.	April 30, 2007	
		Management interview			Factory will be required to show proof of recurrent training of workers. IEM indicated that new hire training is performed, but annual training is not. New Era staff met with factory managers at NEC in March and explained that proof of recurrent training must be submitted or, if none exists, training must be planned for 2007.	April 30, 2007 for proof or for 2007 plan	

on		[Status]	Third-Party Verification		Company
Company Follow Up (Cite Date of Follow Up)	Documentation	Completed, Pending, Ongoing	External Verification (Date)	Documentation	Company Follow-up
On April 11, 2007, New Era local staff visited site and verified that posting was in place. Digital pictures of posting were obtained for verification.	Photo	Completed	Completed: September 23, 2011 Based on site observation, it was noted that New Era code of conduct was posted in workplace, and workers confirmed that they knew the confidential non-compliance reporting channel to New Era.	Code of Conduct from New Era posted in workshops	

			<p>New Finding: September 23, 2011 There were 9 juvenile workers in the factory. Those workers themselves paid RMB 60 for the medical examination at the time of recruitment, which the factory would pay back 3 months later. This violated the local law requirement that the medical examination fee for juvenile workers should be paid by factory.</p> <p>It violates Article 10 of the PRC Regulations for the Special Protection of Juvenile Employees (Document No. 498).</p>	<p>Juvenile worker registration, medical examination report as well as medical examination charge return record</p>	
			<p>New Finding: September 23, 2011 It was observed during factory walkthrough that there was gender and age (e.g. female, 35 years old and above for cleaners, 35 to 45 years old for trimming workers) limitations in recruitment ads posted at the entrance of factory gate.</p> <p>It violates Article 12 of the China Labor Law and Article 20 of the Provisions on Employment Services and Employment Management.</p>	<p>Job advertisement on gate</p>	

On April 11, 2007, the general manager of factory sent an email to New Era with an attachment showing the appropriate documentation. The document was translated and contents were verified to be appropriate to the finding.	Email attachment	Completed	Ongoing: September 23, 2011 Factory has obtained construction safety proof and fire safety proof for the 3-storey office building and 2-storey production building. But there was no Construction Safety Certificate for those 2 1-storey production buildings, the 1-storey canteen building and the 8-storey dormitory building. And there were neither Construction Safety Certificates nor Fire Safety Certificates for the 2-storey dormitory building.	Construction Safety Certificate and Fire Safety Certificate	
New Era local staff conducted onsite visit on April 11 to verify. Factory submitted proof of first aid training (picture ID cards), that was conducted in December 2006; fire drill record showing date of March 22, 2007 and time of exit at 57 seconds.	Photos, drill record	Completed	Completed: September 23, 2011 Based on training records, interviews with workers and management, it was noted that the factory had conducted health and safety training including: General health and safety, Occupational Health and PPE, Fire Safety, Emergency Procedure, Machine Safety and First Aid training.	Training records	
			New Finding: September 23, 2011 On-site observation found that: 1) More than 50% of warnings on sewing machines were in English, which the local Chinese workers cannot understand. 2) Hand safety guards of 2 cutting machines were removed. It violates Article 28 of the Law of the People's Republic of China on Work Safety and Article 6.1.6 of the Code of Design of Manufacturing Equipment Safety and Hygiene.	Warnings on the machine	

			<p>New Finding: September 23, 2011 It was confirmed through factory walkthrough that 3 workers in ironing workshop did not wear protective gloves and 2 workers in embroidering workshop did not wear earplugs. It violates Article 20 of the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and Article 37 of the Law of the People's Republic of China on Production Safety.</p>	None	
			<p>New Finding: September 23, 2011 It was noted through factory walkthrough that: 1) There was 1 warehouse for the idled sewing machines (about 40 square meters) in the first floor of the 8 story dormitory building; 2) 6 tanks of diesel were stored close to the 2-story dormitory building. It violates Article 19 of Fire Prevention Law of the People's Republic of China.</p>	None	

			<p>New Finding: September 23, 2011 FLA Comment: Trade union in China was under ACFTU, which was contrary to the fundamental principles of freedom of association of ILO standards if the factory had a trade union under ACFTU. Based on Trade Union election and meeting records, interview with workers and union members, it was noted that the Trade Union of the factory was registered in the ACFTU. The Trade Union had been re-elected in 2009, and 42% of the workforce are union members. The chairman of the Trade Union was the Purchasing Supervisor, and the major function of the Trade Union was to handle workers' complaints, organize factory activities, such as outing.</p>	<p>Union member election records and trade union meeting minutes</p>	
<p>Factory provided copy of waiver from local labor authority documenting compliance with social security requirements.</p>	<p>Waiver</p>	<p>Completed</p>	<p>Ongoing: September 23, 2011 Based on the social insurance receipts and worker interviews, it was found that the factory only provided part of the workers with social insurance: Only 354 out of all 750 workers were covered with work-related injury insurance, 237 workers with medical and maternity insurances, 303 workers with pension, and 315 workers with unemployment insurance.</p>	<p>Social Insurance Receipt</p>	

			New Finding: September 23, 2011 All workers interviewed were not aware of the paid sick leave policy.	None	
			Uncorroborated Evidence of Noncompliance: September 23, 2011 Based on the production record, it was noted that 1 worker worked on Sunday on March 27, 2011, but there was no working hour record for that worker on the that Sunday. Because that worker has resigned in June 2011, it could not be	Production record	

Verification Follow up
Documentation







