COMPANIES: alphabroder
COUNTRY: China
ASSESSMENT DATE: 07/22/19
ASSESSOR: Openview
PRODUCTS: Apparel
NUMBER OF WORKERS: 350
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

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FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation
1. 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. Additionally, the factory does not contribute to the Employment Security Fund in lieu of employing disabled workers as allowed under the local law. [ND.2]

2. Although the factory has written policies and procedures outlining the process for performance reviews, the factory does not conduct performance reviews. [ER.29.1]

3. Workers do not receive a copy of the workplace rules or written documentation that substantiates all the issues covered in orientation. [ER.15.3]

4. There is no written job description prepared for any of the production positions. [ER.1.1]

Local Law or Code Requirement
Regulations on the Employment of Persons with Disabilities, Article 8 and Article 9. FLA Workplace Code (Non-discrimination Benchmark ND.2; Employment Relationship Benchmarks ER.1, ER.15 and ER.29)

COMPANY ACTION PLANS

Action Plan no 1.

Description
By March 2020:

Factory to submit workplace rules/code of conduct.
Performance reviews are conducted annually.

The next review would be after Chinese New Year, approx March 1, 2020.

**FINDING NO.2**

**IMMEDIATE ACTION REQUIRED**

**FINDING TYPE:** Compensation

**Finding Explanation**
1. The factory does not provide sufficient social insurance to workers. There are total 261 workers including 28 retired but re-recruited workers in the factory. According to social insurance receipt and name list for July 2019, 20 out of 233 eligible workers (9%) were provided with pension insurance, 18 out of 233 eligible workers (8%) were provided with unemployment and medical insurances, 48 out of 233 eligible workers (21%) were provided with maternity insurance and 42 out of 233 eligible workers (18%) were provided with work-related injury insurance. As a supplement, the factory has bought group accidental injury insurance for all the rest workers not covered by work-related injury insurance, which is valid from July 9, 2019 to July 8, 2020 and has a maximum benefit amount of CNY 80,000 (USD 11,628) per worker. [C.1, ER.22]

2. The contribution base of the two types of social insurances (pension and unemployment insurances) is not in line with legal requirements. The contribution is based on the local minimum requirement of CNY 1,850 (USD 269) per month instead of based on worker’s average monthly wage of the previous year. All workers’ average monthly wages for the previous year were higher than local minimum contribution base, ranging from CNY 2,800 (USD 407) to CNY 4,200 (USD 610). [C.10.1, ER.22]

3. The factory doesn’t contribute to the Housing Provident Fund for any workers. [ER.22.1]

4. According to the Employee Handbook and worker interviews, the factory does not take workers’ external seniority (previous job experience prior to factory employment) into account when calculating annual leave, as required by law. [C.6]

**Local Law or Code Requirement**
The China Labor Law, Article 72; Social Insurance Law of the PRC, Article 12 and Article 58; Regulations on Management of Housing Provident Fund, Article 15; The Implementation Measures for Employee Paid Annual Leave, Article 4. FLA Workplace Code (Compensation Benchmarks C.1, C.6 and C.10; Employment Relationship Benchmark ER.22)

**Recommendations for Immediate Action**
1. Provide social insurance to all eligible workers.
2. Contribute to social insurance based on worker's average monthly wage of previous year instead of the local minimum contribution base.

3. Provide all workers with legally required Housing Provident Fund.

4. Calculate annual leave based on worker's cumulative working experience (working age).

**COMPANY ACTION PLANS**

**Action Plan no 1.**

**Description**

Factory to improve social insurance participation at legal levels.

Factory to take job experience into account when calculating annual leave.

**Company Action Plan Update**

Factory is working to increase participation in social insurance by workers by 3/2020.

Attached are social insurance documents. Updates to the other items are to be provided.

12/17/2019:

Factory has advised they've recently reduced their workforce due to US-China Tariff increases and decrease in business.

Factory has confirmed the following:

Working toward 100% employee participation in Social Insurance.

Social insurance contribution is based on worker's average monthly wage of previous year.

Annual leave is based on worker's cumulative working experience.

**FINDING NO.3**

**IMMEDIATE ACTION REQUIRED**

**FINDING TYPE:** Hours of Work

**Finding Explanation**

1. According to the time records for the period from June 2018 to July 21, 2019 as well as worker interviews, about 85% of workers' monthly overtime hours exceeded the legal limit of 36 per month in all reviewed months except February 2019, with a maximum of 92.5 overtime hours in June 2019. [HOW.1.1]

2. According to the time records for the period from June 2018 to July 21, 2019 as well as worker interviews, about 70% of workers' weekly working hours exceeded 60 for a duration of 3 to 4 weeks per month in June and July 2019. About 10% of workers' weekly working hours were up to 63 in the week from June 24 to 29, 2019. [HOW.1.3, HOW.8.3]

3. The factory production plan is based on 48 to 54 hours per week. Factory management sets production targets and production system
at a level that workers need to work 8 to 14 overtime hours per week. [ER.24, HOW.8]

Local Law or Code Requirement
China Labor Law, Article 41. FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.8; Employment Relationship Benchmark ER.24)

Recommendations for Immediate Action
1. Ensure overtime hours do not exceed 36 per month.
2. Control total working hours so that they do not exceed 60 per week.
3. Set production plan based on regular working hours.

COMPANY ACTION PLANS

Action Plan no 1.

Description
Submit proof of attendance and salary

Company Action Plan Update
Factory submitted attached files as proof

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation
1. 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. [FOA.2]

Local Law or Code Requirement
FLA Workplace Code (Freedom of Association Benchmark FOA.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description
According to the factory, their policies conform to the constitution of the Chinese Trade Union but not the ILO.

Company Action Plan Update
According to the factory, their policies conform to the constitution of the Chinese Trade Union but not the ILO.
FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation
1. The disciplinary procedures do not require workers to sign written records of disciplinary actions taken against them. No worker has ever signed written records of disciplinary actions. [ER.27.3.3]

2. The records of disciplinary actions are maintained in a centralized file but not in workers’ personnel files. [ER.27.3.4]

Local Law or Code Requirement
FLA Workplace Code (Employment Relationship Benchmark ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description
form submitted

Company Action Plan Update
form submitted

12/17/19: English translation received and attached.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation
1. Two fire extinguishers in the material warehouse are placed directly on the floor, which is not in compliance with local law requirement that fire extinguishers should be mounted on the wall or placed in a fire extinguisher box. [HSE.6.2]

2. The fire brigade does not have the appropriate personal protective equipment (PPE), including breathing apparatus, uniforms, helmets, and gloves to fight fires. [HSE.5.1]

3. The factory does not conduct ergonomics management for workers, e.g. taking steps to reduce repetitive-motion stress or injuries and providing adjustable workstations to workers working in sitting position. There are no removable armrests or proper backrests on the chairs for those workers. [HSE.17.1]

4. There are no eyewash stations or showers in the chemical storage area. [HSE.6.1]

5. The factory stores lubricating oil outside of the chemical warehouse. No secondary containment is provided and no material safety data sheet (MSDS) is posted for lubricating oil. [Note: Lubricating oil is the only chemical currently used in the factory and chemical warehouse was vacant at the time of the assessment.] [HSE.9.1, HSE.10.1]

6. The factory has not conducted a pre-assessment of occupational disease hazards, assessment of the effects of occupational disease hazards, or assessment of the current conditions of occupational disease hazards since the construction of production buildings was...
Local Law or Code Requirement
The Code for Design of Extinguisher Distribution in Buildings, Article 5.1.3; The China Law of Prevention and Control of Occupational Diseases, Article 25; The Regulation of Chemical Safety Usage in Workplace, Article 12; The Regulation for Safety of Dangerous Chemical, Article 20; The China Law of Prevention and Control of Occupational Diseases, Article 17 and Article 18. FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.5, HSE.6, HSE.9, HSE.10 and HSE.17)

Recommendations for Immediate Action
1. Install fire extinguishers by mounting on the wall or placing in a fire extinguisher box.
2. Provide appropriate personal protective equipment (PPE) to fire brigade to fight fires.
3. Install eyewash station or shower in the chemical storage area.
4. Store lubricating oil in designated area, provide secondary containment and post related material safety data sheet (MSDS). Ensure that the MSDS is posted in the local language.

COMPANY ACTION PLANS

Action Plan no 1.

Description
Factory is to complete below by 3/2020

6. The factory has not conducted a pre-assessment of occupational disease hazards, assessment of the effects of occupational disease hazards, or assessment of the current conditions of occupational disease hazards since the construction of production buildings was completed in 2004. [HSE.1]

Company Action Plan Update
Factory has completed numbers 1 thru 5 in the findings.

12/10/2019- Factory has confirmed no workers are exposed to hazardous materials.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation
1. The factory has not installed needle guards on about twenty out of sixty flat sewing machines. The transmission belts on four button punch machines are not fully enclosed by their pulley guards. [HSE.14.1]
2. The canteen does not keep any food samples, however, legal requirements are that they keep food samples for 48 hours. [HSE.19]
3. There is no toilet paper, soap or drying facilities in about 50% of toilets in production area. [HSE.19]
4. The factory has provided an on-job occupational health examination for the two workers who are exposed to hazardous chemicals. However, the factory does not provide a pre-job or a post-job occupational health examination to those workers. [HSE.1]
5. The factory does not provide safety information to external contractors. [HSE.1]

Local Law or Code Requirement
Code of Design of Manufacturing Equipment Safety and Hygiene, Article 6.1.6; The Food Safety Operation Specifications for Catering Service, Article 7.9.2; The China Law of Prevention and Control of Occupational Diseases, Article 20 and Article 36. FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.14 and HSE.19)

Recommendations for Immediate Action
1. Install needle guards on all flat sewing machines and fully enclose the transmission belts on button punch machines with pulley guards.

2. Maintain food samples for at least 48 hours as required by local law.

3. Provide soap, toilet paper and drying facilities in all of the toilets.

4. Provide pre-job and post-job occupational health examination to workers with exposure to hazardous chemicals.

COMPANY ACTION PLANS

Action Plan no 1.
Description
Factory has completed all items from the findings.

Company Action Plan Update
Factory has completed all items from the findings.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation
1. The factory does not provide lifting belts or training on lifting techniques to relevant workers. [HSE.17.2]

2. The factory does not provide safety training to designated workers working with electrical issues, lockout/tagout and work at heights. [HSE.14.2]

3. The factory does not train workers on providing first aid. [HSE.6.2]

4. The factory does not provide training to health and safety committee members. [HSE.1]

5. Workers in the canteen do not receive specific health and safety or hygiene training. [ER.1.2]

6. Workers in the dormitory do not receive specific health and safety or hygiene training. [ER.1.2]

Local Law or Code Requirement
FLA Workplace Code (Employment Relationship Benchmark ER.1; Health, Safety and Environment Benchmarks HSE.1, HSE.6, HSE.14 and HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.
Description
Training covering below items to be completed by 3/2020

1. The factory does not provide lifting belts or training on lifting techniques to relevant workers. [HSE.17.2]
2. The factory does not provide safety training to designated workers working with electrical issues, lockout/tagout and work at heights. [HSE.14.2]
3. The factory does not train workers on providing first aid. [HSE.6.2]
4. The factory does not provide training to health and safety committee members. [HSE.1]
5. Workers in the canteen do not receive specific health and safety or hygiene training. [ER.1.2]
6. Workers in the dormitory do not receive specific health and safety or hygiene training. [ER.1.2]

**Company Action Plan Update**

health and safety and first aid training outline submitted.

Lift Licenses submitted - factory will retrain upon expiration of licenses.

12/10/2019-Electrical/Lift/Canteen workers are trained once per year and licences are updated upon expiration. Canteen and Electrical license copies added.

**FINDING NO.9**

**SUSTAINABLE IMPROVEMENT REQUIRED**

**FINDING TYPE:** Policies & Procedures (Macro)

**Finding Explanation**
1. The policies and procedures on Personnel Development do not include:
   a) Policies or procedures that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers. [ER.28.1]
   b) Policies or procedures on promotion, demotion and job reassignment. [ER.30.1]

2. The factory does not have written policies or procedures on retrenchment. [ER.32.1]

3. The disciplinary procedures do not include workers’ right to have a third-party witness present during imposition of the disciplinary action. [ER.27.4]

**Local Law or Code Requirement**
FLA Workplace Code (Employment Relationship Benchmarks ER.27, ER.28, ER.30 and ER.32)

**COMPANY ACTION PLANS**

**Action Plan no 1.**

**Description**

Training material to be submitted by 3/2020 (IN ENGLISH TRANSLATION) for the following: 1. The policies and procedures on Personnel Development do not include:

   a) Policies or procedures that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers. [ER.28.1]
b) Policies or procedures on promotion, demotion and job reassignment. [ER.30.1]

2. The factory does not have written policies or procedures on retrenchment. [ER.32.1]

3. The disciplinary procedures do not include workers’ right to have a third-party witness present during imposition of the disciplinary action. [ER.27.4]

**Company Action Plan Update**

Factory submitted discipline policy

Documentation submitted in Chinese for the following (and attached here) - have requested English translation for verification purposes:

1. The policies and procedures on Personnel Development do not include:

   a) Policies or procedures that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers. [ER.28.1]

   b) Policies or procedures on promotion, demotion and job reassignment. [ER.30.1]

2. The factory does not have written policies or procedures on retrenchment. [ER.32.1]

3. The disciplinary procedures do not include workers’ right to have a third-party witness present during imposition of the disciplinary action. [ER.27.4]

Disciplinary Policy attached in English

**FINDING NO.10**

**SUSTAINABLE IMPROVEMENT REQUIRED**

**FINDING TYPE:** Training (Macro)

**Finding Explanation**

1. The orientation training for new workers does not include Personnel Development or Retrenchment. [ER.15.1]

2. The ongoing training for workers does not include Personnel Development or Retrenchment. [ER.1.2]

3. The factory does not provide specific training to relevant supervisors on all Employment Functions. [ER.17.1]
Local Law or Code Requirement
FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15 and ER.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description
Have requested factory to confirm frequency of training.

Company Action Plan Update
Factory has submitted documentation referring to layoffs.

11/13/19-Factory has submitted personnel and supervisor training record as attached.

12/10/19-worker training is to be conducted every 3 months going forward.

FINDING NO.11
SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation
1. The factory has not conducted management or internal reviews to ensure that policies and procedures are updated according to local laws, FLA Workplace Code and Benchmarks for all Employment Functions. [ER.1.3]

Local Law or Code Requirement
FLA Workplace Code (Employment Relationship Benchmark ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description
Factory has completed management review

Company Action Plan Update
Factory has completed management review

FINDING NO.12
SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation
1. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1.3]
2. The factory does not communicate with workers regarding Personnel Development and Retrenchment policies or procedures as well as their updates. [ER.16.1]

**Local Law or Code Requirement**
FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.16)

**COMPANY ACTION PLANS**

**Action Plan no 1.**
**Description**
The factory has introduced employee skills, promotion evaluation process and a training plan. Training is to be completed by 3/2020.

**Company Action Plan Update**
The factory has introduced employee skills, promotion evaluation process and a training plan.

**FINDING NO.13**

**NOTABLE FEATURE**

**FINDING TYPE:** Compensation

**Finding Explanation**
1. The factory provides three free meals (breakfast, lunch and supper) per day and free accommodation to workers.

**COMPANY ACTION PLANS**

**Action Plan no 1.**
**Description**
no action necessary

**Company Action Plan Update**
no action necessary