COMPANY: Crocs
COUNTRY: China
FACTORY CODE: 560015152H
MONITOR: Social Compliance Service Asia
AUDIT DATE: August 20-21, 2009
PRODUCTS: Accessories
PROCESSES: Plastic Injection, Spraying, Screen Printing, Gluing, Packing, Assembling
NUMBER OF WORKERS: 340

For an explanation on how to read this report, please visit the FLA website here.
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Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: 1. Based on review of social insurance contribution records, it was noted that 334 workers were covered under work-related injury, 5 workers under medical insurance, 4 workers under unemployment and 5 workers under childbearing insurance. In addition, factory has obtained waiver from local social bureau. (Article 73 of PRC Labor Law)

2. Due to inconsistencies noted between time and payment records and other information and records obtained during audit, workers' actual working hours, wages and benefits status could not be accurately verified. (Article 51, 45 and Article 62 of PRC Labor Law)

Plan Of Action: 1. Factory should be in compliance with Chinese legal requirements regarding social compliance.

2. Factory should record working hours, pay wages to employees and ensure records are accurate.

3. We have reviewed social insurance records and waiver. Factory is in compliance with local requirements in social insurance. Besides, most of interviewed employees are not willing to pay money to social security. Currently, as we know, local government is working on the increase of participation in social security. Factory will follow local requirements and increase the participation percentage yearly and it does take time.

4. According to our investigation, factory will control working hours according to local law and our requirements. Due to urgent orders in peak season, production section arranged some OT work. Even though these OT wages were fully paid to employees according to local law, factory did not record hours on provided time cards. According to interviews and investigation, there are extra OT work time cards, yet it rarely happened. We require that factory records all working hours on one set of time cards. Factory will record all working hours in one set of time cards. We have brought this to factory management, production manager and HR and all of them have come into common agreement that all the working hours should be recorded in one set of time cards.

Deadline Date: 06/30/2010
Wages, Benefits and Overtime Compensation: General Compliance

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: Based on review of provided time and payment record, was noted most workers were arranged with one shift schedule in between 8:00-12:00 and 13:30-17:30. Three hours of evening OT in between 18:30-21:30 were also arranged. Usual work week was from Monday-Friday; Saturday OT required on a frequent basis. Nonetheless, auditors noted that time and payment presented various inconsistencies with other information and records obtained; auditors were therefore unable to accurately verify actual wages and benefits status at facility. Also, some workers reported were only paid on piece rate basis; no OT premium provided during OT hours as stipulated by law. (Article 48 and 44 of PRC Labor Law).

Plan Of Action: According to our investigation, factory will control working hours according to local law and our requirements. Due to urgent orders in peak season, the production section arranged some overtime work. Even though these overtime wages were fully paid to the employees according to local law, factory did not record hours on time cards. We require that the factory record all the working hours on time cards. Factory will record all working hours. For piece rate issues, factory was on a trial of wage reform. Few employees were paid by piece rate. Factory would compare piece rate earning and wage calculated based on working hours. Employees would be paid whichever was higher. Therefore, overtime wage is paid to piece rate employees. Facility should provide training to the employee regarding the wage method to avoid such a misunderstanding.
Wages, Benefits and Overtime Compensation: Minimum Wage
WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Noncompliance

Explanation: Due to the inconsistencies noted between time and payment records provided and other information and records obtained during the audit, the time and payment records were unreliable. Auditors were unable to accurately verify workers actual wages status at the facility. (Article 48 of PRC Labor Law)

Plan Of Action: Factory should record working hours, pay wages to employees and ensure records are accurate. We will investigate the issue. According to our investigation, the factory will control working hours according to local law and our requirements. Due to urgent orders in peak season, production section arranged some overtime work. Even though these overtime wages were fully paid to employees according to local law, factory did not record the hours in time cards. We require that the factory should record all the working hours in time cards. Factory will record all working hours.
Wages, Benefits and Overtime Compensation: Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Noncompliance

Explanation: Due to the inconsistencies noted between the time and payment records and other information and records obtained during audit, auditors were unable to accurately verify workers’ actual working hours and wages status at facility. In addition, some workers reported that they were paid on piece rate only and no overtime premium was paid to them during OT hours. (Article 44 of PRC Labor Law)

Plan Of Action:

1. Meet with factory management and discuss corrective plan highlighting that factory should record working hours, pay wages to employees and ensure records are accurate.

2. Follow up corrective action. According to our investigation, factory will control working hours according to local law and our requirements. Due to urgent orders in peak season, production section arranged some OT work. Even though these OT wages were fully paid to employees according to local law, factory did not record hours in time cards. We require factory record all working hours in time cards. Factory will record all working hours. For piece rate issues, factory was on a trial of wage reform. Few employees paid by piece rate. Factory would compare piece rate earning and wage calculated based on working hours. Employees would be paid whichever was higher. Therefore, OT wage is paid to piece rate employees. Facility should provide training to employees regarding wage method to avoid such a misunderstanding.

Deadline Date: 11/30/2009

Action Taken:
Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Noncompliance

Explanation: Due to inconsistencies noted between time and payment records and other information and records obtained during audit, auditors were unable to accurately verify workers’ actual working hours and wages status at the facility. In addition, some workers reported they were paid on piece rate only and no OT premium paid to them during OT hours. (Article 44 of PRC Labor Law)

Plan Of Action: Factory should record working hours, pay wages to employees and ensure records are accurate. We will investigate the issue. According to our investigation, factory will control working hours according to local law and our requirements. Due to urgent orders in peak season, production section arranged some OT work. Even though these OT wages were fully paid to employees according to local law, factory did not record the hours in time cards. We require factory records all working hours in time cards. Factory will record all working hours. For piece rate issues, factory was on a trial of wage reform. Few employees paid by piece rate. Factory would compare piece rate earning and the wage calculated based on working hours. Employees would be paid whichever was higher. Therefore, OT wage is paid to piece rate employees. Facility should provide training to employee regarding wage method to avoid such a misunderstanding.

Deadline Date: 11/30/2009

Action Taken: 

Plan Complete: Yes
Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Based on review of provided time and payment records, it was noted that most workers were arranged with one shift schedule in between 8:00-12:00, 13:30-17:30. Three hours of evening OT in between 18:30-21:30 arranged, usual work week was Monday-Friday; Saturday OT required on frequent basis. Auditors noted that time and payment presented various inconsistencies with other information and records obtained; auditors were therefore unable to accurately verify actual wages and benefits status at facility. (Article 44 and 48 of PRC Labor Law)

Plan Of Action: Factory should record working hours, pay wages to employees and ensure records are accurate. We will investigate. According to our investigation, factory will control working hours according to local law and our requirements. Due to urgent orders in peak season, production section arranged some OT work. Even though these OT wages were fully paid to employees according to local law, factory did not record hours in time cards. We require that factory records all working hours in time cards. Factory will record all working hours. For piece rate issues, factory was on a trial of wage reform. Few employees were paid by piece rate. Factory would compare piece rate earning and wage calculated based on working hours. Employees would be paid whichever was higher. Therefore, OT wage paid to piece rate employees. Facility should provide training to employee regarding wage method to avoid such a misunderstanding.

Deadline Date: 11/30/2009

Action Taken:

Plan Complete: Yes
Wages, Benefits and Overtime Compensation: Record Maintenance

WBOT.21 Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to-date. (P)

Noncompliance

Explanation: During the audit, it was noted that the factory did not maintain the payment records for some resigned workers. (Article 6 of Provisional Regulations for the Payment of Wages of LMI [1994] No. 489, PRC)

Plan Of Action: Factory should maintain all the wage records. The former HR supervisor resigned before the audit and some wage records of the resigned employees were lost. The factory kept all the records of resigned employees afterwards.

Deadline Date: 11/30/2009

Action Taken:

Plan Complete: Yes

Plan Complete Date:
Forced Labor: Worker Ability to Terminate/Freedom of Movement

F.13 Employers shall not utilize practices that restrict a workers' ability to terminate his or her employment or freedom of movement. Examples of such practices include, but are not limited to: (the threat of) physical or mental coercion; requiring deposits; imposing financial penalties; requiring recruitment fees; setting production targets or piece rates at such a level that workers need to work beyond normal working hours (excluding overtime) as set under the FLA Code in order to make the legal minimum wage or the prevailing industry wage; and denying and hampering access to, and renewal of, identity papers and/or work permits or any other personal legal (identification) documents. (S)

Noncompliance

Explanation: Based on the review of the resignation records provided, it was noted that there was a worker who was not allowed to leave the factory until a replacement was hired, even though this worker had gone through the normal resignation process.

Plan Of Action:

All workers should be free to resign from the factory. No forced labor is allowed.

Deadline Date: 11/30/2009

Action Taken: According to our investigation, forced labor is prohibited in the factory. In the peak season, there was one production supervisor who asked the worker to find a replacement before resigning. This is against the factory policy. The factory prohibited the practice immediately. The anti-forced labor policy was communicated to all the employees.

Plan Complete: Yes

Plan Complete Date: 11/30/2009
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.

Plan Of Action:

1. Factory should be in compliance with local legal requirements.
2. Provide orientation training to employees.
3. Employees can associate according to local law and can also express opinions legally.

Deadline Date: 11/30/2009

Action Taken: Yes

Plan Complete: Yes
Harassment or Abuse: Discipline/Monetary Fines and Penalties

HandA.8 Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies. (S)

Noncompliance

Explanation: Various kinds of monetary fines were imposed on workers. For instance, the fines of RMB 20 to RMB 200 were imposed on workers who breached the factory rules.

Plan Of Action: No disciplinary deduction should be implemented. Stop the disciplinary deduction practice. Establish disciplinary rules which only include oral and written warnings. Communicate the rules to all employees.

Deadline Date: 11/30/2009

Action Taken: According to our policy, monetary punishment is prohibited. Factory also established disciplinary rules which only include oral and written warnings. The factory stopped such practices immediately, as per our requirements.

Plan Complete: Yes

Plan Complete Date: 11/30/2009
Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

**Noncompliance**

**Explanation:** It was noted that the factory job advertisement had put improper restriction on applicants' ages and gender. For instance, advertisement contained that only female workers aged 18 to 25 years old could apply.

Law reference: Article 12 of PRC Labor Law

**Plan Of Action:** There should be no discrimination regarding age or gender. Establish a non-discrimination policy. Communicate the policy to all employees.

**Deadline Date:** 11/30/2009

**Action Taken:** According to factory policy, there should be no discrimination regarding age or gender. The age and gender limitation in the ad was against this policy. Factory took off the ad immediately.

**Plan Complete:** Yes

**Plan Complete Date:** 11/30/2009
**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:** During the audit, it was noted that the factory did not provide code of conduct training for the workers.

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<th>Plan Of Action:</th>
<th>1. Factory should obtain the code of conduct.</th>
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<td>2. Post the code of conduct.</td>
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<td>3. Provide training to the workers.</td>
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**Action Taken:** Code of conduct was obtained and posted on the work floors. Code of conduct training was conducted with the employees.

**Plan Complete:** Yes

**Plan Complete Date:** 11/30/2009
Health and Safety: General Compliance Health and Safety

HandS.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

Noncompliance

Explanation: 1. Factory has yet to provide occupational health checks for workers exposed to chemicals or working under environment with occupational hazard. Nevertheless, factory provided records to show they had applied for occupational health check for workers on March 3, 2009 and risk assessment was conducted by authority on May 18, 2009. (Article 32 of Law of the People’s Republic of China on Prevention and Control of Occupational Diseases)

2. Factory did not state risk of potential occupational disease on labor contract of workers who were handling and exposed to chemicals. (Article 30 of Law of the People’s Republic of China on Prevention and Control of Occupational Diseases)

Plan Of Action:

1. Factory should provide occupational health checks for workers who are exposed to chemicals or working in an environment with occupational hazards.

2. Factory should state the risk of potential occupational disease on the labor contract of workers who are handling and exposed to chemicals.

Deadline Date: 11/30/2009

Action Taken:

1. Factory had applied for an occupational health check for workers. Risk assessment was conducted by the authority on May 18, 2009 according to local requirements. Each employee will be provided a health check.

2. Factory stated the risk of potential occupational disease on the labor contract of workers who were handling and exposed to chemicals afterwards.

Plan Complete: Yes

Plan Complete Date: 11/30/2009
Health and Safety: Safety Equipment and First Aid Training
HandS.10 All safety and medical equipment (such as firefighting 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: During the factory tour, it was noted that some fire extinguishers were blocked. (Article 21 of Fire Prevention Law of the People's Republic of China)

Plan Of Action: Fire equipment should be clear of obstacles. All the fire extinguishers are periodically checked by security guards. The workers are trained regarding awareness in this respect.

Deadline Date: 11/30/2009

Action Taken: Yes

Plan Complete: Yes

Plan Complete Date:
Health and Safety: Personal Protective Equipment

HandS.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: During the audit, it was noted that most workers were not wearing protective masks while handling chemicals. Workers were also not wearing earplugs in high noise environments, such as the material shredding area. Potential root cause is that workers are lacking awareness and training in this respect. (Article 37 of PRC Safety Manufacturing Law)

Plan of Action: Workers were trained regarding PPE usage. Notices of the importance of using PPE were posted on the work floors. Line leader should enforce the use of PPE.

Deadline Date: 11/30/2009

Action Taken:

Plan Complete: Yes

Plan Complete Date:
Health and Safety: Chemical Management and Training

HandS.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: It was noted that some chemicals were not equipped with secondary containment. (Article 20 of the Regulation For Chemical Usage Safety in Work Place, PRC)

Plan Of Action:
The factory should provide chemical containers with secondary containment. Provide training to the employees regarding chemical usage. Inspect the chemical containers daily by supervisor.

Deadline Date: 11/30/2009

Action Taken:

Plan Complete: Yes

Plan Complete Date:
Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

HandS.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:** During the audit, it was noted that no MSDS posted at some chemical usage and storage areas. Potential root cause was the lack of proper chemical management system at the facility. (Article 12 of Regulation for Safety of Dangerous Chemical, PRC)

**Plan Of Action:** The factory has established a chemical control system. Chemical list was drafted. Related MSDS were collected. They were posted on the related work floors. Chemical trainings were provided to the employees.

**Deadline Date:** 11/30/2009

**Action Taken:**

**Plan Complete:** Yes

**Plan Complete Date:**

Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance

HandS.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

**Noncompliance**

**Explanation:** During the factory tour, it was noted that some electrical panels were blocked. (Article 4.9 Code for Electricity Safety at the production floor, (GB/T13869-1992), PRC)

**Plan Of Action:** Electrical panels are checked by security guards periodically according policy. Employees are being trained in this field. Provide daily inspection.
Health and Safety: Bodily Strain

HandS.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

Noncompliance

Explanation: The factory did not have any ergonomic program in place nor did it provide any related training to workers. It is recommended that factory should gradually establish an ergonomics program.

Plan Of Action: The factory should establish an ergonomics policy. Training is provided to the employees, so they are aware of the policy. Most employees are in production lines, and provided with comfortable chairs when they are working so they do not need to stand all day long. For others who need to stand while working, they can have breaks during working hours.

Deadline Date: 11/30/2009

Action Taken:

Plan Complete: Yes

Plan Complete Date:
**Hours of Work: General Compliance Hours of Work**

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

**Noncompliance**

**Explanation:**
1. Due to inconsistencies noted between time and payment records and information obtained during audit, auditors were unable to accurately verify actual status of workers' hours of work, holiday and leave.

2. Based on review of time record provided, monthly OT was up to 107.5 hours, which exceeded legal limit of 36 hours a month. In addition, workers' weekly working hours exceeded 60 hours per week, for instance, 66 hours a week. The OT waiver issued by local labor department was provided for review during audit. (Article 36, 41 of PRC Labor Law)

**Plan Of Action:**

1. Factory should record working hours, pay wages to workers and ensure records are accurate.

2. Factory should control working hours within local requirements.

3. According to our investigation, factory will control working hours according to local law and our requirements. Due to urgent orders in peak season, production section arranged some OT work. Even though these OT wages were fully paid to employees according to local law, factory did not record hours in provided time cards. According to our interviews and investigation, there are extra OT work time cards, yet it rarely happened. We require factory records all working hours in one set of time cards.

**Plan:**

1. Discuss with factory management, production manager and HR manager to achieve mutual agreements regarding time records and working hours, benefits and wages.

2. Perform audit each quarter to monitor the improving progress.

3. Reduce order placed to the factory so working hours are controlled.

4. Require factory to train workers on improving production efficiency.

**Deadline Date:** 11/30/2009
Action Taken: In peak season, due to urgent orders, OT hours were excessive, as weekly working hours exceeded 60 hours. To fulfill FLA standards, have reduced number of orders sent to supplier. Therefore, factory is not as busy as before. Secondary, most workers were newly hired at that time and poor production efficiency resulted in excessive working hours. After training, they are now much more skillful. Moreover, factory has enrolled more workers. They had applied an OT waiver from local labor bureau. Factory had controlled working hours within 60 hours per week.

Plan Complete: No

Plan Complete Date:

Hours of Work: Time Recording System
HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Auditors noted that information on time and payment records presented serious discrepancies with various kinds of information obtained during audit. For instance, various production related records showed workers were required to work on various Sundays, such as December 7, 2008; January 11, 2009; June 14, 2009; May 17, 2009, etc. However, corresponding time and payment records showed they were off on respective days. Despite time and payment records showing workers were only required to work 3 hours OT at night, various records showed that respective workers were required to work more than 3 hours a night. On some occasions, those hours after 3 hours a night were purposely hidden on records provided for the audit. In addition, different sets of coaching devices educating workers and supervisors on manipulating records and providing standard answers to auditors (in order to deceive auditors) were noted. During on-site and off-site interviews, some workers provided information to auditors which further confirmed manipulation of records. (Article 38, 41 and Article 36 of PRC Labor Law)
Plan Of Action: Factory should record working hours, pay wages to workers and ensure records are accurate. According to our investigation, factory will control working hours according to local law and our requirements. Due to urgent orders in peak season, production section arranged some OT work. Even though these OT wages were fully paid to employees according to local law, factory did not record hours in provided time cards. According to our interviews and investigation, there are extra OT work time cards. Yet it rarely happened. We require that factory records all working hours in one set of time cards. Factory will record all working hours in one set of time cards. Factory will record all working hours and ensure documents are accurate.

Deadline Date: 11/30/2009

Action Taken:

Plan Complete: Yes

Plan Complete Date:

Hours of Work: Overtime/Reduced Mandated Overtime

HOW.8 The employer shall demonstrate a commitment to reduce overtime and to enact a voluntary overtime system, including for overtime mandated to meet extraordinary business circumstances. (P)

Noncompliance

Explanation: Based on review of disciplinary records, it was noted that workers would be disciplined for not attending OT work without appropriate reason. Workers reported that they sometimes had to complete their quota before they were able to leave factory.

Plan Of Action:

1. Review the voluntary OT policy.

2. Communicate the voluntary OT policy to all employees.

3. Provide training to the employees regarding the policy.

Deadline Date: 11/30/2009
Action Taken: According to our investigation, factory has a voluntary OT work policy. Employees should apply for OT work in written forms. If they do not want to conduct OT work, a written Non-Overtime Work Notice should be provided to factory. In the above mentioned case, it was found that some workers did not provide a Non-Overtime Work Notice to factory, thus factory took disciplinary action. We have required that factory should ensure voluntary OT work. Policy should be implemented. Employees were trained on policy. In addition, no disciplinary action should be taken if workers provide Non-Overtime Work Notice.

Plan Complete: Yes

Plan Complete Date: 11/30/2009

Hours of Work: Sick Leave/Restrictions

HOW.20 Employers shall not impose any undue restrictions on sick leave. Any factory restrictions or procedures regarding sick leave, such as informing the employer as soon as possible, the provision of medical certificates, the use of designated doctors or hospitals, etc., must be in line with local laws, regulations and procedures and must be communicated in full to all workers. (S)

Noncompliance

Explanation: Factory did not have written policy on paid sick leave. This policy was not properly communicated to workers. (Article 59 of Opinions on Matters of Carrying out Labour Law of the People’s Republic of China of LMI [1995] No. 309)

Plan Of Action:

1. Establish sick leave policy.
2. Paid sick leave should be provided to employees according to the policy.

Deadline Date: 11/30/2009

Action Taken: Factory established a written policy on paid sick leave and policy was communicated to workers. Trainings are provided to employees so they are aware of policy and will apply for sick leave. Sick leave will be paid and is reflected in wage record. We will check records.
Plan Complete: Yes
Plan Complete Date: 11/30/2009