



COMPANIES: VF Corporation

COUNTRY: China

ASSESSMENT DATE: 10/27/16

ASSESSOR: Openview

PRODUCTS: Accessories [items, such as handbag clasps, that are affixed to other products]

NUMBER OF
WORKERS: 773

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

The factory conducts specific training for managers and supervisors and ongoing training for workers across all Employment Functions. However, this training is ineffective as the factory has not prepared a training plan, training materials or training surveys or exams. Additionally, most of the interviewed supervisors and managers did not understand local laws or internal policy and procedures very well.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, and ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

We have worked out a training plan for 2017 June -Dec. This plan involves top management and supervisors. Evaluation test is included in the plan. Training material is under development

Planned Completion Date

08/01/17

Planned completion date

04/05/17

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The worker integration component is missing across all Employment Functions. This indicates that the factory has not established

procedures to request and/or receive workers' input or feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.25.)

COMPANY ACTION PLANS

Action Plan no 1.

Description

We have set up a Worker Representative Party, any policy and procedure change will go through WRP prior to decision making. The first meeting with WRP was held on Jan. 3rd in year 2017.

Planned Completion Date

08/01/17

Planned completion date

04/05/17

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory does not periodically review the policies and procedures or ensure they are updated according to local law and/or FLA Code for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and the Grievance System.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.30)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Administration department will appoint a specific person to responsible for the checking of local laws & regulations as well as customer requirement and compare with the policy of factory, then make change accordingly. It is estimated to be finished on Dec 30th, 2017.

Planned Completion Date

12/30/17

Planned completion date

04/05/17

Company Action Plan Update

In progress and expected to be completed by Dec 2017

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Responsibility & Accountability (Macro)

Finding Explanation

1. The factory does not formally define, in writing, the person(s) responsible for any of the Employment Functions in the factory.
2. The factory does not formally define the person with ultimate responsibility within the factory.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Actions Planned:

1. We will designate a person to responsible for any of the Employment Functions in the factory.
2. We will formally define the person with ultimate responsibility within the factory.

Planned completion date

04/05/17

Company Action Plan Update

Completed:

1. We have appointed Zhang Hongfei as Adm dept manager to responsible for all employment related affairs.
2. We have appointed Tsai Mingjern as the final responsible person with ultimate responsibility within the factory.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Only about 20% of the positions have written job descriptions.
2. The factory does not have written policies and procedures outlining the process for performance reviews; therefore, the factory does not conduct regular performance reviews.
3. There are no policies and procedures regarding Personnel Development; therefore, the factory does not have policies and procedures that encourage ongoing training of all categories or workers with the goal of raising or broadening skills in order to advance in their careers.
4. The factory does not have a system to review the performance of new workers during their probation periods.
5. The factory has not hired any disabled workers, which is a violation of legal requirements that state at least 1.5% of the total workforce should be composed of disabled workers. Although the factory contributes to the Employment Security Fund in lieu of employing disabled workers as allowed under the local law, this practice carries the risk of discrimination based on FLA Workplace Code and Benchmarks.
6. The job application form includes questions regarding marital status and political opinion which may lead to discrimination during the recruitment process.
7. The factory mandates a second three-month probation period when formerly resigned workers rejoin the factory. This makes it possible for the total probation period for these workers to be longer than three months.

Local Law or Code Requirement

China Labor Contract Law, Article 19; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3, and ER.29; Nondiscrimination Benchmarks ND.2 and ND.4)

Recommendations for Immediate Action

1. Remove all discriminatory questions regarding marital status and political opinion from the job application form.
2. Stop requiring two probation periods for formerly-resigned workers. Ensure workers' total probationary periods do not exceed three months.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan Title: China Labor Contract Law, Article 19; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3, and ER.29; Nondiscrimination Benchmarks ND.2 and ND.4)

1. We will update JD for all functions.

2. Regarding this missing item, Adm dept. will be responsible for adding & improving the policy, the standard of performance review for all staffs, and maintain the record of performance review.
3. We encourage employees to join the training which is promoted by local labor bureau, invite 3rd parties to deliver training to workers and work with brands for specific topics training randomly.
4. We will conduct a evaluation process by workers' supervisors together with HR department before worker's probation period finished.
5. We will update the recruiting plan which will be included disabled personnel into the consideration of hiring.
6. We will delete discrimination parts in application form.
7. We will cancel 2nd probation period for those who rejoin the factory.

Planned completion date

04/05/17

Company Action Plan Update

1. All JDs have been updated accordingly on Jan.2017
2. Workers in sewing department are being implemented the process of performance review. Other functions will be implemented gradually. - Action Plan is ongoing on this item
4. The process has been implemented started from April.
5. The policy has been implemented already.
6. We have deleted discrimination parts in application form.
7. The 2nd probation has been cancelled already.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. From a review of social insurance payments from September 2015 to September 2016 and interviews of workers and management, records showed that the factory does not provide workers with sufficient social insurance. Only 571 out of 628 (90.9%) eligible workers were provided with work-related injury insurance, maternity, pension, unemployment and medical insurance in September 2016. The factory, however, has provided commercial accidental insurance for 75 workers which is valid from January 27, 2016 to January 27, 2017 with a maximum claim amount of RMB 50,000 (USD 7,496) per worker (though this is not a legal substitution for social insurance).
2. The contribution base of the five types of social insurance is not in line with legal requirements. The contribution should be based on a worker's actual monthly wage which is about CNY 3,200 to CNY 5,300 per month (USD 479.80 to USD 794.60). However, the factory only contributes to the five types of insurances based on CNY 2,878 (USD 431.5) per month.
3. The factory only provides the legally required Housing Provident Fund for 19 out of 628 (3%) workers. For these workers, the contribution base of the Housing Provident Fund is not in line with legal requirements. The actual contribution base was RMB 2,878 (USD 431.5) per month instead of the legal required average monthly wage of previous years which is about RMB 4,000 (USD 600).
4. The factory only provides sick leave for workers who are hospitalized. Although the factory has developed policies and procedures on sick leave, about 60% of interviewed workers were not aware of this legal benefit.
5. The factory does not provide or pay out to resigned workers their unused annual leave. Interviewed workers were not aware of this legal requirement nor were they provided with or paid their unused annual leave accordingly.
6. The factory did not pay the statutory holidays to one of the sampled workers who took a month of personal leave. The holiday – the Mid-Autumn Festival Day in September 2016 – fell during the same month, and was unpaid.
7. Factory does not provide the legally required breastfeeding leave (one hour per day) for any of the eight lactating workers. It also did not provide rest time during working hours for three workers who were more than seven-months pregnant. Additionally, the factory does not provide leave for prenatal exams for the eight pregnant workers. Interviews revealed that the lactating and pregnant workers are not fully aware of these benefits.
8. The pay slips of workers who are paid by bank transfer are not confirmed by the workers in writing.

Local Law or Code Requirement

China Labor Law, Articles 72 and 73; Social Insurance Law of the PRC, Article 12 and 58; Regulations on Management of Housing Provident Fund, Article 2, 3 and 15; The Opinion of the Ministry of Labor on Several Questions concerning the Implementation of the China Labor Law, Article 59; The Regulations on Annual Leave for Employees, Article 2 & 3; The Special Provisions on Labor Protection for Female Employees, Article 9; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.14, and ER.22; Compensation Benchmarks C.1 and C.14; Hours of Work Benchmarks HOW.1, HOW.10, HOW.11, HOW14, and HOW.16; Nondiscrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Provide workers with their legally required sick leave.
2. Provide or pay out any untaken annual leave to resigned workers.
3. Pay statutory holidays for all workers, as per legal requirements. Retroactively pay worker who did not initially receive payment for the statutory holiday which fell during his leave.
4. Provide breastfeeding leave for lactating workers.
5. Provide leave for breastfeeding and prenatal exams as well as rest time during working hours for pregnant workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan:

China Labor Law, Articles 72 and 73; Social Insurance Law of the PRC, Article 12 and 58; Regulations on Management of Housing Provident Fund, Article 2, 3 and 15; The Opinion of the Ministry of Labor on Several Questions concerning the Implementation of the China Labor Law, Article 59; The Regulations on Annual Leave for Employees, Article 2 & 3; The Special Provisions on Labor Protection for Female Employees, Article 9; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.14, and ER.22; Compensation Benchmarks C.1 and C.14; Hours of Work Benchmarks HOW.1, HOW.10, HOW.11, HOW14, and HOW.16; Nondiscrimination Benchmark ND.8)

Details:

1. We will buy commercial insurance for newly joined and retired employees, We will buy social insurance for rest of worker, make sure social insurance percentage reach 100% finally.
2. Regarding the issue of social insurance base, we will consider the cost, Adm dept will follow up the discussion with worker representative committee and improve gradually. - Corrective Action Ongoing on this item
3. Regarding the issue of housing fund, we will consider the cost, Adm dept will follow up the discussion with worker representative committee and improve gradually.
- Corrective Action Ongoing on this item
4. We will post sick leave policy on bulletin board.
5. We have paid for workers' annual leave & will post the annual leave policy on bulletin board.
6. We will paid for statutory holiday to workers who take personal leave for whole month.
7. We will adjust the policy accordingly to meet the requirement of labor law.
8. We will request worker to sign their pay slips

Planned Completion Date

04/30/17

Planned completion date

04/05/17

Company Action Plan Update

07/19/17 : 1. We have 683 employees at present, 624 (=91%) has joined social insurance, new & retired employees are 49 persons; Accident insurance has been purchased for 90 employees. 2. and 3. Ongoing action on these two items 4. Sick leave policy has been posted in bulletin board. 5. We have paid for workers' annual leave & posted the annual leave policy on bulletin board already. 6. We have paid statutory holiday to workers who take personal leave for whole month. 7. We have set up the tracking process to make sure the legible women enjoy the leave accordingly. 8. We have requested workers to sign pay slips.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory does not take proper measures to control lactating workers' work hours in accordance with legal requirements. Eight lactating workers are routinely assigned to work overtime. The factory also does not have a system to control the working hours of pregnant workers.
2. Except for February 2016, about 80% of workers' monthly overtime hours exceeded 36 hours in the reviewed time period (from October 2015 to October 2016) with a maximum of 144.3 hours in June 2016, according to the time records and worker interviews.
3. Time records for about 80% of workers indicated that daily overtime hours exceeded the legal limit of three hours on 20% of weekdays in the past 12 months, working up to 4 hours of overtime.
4. Except February 2016, the working hours for about 80% of workers exceeded 60 per week in about 60% of weeks between October 2015 and October 2016. Workers worked up to 67.9 hours and worked an average of 64 hours, according to the time records and worker interviews.

Local Law or Code Requirement

The Special Provisions on Labor Protection for Female Employees, Article 9; China Labor Law, Article 41; FLA Workplace Code (Hours of Work Benchmark HOW.1 and HOW.5; Nondiscrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Do not assign overtime to lactating workers.
2. Ensure overtime working hours do not exceed three hours per day and 36 overtime hours per month.
3. Ensure weekly working hours do not exceed 60 hours per week for workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Action Plan Title:

The Special Provisions on Labor Protection for Female Employees, Article 9; China Labor Law, Article 41; FLA Workplace Code (Hours of Work Benchmark HOW.1 and HOW.5; Nondiscrimination Benchmark ND.8)

Factory Response and Action:

1. We will adjust the policy accordingly to meet the requirement of labor law.
2. / 3. / 4. Regarding the issue of weekly working hour exceeding 60, production dept will responsible for the improvement of the issue by providing training to workers and enhance the capability of workers.

Planned Completion Date

06/30/17

Planned completion date

04/05/17

Company Action Plan Update

1. We have set up the tracking process to make sure the legible women enjoy the leave accordingly.

Corrective Action Ongoing for Items 2, 3 and 4

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The management does not provide office space for the worker representatives committee.
2. FLA Comments: The Chinese constitution guarantees Freedom of Association; 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 International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of

freedom of association, 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. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations' mechanisms. The Amended Trade Union Act of October 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. 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.

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.2 and FOA.15.)

COMPANY ACTION PLANS

Action Plan no 1.

Description

One meeting room in office building is designated for worker representatives committee already.

Planned Completion Date

08/01/17

Planned completion date

04/05/17

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

The factory has not addressed any management function on Retrenchment, including Policy & Procedure; Training; Implementation; Review Process; Communications; and Worker Integration.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.19, and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

We need time to discuss the plan and implementation process; estimated completion will be completed before end of 2017.

Planned Completion Date

08/01/17

Planned completion date

04/05/17

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The disciplinary system does not include the workers' right to have a third party witness present during imposition of the disciplinary action.

2. The records of disciplinary actions were maintained but not in workers' personnel files.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. We have set up the disciplinary policy & procedures, HR department should be presented when there is verbal warning.
2. Disciplinary records has been kept on Personal File.

Planned Completion Date

08/01/17

Planned completion date

04/05/17

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The wastewater from the cloth washing test process discharges into the storm sewer.
2. The factory does not regularly monitor the the smoke generated by the kitchen.
3. The waste from the fluorescent lighting tubes is stored together with non-hazardous waste.
4. The factory has not conducted an Environmental Impact Assessment for the expanded project in Building 4, Building 5, and the dormitory building which were opened for use in 2009.

Local Law or Code Requirement

China Environmental Impact Assessment Law, article 16; Measures for the Administration of Environmental Surveillance, Article 21; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.4)

Recommendations for Immediate Action

1. Discharge all wastewater into the wastewater sewer.
2. Segregate the storage of hazardous waste with nonhazardous waste.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1、 We have made modification work to change the waste water flow from cloth wash testing to waste water pipe.
- 2、 Regarding the issue of kitchen smoke, general affair dept will be responsible for follow up the monthly self-cleaning by kitchen staffs, and will arrange qualified 3rd to clean it on June. 30th, 2017.
- 3、 We have separated the hazardous waste and general waste, and administration dept will responsible for signing contract with qualified 3rd company to handle hazardous waste. it will be done on Sept. 30th. 2017.
- 4、 We have contacted 3rd party to consult for updating EIA and it is under processing and estimated to be finished end of 2017.

Planned Completion Date

10/01/17

Planned completion date

04/05/17

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The wires of the cotton dust remover plug and the wires of one socket in the kitchen are spliced with duct tape. There is no cover installed for the switches which operate the six lighting tubes above the work table in sewing workshop. Additionally, one fan switch and two sockets are installed on a wooden board in the computer sewing room on floor 1 in Production Building 4.
2. No finger protection equipment is installed on four out of eight hand fabric cutting machines; the pulley guards on six sewing machines have broken and become ineffective; and no complete pulley cover is installed for 20 buttoning machines.
3. Cartons are stored in two out of three stairwells in production Building 4, and wooden pallets are stored in one out of two stairwells in production Building 3.
4. At the time of the assessment, the manometers for the dry-pipe sprinkler system in Production Buildings 3 and 4 indicated zero pressure in the system. Although there is no specific requirement for the pressure of a dry pipe system, it should not be zero.
5. There is no fire extinguisher installed in the waste carton storage area.
6. The elevators do not have signs that indicate the maximum working load.
7. Traffic lanes and walkways are not clearly marked in the factory. The factory has neither assessed, nor adopted any visual signage and other aids to ensure that workers use safe driving practices on factory premises, such as indicators, convex mirrors on blunt ends, vehicle speed limit sign, and reflectors.
8. The factory does not take steps to reduce repetitive-motion stress and injuries or provide adjustable workstations for sitting workers. There are no removable armrests or proper backrests on chairs for seated workers. There are no anti-fatigue mats provided for workers who work in a standing position.
9. The factory does not provide loading workers with lifting belts.

Local Law or Code Requirement

General Guide for Safety of Electric User, Article 6.7; Code of Design of Manufacturing Equipment Safety and Hygiene, Article 6.1.6; Code of Design on Building Fire Protection and Prevention (GB50016-2014), Article 6.4.1 and Article 10.2.4; Code of design for sprinkler systems, Article 5.0.1; Code for Design of Extinguisher Distribution in Buildings (GB50140-2005), Article 7.3.1; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.13, HSE.14, and HSE.17)

Recommendations for Immediate Action

1. Ensure that all electric wiring is well maintained and the switches and sockets are installed properly and in line with legal requirements. Ensure that cover is installed for all electrical switches.
2. Install effective machine guards for sewing machine pulleys, button machine pulleys, and hand fabric cutting machines.
3. Do not store anything in the stairwell; stairwell must remain clear of obstacles, especially combustible materials.
4. Deploy extinguisher for the waste carton storage area.
5. Post signs in elevators indicating the maximum working load.
6. Clearly mark traffic lanes and aisles in the factory. Install any other aids necessary to ensure that workers use safe driving practices.
7. Provide relevant workers with loading belts and training on their use.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1、 All the electrical equipment has been checked and repaired.
- 2、 The machinery and equipment has been inspected and repaired by the factory.
- 3、 All passage way & stairs have been inspected and cleared of any cartons and pallets.
- 4、 The factory has repaired the stabilized equipment to meet the standard water pressured.
- 5、 A fire extinguisher has been installed in the cartons storage area.
- 6、 Loading signage has been posted on the elevator.
- 7、 We have posted a sign for speed limit, will clarify the roadway and sidewalk in 3 months. .
- 8、 Regarding ergo issue, general affair dept will responsible for investigation of standing post, and will supplement cushions to release the fatigue of workers.
- 9、 Factory has provided lifting belt to related workers.

Planned Completion Date

08/01/17

Planned completion date

04/05/17

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not established a procedure for canteen management to reserve food samples; therefore the factory does not currently reserve food samples.
2. The factory does not have the operator certificate for the operator of the cargo lift.
3. The factory has not obtained a registration certificate for one of the compressed air vessels outside Production Building 4.
4. The factory does not regularly test the lightning protection system.
5. The factory has not conducted an assessment of Current Condition of Occupational Disease Hazards, required for the factory's operation.
6. The result of the Occupational Disease Hazard Factor Test is not publically available to workers.

Local Law or Code Requirement

Standard of Catering and collective meal distribution unit [2005]260, Article 35; Special Appliance Quality Safety Monitoring Regulation, Article 38; Special Appliance Quality Safety Monitoring Regulation, Article 25; GBT21431-2008 Technical specifications for inspection of lightning protection system in building, Article 6; Provisions on the Supervision and Administration of Occupational Health at Work Sites, Article 20; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.2, HSE.4, and HSE.22)

Recommendations for Immediate Action

1. Develop a system to reserve food samples in the canteen for at least 48 hours, as per legal requirement.
2. Ensure that the elevator operator holds the legal certificate.
3. Ensure that the compressed air vessel is registered and inspected, as per legal requirement.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1、 We have implemented canteen food sampling process.
- 2、 There is employee who has elevator management certificate in the factory
- 3、 The air compressor has been registered in special equipment management department.
- 4、 The administration will contact the lightning protection dept come to test before 30th Oct 2017 and complete records .
- 5、 The administration dept will contact qualified 3rd party to do situation evaluation of Occupational Hazards before 30th Dec 2017 and keep record.
- 6、 The inspection results have been posted to impacted area.

Planned Completion Date

08/01/17

Planned completion date

04/05/17