Noncompliance

Employers will recognize and respect the right of employees to freedom of association and collective bargaining as provided for in applicable laws, regulations, collective agreements, and other legally binding standards. The obligations employed in the course of work or as a result of the operation of employer facilities.

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. The safety and health of workers at the workplace are the responsibility of employers. Employers must have the necessary means to deal with emergency situations.

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

Production processes

Sampling, Cutting, Sewing, Ironing, Inspection, Handcraft, Packing

Notable Features

Visual Inspection

Documentation

PC Remediation Plan

Date

Visual Inspection

Documentation

Company Follow-up (Date of Follow-up)

A.L.G.I. (Optional)

Follow Up)

PC(s)

Notable Features

Visual Inspection

PC(s)

Notable Features

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PC(s)
<table>
<thead>
<tr>
<th>Country</th>
<th>Legal Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Art. 72 of PRC Labor Law: Management</td>
</tr>
</tbody>
</table>

**FLA Benchmark**

**Noncompliance**

- FLA Benchmark
- Noncompliance

**Objective:**

- Secure documentation (including COR reporting by Company)
- Audit Compensations
- PC Remediation Plan

**Risk:**

- Document No: FL-03
- Original Date: 2005-09-15
- Legal Reference: PRC Labor Law Art 44.3.

**Issue:**

- FLA Benchmark Noncompliance
- Evidence of Noncompliance
- Risk of Noncompliance
- Summary of Noncompliance (Uncorrected)
- Risk Considerations
- Expectation Why

**Documentation:**

- Payroll ledger review, time record ledger review, and payrolls and time records; and interviewed [several] workers for interview forms.
- Factory had not updated policy on holiday and annual leave payments that could not be verified as annual leave payment for piece-rate workers were calculated based on the local minimum wage, not the average piece rate per hour for holiday leave payments for piece-rate workers were calculated based on average piece rate per hour for piece-rate workers; and reviewed payrolls and time records; and interviewed [several] workers for interview forms.

**Reasoning:**

- Management of PRC labor law Art 44.3.
- Factory had not updated policy on holiday and annual leave payments that could not be verified as annual leave payment for piece-rate workers were calculated based on the local minimum wage, not the average piece rate per hour for piece-rate workers; and reviewed payrolls and time records; and interviewed [several] workers for interview forms.

**IEM Findings**

- FLA Benchmark Noncompliance
- Evidence of Noncompliance
- Risk of Noncompliance
- Summary of Noncompliance (Uncorrected)
- Risk Considerations
- Expectation Why

**PC Remediation Plan**

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**Factory Response (Optional)**

- Final report on holiday and annual leave payments that could not be verified as annual leave payment for piece-rate workers were calculated based on the local minimum wage, not the average piece rate per hour for piece-rate workers; and reviewed payrolls and time records; and interviewed [several] workers for interview forms.

**Conduct Follow Up (Cite Date of Follow Up)**

- Documentation

**Company Follow Up (September 15, 2006):**

- PC visited factory December 14, 2005; reviewed payrolls and time records; and interviewed [several] workers for interview forms.

**Documentation**

- Photocopies of monthly labor inspection report dated October 2005. Factory confirmed that factory had provided paid annual leave to all employees and had updated policy on holidays and annual leave with pay.

**PC Remediation Plan**

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