



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT*

COMPANY: NorthPole US, LLC
COUNTRY: China
FACTORY CODE: 780015814GV
MONITOR: Global Standards
AUDIT DATE: September 9 – 10, 2010
PRODUCTS: Sand Chairs, Tents
PROCESSES: Cutting, Sewing, Finishing
NUMBER OF WORKERS: 410

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.

*To read the original IEM report for this factory, please visit the FLA website [here](#).
For an explanation on how to read this report, please visit the FLA website [here](#).



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Wages, Benefits and Overtime Compensation: Timely Payment of Wages

WBOT.4 All wages, including overtime compensation shall be paid within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month. (S)

Noncompliance

Explanation: According to records review and management interview, no matter whether worker submits resignation application 1 month in advance or not, factory does not pay workers on the day they leave the factory, but at the fixed pay day.

Law: Temporary Regulation for Wage Payment Article 9, Laborers End Labor Contracts with Working Units: As per law, working units should pay all wages to laborers 1 time at the time of contracts end.

Plan Of Action: [Factory name] follows labor law regulations set by government. HR department is responsible for this process.

Deadline Date: 11/10/2008

Action Taken: As of June 1, 2009, [Factory name] management has reviewed HR practices and has found to be in compliance with requirements.

Plan Complete: Yes

Plan Complete Date: 06/01/2009

Action Verified: No

Action Verified Text: COMPLETED: According to wage records, the workers were paid at the same day of leave with signatures and thumb stamps.

Action Verified Date: 09/10/2010



Wages, Benefits and Overtime Compensation: Posting Notices

WBOT.23 All notices that are legally required to be posted in the factory work areas shall be posted. All legally required documents, such as copies of legal code or law, shall be kept at the factory and available for inspection. (P)

Noncompliance

Explanation: According to factory walkthrough and management interview, no laws and regulations are posted in the factory.

Law: Article 4, Employment Contract Law: Rules, regulations and decisions on material matters that have a direct bearing on the immediate interests of employees shall be made public or be communicated to the employees by the employer.

Plan Of Action: [Factory name] has posted regulations in the factory for employees to read and absorb.

Deadline Date: 11/01/2008

Action Taken: Regulations have been posted in common place for employees to view.

Plan Complete: Yes

Plan Complete Date: 11/01/2008

Action Verified: No

Action Verified: PENDING: No rules/regulations are posted in the factory.

Text: Note: Regulations should be posted in the common areas for workers' review.

Action Verified Date: 09/10/2010

Forced Labor: Other - Forced Labor

Other

Noncompliance

Explanation: According to records review and management interview, there is no procedure on forced labor.

Plan Of Action: Regulations procedure on forced labor has been implemented within our organization.

Deadline Date: 11/25/2008

Action Taken: Implementation of regulations procedure on forced labor has been noted throughout the factory. As of June 1, 2009, policy is included in new employee training and employee update sessions.

Plan Complete: Yes

Plan Complete Date: 06/01/2009

Action Verified: No

Action Verified Text: COMPLETED: The procedure of forced labor has been set up.

Action Verified Date: 09/20/2010

Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: *FLA Comment: The Chinese constitution guarantees Freedom of Association (FOA); 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 FOA, 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. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of Oct. 2001 stipulates 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. Trade unions also have an enhanced role in dispute resolution. In Dec. 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.*

According to records review and management interview, there is a trade union in head company; there is only 1 union committee member in the factory. Workers can use suggestion boxes, or directly report their complaints to team leaders/supervisors/factory manager. Quality department will collect letters once a week. Factory makes sure that problems are solved within 1 week, and will post resolutions on the bulletin board. Management explained that they only received a few letters concerning canteen issues in the last year when they had newly moved to the new facility; they have received no letter in this year yet.

Plan Of Action: Trade union is present in the [Factory name] company.

Deadline Date: 11/20/2008

Action Taken: As of June 1, 2009, workers are encouraged to voice their concerns; candidates are represented from the workforce.

Plan Complete: Yes

Plan Complete Date: 06/01/2009

Action Verified: No

Action Verified Text: ONGOING: It is the policy and regulation of China Government, which cannot be changed at the current stage.

Action Verified Date: 09/10/2010

Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Noncompliance

Explanation: NEW FINDING: There is a grievance policy in the factory. However, the complaints or suggestion records were only kept until August 2009. There are no records from September 2009 through the present. According to management, there is only an oral warning to workers.

Plan Of Action:

Deadline Date:



**Action
Taken:**

**Plan
Complete:** No

**Plan
Complete
Date:**

**Action
Verified:** No

**Action
Verified
Text:**

**Action
Verified
Date:**

Freedom of Association: Other - Freedom of Association and Collective Bargaining

Other

Noncompliance

Explanation: According to records review and management interview, there is no procedure on freedom of association and collective bargaining at the factory.

**Plan Of
Action:** [Factory name] has procedure for freedom of association and collective bargaining.

**Deadline
Date:** 11/26/2008

**Action
Taken:** As of June 1, 2008, these policies are located in the HR department and are readily available to any employee at any time. Consider this complete. June 1, 2009



Plan Complete: Yes

Plan Complete Date: 06/01/2009

Action Verified: No

Action Verified Text: COMPLETED: The regulations have been implemented; they include new employee training and an updated employee's handbook.

Action Verified Date: 09/10/2010

Harassment or Abuse: Discipline/Review of Disciplinary Action

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

Noncompliance

Explanation: According to records review, the disciplinary system does not include the ability for a worker to appeal and/or question any disciplinary action against them and/or have a third party of their choice present when the disciplinary action is being imposed.

Plan Of Action: To add the ability for workers to appeal or question when any action is taken against them.

Deadline Date: 11/13/2008



Action Taken: We have added the ability for a worker to appeal and/or question any disciplinary action against them and/or have a third party of their choice present when a disciplinary action is being imposed from the disciplinary system. Completed and verified on June 1, 2009.

Plan Complete: Yes

Plan Complete Date: 06/01/2009

Action Verified: No

Action Verified Text: PENDING: According to documents review, there is no related article.
Note: The factory is responsible to add the abovementioned article into the policy.

Action Verified Date: 09/10/2010

Harassment or Abuse: Discipline/Worker Awareness and Participation of Workers

H&A.6 Workers must be informed when a disciplinary procedure has been initiated against them. Workers have the right to participate and be heard in any disciplinary procedure against them. Employers shall maintain written records of all disciplinary actions taken. Workers must sign all written records of disciplinary action against them. Such records must be maintained in the worker's personnel file. (P)

Noncompliance

Explanation: NEW FINDING: The disciplinary record was not kept in workers' personnel files, and there are no workers' signatures to indicate acceptance of disciplinary records. According to management, there is only an oral warning given to workers.

Plan Of Action:



**Deadline
Date:**

**Action
Taken:**

Plan Complete: No

**Plan Complete
Date:**

Action Verified: No

**Action Verified
Text:**

**Action Verified
Date:**

Harassment or Abuse: Punishment of Abusive Workers/Supervisors/Managers

H&A.16 Management shall discipline anyone (including managers, supervisors or fellow workers) who engages in any physical, sexual, psychological or verbal violence, harassment or abuse, regardless of whether such action was intended as a means to maintain labor discipline. Such discipline could include (combinations of) compulsory counseling, warnings, demotions and termination. (P)

Noncompliance

Explanation: According to records review and management interview, there is no disciplinary procedure made for those who engage in harassment or abuse of workers.

Plan Of Action: To implement procedure.



Deadline Date: 11/20/2008

Action Taken: Disciplinary regulation procedure has been implemented. As of June 1, 2009, implementation has been verified and completed.

Plan Complete: Yes

Plan Complete Date: 06/01/2009

Action Verified: No

Action Verified Text: COMPLETED: The procedure has been set up accordingly.

Action Verified Date: 09/10/2010

Harassment or Abuse: Other - Harassment or Abuse

Other

Noncompliance

Explanation: According to records review and management interview, there is no procedure for non-harassment and abuse.

Plan Of Action: Company needs to implement procedure into the daily routine.

Deadline Date: 11/13/2008

Action Taken: Regulation procedures have been implemented on non-harassment and abuse. As of June 1, 2009, the head of HR department is responsible for communicating procedures to workers, supervisors and managers.

Plan Complete: Yes

Plan Complete Date: 06/01/2009

Action Verified: No

Action Verified Text: COMPLETED: The procedure has been set up accordingly.

Action Verified Date: 09/10/2010

Child Labor: Other - Child Labor

Other

Noncompliance

Explanation: According to records review and management interview, there is no procedure (how to prevent, how to solve related problems and so on) on child labor.

Plan Of Action: Company to immediately implement procedure in regards to child labor.

Deadline Date: 12/01/2008

Action Taken: Regulation procedure regarding child labor has been implemented and will be monitored closely. Confirmed on June 1, 2009 that this practice is maintained and meets requirements.

Plan Complete: Yes

Plan Complete Date: 06/01/2009

Action Verified: No

Action Verified Text: COMPLETED: The regulation has been set up accordingly.

Action Verified Date: 09/10/2010

Non-Discrimination: Other - Non-Discrimination

Other

Noncompliance

Explanation: According to records review and management interview, there is no procedure (how to prevent, how to solve related problems and so on) on non-discrimination.

Plan Of Action: [Factory name] will implement regulations throughout factory.

Deadline Date: 12/03/2008

Action Taken: Regulation procedures regarding non-discrimination have been implemented in the [Factory name] factory. We have verified on June 1, 2009 that this policy is provided to new employees and is reviewed in employee update meetings.

Plan Complete: Yes



Plan Complete Date: 06/01/2009

Action Verified: No

Action Verified Text: COMPLETED: The procedure has been set up accordingly.

Action Verified Date: 09/10/2010

Code Awareness:

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 a regular basis.

Noncompliance

Explanation: According to factory walkthrough and workers interview, no NorthPole Code of Conduct is posted in the factory. Workers are not aware of code obligations.

Plan Of Action: NorthPole will post code and stress employees to be aware of posting.

Deadline Date: 12/01/2008

Action Taken: We have posted NorthPole Code of Conduct and also educated our employees for their awareness. New employees are provided with a code of conduct and on June 1, 2009, it was verified that the code of conduct is posted throughout the factory.

Plan Complete: No

Plan Complete Date: 11/25/2008

Complete Date:

Action Verified: No

Action Verified Text: COMPLETED: The NorthPole Code of Conduct has been posted in the factory. Workers are trained on code of conduct through meetings.

Action Verified Date: 09/10/2010

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: According to factory walkthrough:

1. There aren't inspection records for all fire hoses.
2. Fire extinguishers for garbage rooms are blocked by waste materials and have no inspection records.

Plan Of Action: We will have all fire hoses inspected and keep records of these inspections. We will also clear the way to fire extinguishers.

Deadline Date: 11/10/2008



Action Taken: [Factory name] has had fire hoses inspected and will now keep records of these inspections. In regards to fire extinguishers for garbage rooms, they are not blocked by any waste materials. We will keep inspections records and will keep the area free of any blockages. As of June 1, 2009, these spaces were surveyed again and found to be in compliance. The head of HR ensures these practices are maintained.

Plan Complete: No

Plan Complete Date: 11/01/2008

Action Verified: No

Action Verified Text: COMPLETED: All the fire equipment was inspected on routine schedule. No materials are blocking the front of fire extinguishers.

Action Verified Date: 09/10/2010

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: According to factory walkthrough, there are combustible materials outside of oil warehouse; garbage room is too close to the oil warehouse.

Plan Of Action: We will keep combustible materials separate from oil warehouse area.

Deadline Date: 11/26/2008

Action Taken: Segregation of materials have been implemented for safety and housekeeping. Effective June 1, 2009, the head of HR is responsible for maintaining chemical management and training. Review of the area showed all procedures being followed. Consider this complete.

Plan Complete: No

Plan Complete Date: 11/10/2008

Action Verified: No

Action Verified Text: ONGOING: No finding for above noncompliance issues. Factory was moved to current location in September 2009, there is no oil warehouse in the new location.

Action Verified Date: 09/10/2010

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: [NEW FINDING:](#) According to China Solid Waste Pollution Control Act, the waste of toxic items, such as light tubes, should be stored separately and should be disposed of by a certified waste disposal company.

**Plan Of
Action:**

**Deadline
Date:**

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**

**Action
Verified:**

**Action
Verified
Text:**

**Action
Verified
Date:**

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: According to factory walkthrough, there are no hazardous warning signs or MSDS posted in oil warehouse.

Plan Of Action: Immediately post necessary warning signs.

Deadline Date: 11/20/2008

Action Taken: Warning notices and MSDS have been posted throughout oil warehouse. Pictures were received from factory. Workers continue to be trained in health and safety, and MSDS is posted in all relevant areas. Department managers, supervisors and top managers are aware of responsibility.

Plan Complete: No

Plan Complete Date: 06/08/2009

Action Verified: No

Action Verified Text: COMPLETED: No finding. The factory was moved to current location in September 2009; there is no oil warehouse in the new location.

Action Verified Date: 09/10/2010

Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Noncompliance

Explanation: According to factory walkthrough:

1. There are no inspection records for 2 air tanks and 4 air pressure machines.
2. No sign about wearing gloves is posted in cutting department.

Plan Of Action: We will get inspection and keep records.

Deadline Date: 11/15/2008

Supplier CAP: Ongoing contact with relevant department and with local government for possible setting of inspection.

Supplier CAP Date:

Action Taken: As of June 1, 2009, government inspections are planned quarterly at the discretion of the government inspector. As of June 8, 2009, it has not been confirmed that proper gloves are being used in the cutting sections.

Plan Complete: No

Plan Complete Date: 06/08/2008

Action Verified: No

Action Verified Text: ONGOING:
 1. There are still 2 air pressure machines without inspection certificates.
 2. A sign related to wearing gloves is posted in cutting department.

Action Verified Date: 09/10/2010

Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: According to factory walkthrough, there is water on the 4th floor of Building [Building name], which makes the floor slippery.

Plan Of Action: To clear area of water that is hazardous.

Deadline Date: 11/30/2008

Action Taken: Regular maintenance has been implemented and monitored throughout factory; the head of HR is responsible for insuring this. On May 27, 2009, plumbing repairs are complete and this item can be considered closed.

Plan Complete: Yes

Plan Complete Date: 05/27/2009

Action Verified: No

Action Verified Text: COMPLETED: The factory has been moved to current location, there is only 1 floor. The floor is clean and dry.

Action Verified Date: 09/10/2010

Hours of Work: Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

Noncompliance

Explanation: According to records review and management interview, factory received comprehensive working time certificate from [City name] labor bureau from last September to this August saying that average monthly OT hours are 109.67. Through time records review from last August to this August, auditor found that all workers worked almost the same working hours. Average monthly working time is 251.46. All workers worked 90 OT hours this March and 140 OT hours this June in response to Sichuan earthquake. Workers worked around 65 OT hours per month in other months.

Plan Of Action: We will monitor and control overtime hours throughout factory.

Deadline Date: 12/01/2008

Action Taken: Control of overtime hours according to the comprehensive working time certificate has been implemented and will continue to be an ongoing process. HR is overseeing this procedure. 2008 OT hours were the result of meeting government requirements for China's earthquake victims. Also, in 2008 extra OT hours were required due to a labor shortage in the area. In 2009, we currently see less OT due to new equipment and more efficient operation. OT will continue to be monitored on an ongoing basis.

Plan Complete: Yes

Plan Complete Date: 06/01/2009

Action Verified: No

Action Verified Text: ONGOING: According to wage records and attendance records, the total overtime hours reached 74.5 - 92.5 hours per month from November 2009 to July 2010. Based on China Labor Law, the maximum overtime hours cannot be over 36 hours per month.

Action Verified Date: 09/10/2010

Hours of Work: Annual Leave/Wage Payments

HOW.18 Employers shall provide workers taking annual leave their normal or average wages for the full period of annual leave in advance, unless specified differently under local laws, regulations and procedures. (S)

Noncompliance

Explanation: According to records review and management interview, workers' wages for annual leave are not paid in advance, while at the fixed pay day.

Plan Of Action: [Factory name] will reevaluate procedure.

Deadline Date: 11/05/2008



Action Taken: [Factory name] staff normally take seasonal break all together at the end of July or early August; the salary is settled in normal payday. Nobody has been deducted salary of seasonal leave up to now. Confirmed on June 1, 2009, that seasonal break policy applies to all factory workers and [Factory name] staff.

Plan Complete: Yes

Plan Complete Date: 06/01/2009

Action Verified: No

Action Verified Text: COMPLETED: The annual leave was paid per wage records.

Action Verified Date: 09/10/2010
