PC Follow Up

Updates
PC remediation plan
FLA Benchmark
Mar 20, 2006
Company Follow Up
Factory reimbursed
Those residents have
SGS
350
The employer will not interfere with the right to
March 17, 2004
Employer control/favoritism
Employers will recognize and respect the right of employees to freedom of association and collective bargaining,
Dormitory
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring
5. Nondiscrimination
4. Harassment or Abuse
3. Child Labor
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.
Production processes
Fabric Cutting, Sewing, Trimming, Ironing, Inspection, Packing
Recently, however, the government has introduced
on the right to organize and bargain collectively.
all factories in China fall short of the ILO standards
of freedom of association, including the non-
unions independent of the sole official trade union –
Trade Union Act prevents the establishment of trade
organizations or favoring one workers' organization
freedom of association by controlling workers'

China
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.
Monitor’s Findings

10. Overtime Compensation

- Overtime Limitations
  - In every seven day period, employees will (i) not be required to work more than 60 hours per month normally.
  - Additional working hours during peak season, with excessive working hours during peak production periods, will be reasonable in view of predictable or continuing fluctuations in business demands, to be included in the regular work schedule.
  - According to the time cards, some workers have consecutively worked 60 hours per month normally.
  - Some workers have worked overtime 40-70 hours a day during peak season, and during the previous month, employees have worked over 120 hours per week.

- Non-exempt workers and non-production workers shall be paid according to the legal wage allowances. Factory shall take into consideration that there are some non-production workers working overtime.

- For the week of May 3-9, 2004, some workers were not allowed to take their regular day off.

8. Wages and Benefits

- All worked days or hours should be reflected on the time card or any other record.
- Employees should always punch in and punch out their time cards. Factory must record all workers who punch in and punch out their time cards. Factory must always punch in or out their time cards. Factory must record all workers who punch in and punch out their time cards.

- According to clause 73 of China Labor Law, Laborers have four benefits for occupational disease.
  - (1) Death or critical injury; The factory only provided disability insurance and occupational disease insurance.
  - (2) Illness or injury; Some of workers were not allocated at least 1 day off per 7 working days.
  - (3) Disability caused by work-related injury or occupational disease; There were some benefits but not yet implemented.
  - (4) Maternity insurance for 80 workers.

- Periodic inspections must be done to verify the accuracy of the payroll records.
- The factory only provided disability insurance and occupational disease insurance, which were more than the legal requirements.
- According to the time cards, some piece records were not recorded accordingly.
- According to the periodic inspections, there were discrepancies found between other on-site records identified during the audit.
- There were discrepancies found between time cards and on-site documentation.
- No evidence indicated that all workers received normal wages.
- Some workers were not allocated at least 1 day off per 7 working days.
- Some workers have consecutively worked 60 hours per month normally.
- Some workers have worked overtime 40-70 hours a day during peak season, and during the previous month, employees have worked over 120 hours per week.
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According to clause 16 of China Labor Law, a labor contract must be concluded where a labor relationship is to be established.

The factory could not provide the labor contract for all employees for 2004, as required under China Labor Law. However, it provided employment contracts with workers for year of 2003, no employment contracts for year of 2004 provided during the audit.

In remediation necessary.

Labor contracts signed with workers, but copies of contract kept by the factory.

Workers' interview; Time record review.

(End of March 2006)