Country Law/Legal Reference

Factory has maintained a training documentation.

Factory has erected wider guard rails and warning signs.

Policy in place and followed by Monitor's Findings.

Documentation

Company has followed up on recommendations to improve compliance with applicable laws.

Workers can refuse O/T work without penalty.

Company Remediation Plan

Date of audit

IEM

Factory name

Country

FLA Audit Profile

Number of workers

PC(s)

Date of audit

March 17, 2004

Kenan Institute Asia

China

Health and Safety

No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of age, color, creed, handicap, gender, national origin, race, religion, sexual orientation, veteran status or any other characteristic protected by law.

Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of any kind. Harassment or abuse is prohibited.

There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

There is no protection for unconscious workers.

Article 54 The employing unit must provide laborers with proper health examination and regular health examination is required.

Permission to work 9 hours per day as regular schedule.

Factory has an employment policy which contains the basic content of the COC.

Factory must cover the waste water slot near to canteen.

Factory will install wider guard rails and warning signs.

Employees are trained in the workplace standards in the local languages spoken by employees and managers.

Hiring notice revised and hiring practices and procedure followed.

Management to provide training to Human Resources, including non-discriminatory practices.

Management to provide training to Human Resources, including non-discriminatory practices.

Philippines

Health and Safety

Maximum exposure limits are stated in the job recruitment advertisement, such as "only female workers are allowed in sewing department." Workers are not aware of job recruitment advertisement.

There is no record review for COC training.

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### FLA Code Compliance Issue

#### Country Law/Legal Reference
- All workers are covered by work-related injury insurance, and workers file accident reports without employer interference.

#### FLA Benchmark
- The employer should ensure that workers are covered by work-related injury insurance, and that workers report accidents without interference.

#### Monitor’s Findings
- Workers reported that their managers and the management team did not share information on the existence and function of workers’ representatives.

#### Best Practice
- Workers should be informed about the existence and function of workers’ representatives, and management should not interfere with their work.

#### PC Internal Audit Findings (Optional)
- Information provided by workers that managers and the management team did not share information on the existence and function of workers’ representatives.

#### Remediation Plan
- Workers should be informed about the existence and function of workers’ representatives, and management should not interfere with their work.

#### Target Completion Date
- 21 Dec 04

#### Company Follow Up (May 20, 2004)
- Workers were informed about the existence and function of workers’ representatives, and management did not interfere with their work.

#### Update
- FLA follow-up confirmed that all workers were informed about the existence and function of workers’ representatives.

### FLA Code Compliance Issue

#### Country Law/Legal Reference
- Article 72 The sources of social insurance funds shall be determined by law.

#### FLA Benchmark
- The employer should ensure that social insurance premiums are determined by law.

#### Monitor’s Findings
- The factory deducts board, housing, and meals from the workers’ pay without providing replacement services, such as housing or meals.

#### Best Practice
- Workers should receive compensation for services, such as housing or meals, that are deducted from their pay.

#### PC Internal Audit Findings (Optional)
- Workers reported that they were deducted board, housing, and meals from their pay without receiving replacement services.

#### Remediation Plan
- The employer should ensure that workers are compensated for services, such as housing or meals, that are deducted from their pay.

#### Target Completion Date
- 31-Dec-04

#### Company Follow Up (May 20, 2004)
- Workers were informed about their right to compensation for services, such as housing or meals, that are deducted from their pay.

#### Update
- FLA follow-up confirmed that workers received compensation for services, such as housing or meals, that are deducted from their pay.

### FLA Code Compliance Issue

#### Country Law/Legal Reference
- No proper communication channel exists for worker representatives to discuss issues with management.

#### FLA Benchmark
- Workers should have a proper communication channel to discuss issues with management.

#### Monitor’s Findings
- Workers stated that they are not aware of the existence and function of worker’s representatives.

#### Best Practice
- Workers should be aware of the existence and function of worker’s representatives.

#### PC Internal Audit Findings (Optional)
- Workers reported that they are not aware of the existence and function of worker’s representatives.

#### Remediation Plan
- The employer should ensure that workers are aware of the existence and function of worker’s representatives.

#### Target Completion Date
- 30-Jul-04

#### Company Follow Up (May 20, 2004)
- Workers were informed about the existence and function of worker’s representatives.

#### Update
- FLA follow-up confirmed that workers are aware of the existence and function of worker’s representatives.

### FLA Code Compliance Issue

#### Country Law/Legal Reference
- The factory is publishing meeting minutes and a record of discussions held by worker’s welfare committees.

#### FLA Benchmark
- The employer should ensure that meeting minutes and a record of discussions held by worker’s welfare committees are published.

#### Monitor’s Findings
- Meetings for worker’s welfare committees were held, but meeting minutes and a record of discussions were not published.

#### Best Practice
- Meetings for worker’s welfare committees should be held, and meeting minutes and a record of discussions should be published.

#### PC Internal Audit Findings (Optional)
- Meetings for worker’s welfare committees were held, but meeting minutes and a record of discussions were not published.

#### Remediation Plan
- The employer should ensure that meeting minutes and a record of discussions held by worker’s welfare committees are published.

#### Target Completion Date
- 31-Dec-04

#### Company Follow Up (May 20, 2004)
- Meetings for worker’s welfare committees were held, and meeting minutes and a record of discussions were published.

#### Update
- FLA follow-up confirmed that meeting minutes and a record of discussions held by worker’s welfare committees were published.

### FLA Code Compliance Issue

#### Country Law/Legal Reference
- The factory is developing a participation plan for workers to give feedback on an enhanced role in dispute resolution.

#### FLA Benchmark
- Workers should be given an enhanced role in dispute resolution.

#### Monitor’s Findings
- Workers stated that they are not aware of the existence and function of worker’s representatives.

#### Best Practice
- Workers should be given an enhanced role in dispute resolution.

#### PC Internal Audit Findings (Optional)
- Workers reported that they are not aware of the existence and function of worker’s representatives.

#### Remediation Plan
- The employer should ensure that workers are given an enhanced role in dispute resolution.

#### Target Completion Date
- 31-Dec-04

#### Company Follow Up (May 20, 2004)
- Workers were informed about their right to give feedback on an enhanced role in dispute resolution.

#### Update
- FLA follow-up confirmed that workers are given an enhanced role in dispute resolution.
**Overtime Limitations**

According to Article 41 of Labor Law of the People's Republic of China, the employing unit may extend working hours as necessitated by its production or business operation after consultation with the trade union and laborers, but the extended working hour per day shall generally not exceed one hour; if such extension is needed for special reason, under the condition that the health of laborers is guaranteed, the extended hours shall not exceed three hours per day. However, the total extension in a month shall not exceed thirty six hours.

Except in extraordinary business circumstances, employees will:

1. Not be required to work more than the lesser of:
   - 48 hours per week and 12 hours overtime
   - 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.
2. 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.

### Findings

- **Factory Response:**
  - **31-Jul-04**: Factory has posted a clarification notice and provided training to workers in detail on the policies and procedures for punching time cards. Workers are not be required to punch in prior to or after regular working hours unless they are compensated with overtime pay.

### Remediation Plan

- **Target Completion Date:**
  - **27-Jul-04**

### Factory Follow Up (November 25, 2004)

**Documentation**

- Visual inspection
- Document review
- Worker interview

Workers may work more than 60 hours per week during peak seasons.

Inconsistent working hour records from cross-checking

- Insufficient compensation for overtime work done during public holidays
- Correct overtime rates not applied
- Sunday work performed; workers do not receive one day off in 7 working days.

### Factory Remedy

- The factory adopts comprehensive working hour system, which is 2448 hrs per year, but the actual working hours of workers per year is 2767, which exceed the legal limitation.

### Recommendations

- Factory shall develop and implement a tracking system on all working hours of each workers and make sure the number of weekly working hours is not in excess of 60 hours/week.

### Notes

- Workers shall not be required to work more than 12 hours overtime per week or on a regular basis.
- Regular work week in such country plus 12 hours overtime.
- Insufficient compensation for overtime work done during public holidays.
- Correct overtime rates not applied.
- Sunday work performed; workers do not receive one day off in 7 working days.