



Verification Assessment

COMPANIES: SanMar Corporation
COUNTRY: China
ASSESSMENT DATE: 09/27/18
ASSESSOR: Openview
PRODUCTS: Apparel
NUMBER OF WORKERS: 572

FLA Comments

SanMar ceased sourcing from this factory 2019 due to a shift in their supply chain. All remediation was current as of their decision to exit, there will be no further updates to the remediation.

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.

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

The orientation training focuses solely on machine safety. It does not cover policies for human resources, Industrial Relations, Grievance System, Termination and Retrenchment or Environmental Protection.

Seventy percent of interviewed workers said they had never received orientation training.

The factory does not provide ongoing training to any employees, supervisors, or managers on any of the Employment Functions.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16, ER.17, and ER.28)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation:

Based on worker interviews and documentation review, the orientation training covers Health & Safety, human resources, Industrial Relations, and Grievance System, but does not cover Termination & Retrenchment or Environmental Protection. [ER.1, ER.15.1]

Root Causes:

1. Factory management is not aware of the FLA Code and Benchmarks and requirements and benefits of effective training.
2. The factory has not created a training plan and developed the relevant training materials;
3. The factory has not seen the need to expand the list of topics already covered by the current training activities, which are sporadic;
4. Absence of a mechanism to harmonize production needs with training needs.

2. Finding Status (Remediated)

Explanation:

Based on worker interviews and documentation review, the factory has provided orientation training for workers and 100% of interviewed workers said that they had received orientation training.

3. Finding Status (Remediated)

Explanation:

Based on documentation review, employees and management interview, the factory has provided ongoing training to all employees, supervisors and manager on all the Employment Functions.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.15)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- Factory will establish written Termination and Retrenchment Policies
- Factory will develop training material for all workers about policies and procedures (Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Health and Safety, Environmental Protection, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System)
- Conduct new employee training every month

PREVIOUS FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The worker integration component is missing for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Health and Safety, and Environmental Protection. This indicates that the factory has not established procedures to request and/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.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, ER.29, ER.30, and ER.32; Compensation Benchmark C.17)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

Based on documentation review, worker and management interview, the worker integration component is missing for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Health & Safety, and Environmental Protection. This indicates that the factory has not established procedures to request and/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, ER.25]

Root Causes:

Lack of worker integration is very common in this industry across China.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory will start conducting regular meetings with worker representatives in order to obtain input and comments on factory policies. Meeting minutes will be maintained regularly.

PREVIOUS FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The job description for the Sewing Junior Supervisor requires candidates to be 25-45 years of age.

Local Law or Code Requirement

China Labor Law, Article 12; FLA Workplace Code (Nondiscrimination Benchmark ND.2)

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

Based on documentation review, employees and management interview, it was found that the job description for the Sewing Junior Supervisor does not include any discriminatory clauses.

PREVIOUS FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

The factory does not have written policies and procedures outlining the process for performance reviews; therefore, the factory does not conduct regular performance reviews for production workers.

There are no policies and procedures regarding production workers' personnel development.

The factory has not hired disabled workers, which is a violation of legal requirements that state that at least 1.5% of the total workforce should be disabled. Additionally, the factory does not contribute to the Employment Security Fund in lieu of employing disabled workers.

The factory requires all workers to sign a three-year contract. However, the probation period section is blank on workers' labor contracts. In addition, the factory requires all returning workers to have three-month probation period.

The factory does not have a system to review the performance of new employees during the probation period.

Local Law or Code Requirement

Regulation on the Employment of the Disabled (2007), Articles 8 and 9; the China Labor Contract Law, Article 17 and 19; FLA Workplace Code (Employment Relationship Benchmark ER.29; Nondiscrimination Benchmarks ND.1 and ND.2)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

Based on documentation review, employees and management interview, the factory has established policies and procedures outlining the process for performance review, and the factory conducts regular performance reviews for production workers.

2. Finding Status (Remediated)

Explanation:

Based on documentation review, employees and management interview, the factory has established policies and procedures regarding production workers' personnel development.

3. Finding Status (Partially Remediated)

Explanation:

Based on documentation review, employees and management interview, the factory has not hired any disabled workers, which is a violation of legal requirements that state that at least 1.5% of the total workforce should be disabled. However, the factory is now contributing to the Employment Security Fund in lieu of employing disabled workers. While this is allowed under Chinese law, this practice still poses a risk of discrimination under the FLA Workplace Code of Conduct. [ND.1, ND.2, ND.3.1]

Root Causes:

1. The internal monitoring system does not provide in-depth controls for checking on possible issues in the Recruitment, Hiring & Personnel Development process.
2. Management lacks awareness of the FLA Workplace Code and Benchmarks.
3. As the type and severity of disability is an important factor for deciding if a candidate is suitable for the workplace or task to which they will be assigned, factory finds it difficult to recruit eligible disabled workers.
4. Due to the absence of a regular review process, there is a lack of knowledge regarding amendments and updates to laws and regulations.
5. These issues have not been brought to the attention of the factory management during previous external audits.

4. Finding Status (Remediated)

Explanation:

Based on documentation review, employees and management interview, the factory requires all workers to sign a three-year contract and there's no probation period for workers including newly hired workers and returning workers.

5. Finding Status (Remediated)

Explanation:

Based on documentation review, employees and management interview, the factory does not require newly hired workers no longer have a probation period.

Local Law or Code Requirement

Regulation on the Employment of the Disabled, Articles 8 and 9. FLA Workplace Code (Non-discrimination Benchmarks ND.1, ND.2 and ND.3)

COMPANY ACTION PLANS

Action Plan no 1.

Description

4.3 Factory has taken the following steps

- Identify job positions which are suitable for disabled workers
- Will connect with local Disabled Person Federation or local village/ city council and submit application for disabled worker job postings.
- Continue the contribution of Employment Security Fund in lieu of employing disabled workers

PREVIOUS FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

The contribution base for the five types of social insurance is not in line with legal requirements. For example, the contribution for the

pension insurance should be based on the employee's average wage for the past 12 months (about CNY3000 to CNY5000 per month (USD 471.53 to ~ USD 785.65). However, the factory only contributes to the pension insurance based on CNY 1,600 (USD 251.57) per month, and the unemployment insurance, medical insurance, maternity insurance and work-related injury insurance is based on CNY 2,442 (USD 383.96).

Only 11 of 425 employees (2.6% of the total workforce) are provided with the Housing Provident Fund. The factory only contributes to the Housing Provident Fund based on CNY 1180 (USD185.83) for all 11 employees, instead of the employee's average total wage from the past 12 months, which is at least CNY 3,000 (USD 472.44).

The factory does not pay warehouse employees, who work outdoors, with a high temperature work subsidy, as legally required.

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 15; Quzhou City Housing Provident Fund Deposit Management Approach; Heatstroke Prevention Management Approach, Article 17; FLA Workplace Code (Employment Relationship Benchmark ER.1; Compensation Benchmark C.1.)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation:

Based on documentation review, employees and management interview, while the contribution base has been increased for the five types of social insurance is not in line with legal requirements. The contribution should be based on the employee's actual monthly wage for the past 12 months (about CNY 3,000/ USD 436.68 to CNY 5,000/ USD 727.80 per month). However, the factory only contributes to the pension insurance and unemployment insurance based on CNY 2,000/ USD 219.12 per month and based on CNY 3,063/ USD 445.85 for medical insurance, maternity insurance and work-related injury insurance. [ER.22, C.1, C.5, C.10]

Root Causes:

1. Most of these issues have not been brought to the attention of the factory management during previous external audits.
2. The factory's current HR resources are insufficient to manage and control compensation in line with local law and FLA Code and Benchmark requirements.

2. Finding Status (Not Remediated)

Explanation:

Based on documentation review, employees and management interview, only 12 out of 328 employees (3.7% of the total workforce) are provided with Housing Provident Fund. The factory only contributes to the Housing Provident Fund based on CNY 1,500/ USD218.43 for all the 12 employees, instead of the employee's actual monthly wage for the past 12 months, which is about CNY 3,000/ USD 436.68 to CNY 5,000/ USD 727.80 per month. [ER.22, C.1, C.10]

Root Causes:

High cost and the Housing Provident Fund system has come under criticism for the complicated process to claim the benefits, especially for migrant workers.

3. Finding Status (Remediated)

Explanation:

Based on documentation review, employees and management interview, the factory pays warehouse employees, who work outdoors, with a high temperature work subsidy of CNY 300/ USD 43.48, as legally required.

Local Law or Code Requirement

Social Insurance Law of the PRC, Articles 12 and 58; Regulations on Management of Housing Provident Fund, Articles 2, 3 and 15. FLA Workplace Code (Employment Relationship Benchmarks ER.22; Compensation Benchmarks C.1, C.5 and C.10)

Recommendations for Immediate Action

1. Calculate social insurance based on employee's actual monthly wage for the past 12 months.
2. Provide the legally required Housing Provident Fund for all employees.

COMPANY ACTION PLANS

Action Plan no 1.

Description

5.1 Factory will gradually work to increase the contribution of 5-types of Social Insurance with the base of employee's actual monthly wage for the past 12 months

5.2 <!--[endif]-->Factory will:

- Gradually work towards increasing the contribution towards Housing Provident Fund with the base of employee's actual monthly wage for the past 12 months
- Provide employee training on the benefits and encourage employees to participate in Housing Provident Fund

PREVIOUS FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

Monthly overtime for 90% of workers exceeded the legal limit of 36 hours, with a maximum of 94 hours in May 2016. February 2016 is the only month in the past 12 months which monthly overtime did not exceed 36 hours a month.

The factory production plan is based on a 60-hour work week. Factory management sets production targets, piece rates, or any other incentive or production system at a level such that workers need to work 20 hours per week of overtime.

The factory calculates regular hours as an average over a period longer than a week that exceeds 48 hours. Additionally, the factory does not have official permission from the relevant authorities to do so, which is required for any calculation beyond 40 hours per week.

Local Law or Code Requirement

China Labor Law, Article 41; FLA Workplace Code (Employment Relation Benchmarks ER.24; Hours of Work Benchmarks HOW.1, HOW.7, and HOW.8)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

Based on review of time records for the period from August 2017 to September 25, 2018, employees and management interview, monthly overtime for 90% of workers exceeded the legal limit of 36 hours per month in the reviewed period except February 2018, with a maximum of 88 hours in June 2018. [HOW.1.1]

Root Causes:

1. Although Chinese labor law has strict working hour limits, they are not enforced effectively.
2. Workers rely on extra overtime to earn more wages.

2. Finding Status (Not Remediated)

Explanation:

Based on documentation review, employees and management interview, the factory production plan is based on a 60-hour work week. Factory management sets production targets, piece rates, or any other incentive or production system at a level such that workers need to work 20 overtime hours per week. [HOW.8.1]

Root Causes:

1. Inadequate preparation for dealing with current production orders means staffing levels may be out of sync with production volumes, leading to excessive hours of work.
2. Not enough buyer oversight to identify and address possible reasons behind excessive overtime, such as tighter shipping schedules, short lead times, etc.
3. No regular analysis of hours of work with a view to progressively reducing excessive hours of work.
4. Lack of government enforcement of labor laws.
5. Workers are willing to work excessive overtime hours as they rely on overtime work to make higher income.

3. Finding Status (Remediated)

Explanation:

The factory calculates regular working hours as 40 hours per week.

Local Law or Code Requirement

China Labor Law, Article 41. FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.7 and HOW.8)

Recommendations for Immediate Action

1. Ensure that overtime hours do not exceed 36 hours per month, as per legal requirement.

COMPANY ACTION PLANS

Action Plan no 1.

Description

6.1 Factory is working towards:

- ▮ Continuously analyzing the reason of overtime work and will hire more workers if necessary
- ▮ Enhancing the worker's skill to improve the efficiency
- ▮ Setting up Enterprise Resources Planning (ERP) system to forecast the Production Order in advance in order to optimize production arrangement.
- ▮ Analyzing to upgrade the automation machinery

6.2 Factory is working towards:

- ▮ Establishing written production plan procedure. The plan will be developed by the compliance team and production team
- ▮ Base weekly working hours will be 40 hours and production plan will be drawn based on this every week

PREVIOUS FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

There are no retrenchment policies and procedures established in the factory.

The factory does not maintain documents used to manage or track the administration of termination payouts and packages.

Local Law or Code Requirement

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

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

Based on documentation review and management interview, there are still no retrenchment policies and procedures established in the factory. [ER.19.1, ER.32]

Root Causes:

1. The factory management lacks awareness on the FLA Workplace Code and Benchmarks related to Retrenchment. 2. This issue has not been identified during the previous internal and external audits.

2. Finding Status (Not Remediated)

Explanation:

Based on documentation review and management interview, the factory does not maintain documents used to manage or track the administration of termination payouts and packages. [ER.19.1]

Root Causes:

1. The factory management lacks awareness on the FLA Workplace Code and Benchmarks related to Termination.
2. This issue has not been identified during the previous internal and external audits.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

7.1 Factory is working on

- ▮ Establishing written Termination and Retrenchment Policies
 - ▮ Develop training material and conduct management and employee training on Retrenchment policy and procedure.

7.2 Factory will:

- ▮ Establish written termination payout procedure
- ▮ Train HR team on the procedure to follow
 - ▮ Develop and maintain termination paystub and payments record

PREVIOUS FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

Employee and management interviews revealed that there were a few cases of regulation violations in recent years; management normally handled the cases verbally, without keeping written records.

The workers do not have the right to participate and be heard in a disciplinary procedure against them.

The disciplinary system does not include documentation of disciplinary actions or workers' right to have a third party witness present during imposition of the disciplinary action. The factory's current disciplinary procedures do not include an appeal process.

The workers do not receive a written documentation that substantiates all the topics covered in the orientation training, for example workplace rules covered in orientation. Additionally, the factory does not provide workers with copies of the workplace rules.

The factory does periodic reviews, however, the policies and procedures are not updated according to local laws and FLA Code.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.15, and ER.27)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

Employee and management interviews revealed that there were a few cases of regulation violations in recent years; management normally handled the cases verbally, without keeping written records. [ER.2.1]

Root Causes:

This issue has not been brought to the attention of factory management during previous audits by other groups.

2. Finding Status (Remediated)

Explanation:

Based on documentation review and worker interview, workers have the right to participate and be heard in a disciplinary procedure against them.

3. Finding Status (Not Remediated)

Explanation:

Based on documentation review, management and worker interview, the disciplinary system does not include documentation of disciplinary actions or workers' right to have a third-party witness present during imposition of the disciplinary action. The factory's current disciplinary procedures do not include an appeal process. [ER.27.4]

Root Causes:

The factory management had a different understanding of "third-party witness" and thought that it was in reference to the witness of the misconduct, as opposed to a witness for the imposition of the disciplinary action.

4. Finding Status (Not Remediated)

Explanation:

Based on documentation review and worker interview, the workers do not receive a written documentation that substantiates all the topics covered in the orientation training, for example workplace rules covered in orientation. Additionally, the factory does not provide workers with copies of the workplace rules. [ER.15.3]

Root Causes:

This issue has not been identified during previous external audits.

5. Finding Status (Remediated)

Explanation:

Based on documentation review and management interview, it was found that the factory reviews the policies and procedures are updated according to local laws and FLA Code.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.15, ER.25 and ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

8.1 Factory is working to:

- ┆ Revise Factory Rule to include verbal disciplinary action in documentation
- ┆ Establish disciplinary record keeping
- ┆ Conduct training to all employees who will execute the disciplinary action (Supervisors, managers, HR personnel)

8.3 Factory is working to:

- ┆ Revise the Disciplinary policy to include third-party witness present during imposition of disciplinary action
- ┆ Conduct disciplinary training to all employees once the revised policy is implemented

8.4 Factory is working to:

- ┆ Develop the training materials to cover all Employment Functions
- ┆ Issue the training materials to the employees at the end of training and post the training material on the bulletin board for reference.
- ┆ Considering sending the electronic factory rule via employee's mobile phone

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

The factory has a trade union under the ACFTU (All-China Federation of Trade Unions). However, instead of being directly elected by workers, the management propose a group of candidate, union representative are then elected from this group of candidates. The factory has not provided the legally required office space and the necessary office equipment in order to enable the union to conduct daily meetings and for the union representatives to perform their functions.

FLA Comment: 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

PRC Labor Union Law, Article 9 and Article 45; FLA Workplace Code (Freedom of Association Benchmark FOA.2, FOA.10, and FOA.15)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

Based on documentation review, employee and management interview, it was found that instead of being directly elected by workers, the management propose a group of candidates, and union representatives are then elected from this group of candidates. [FOA.11]

Root Causes:

This issue has not been brought to the attention of factory management during previous audits by other groups.

2. Finding Status (Remediated)

Explanation:

Based on onsite observation and management interview, the factory provides the legally required office space and the necessary office equipment in order to enable the union to conduct daily meetings and for the union representatives to perform their functions.

6. Finding Status (Not Remediated)

Explanation:

FLA Comment: 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]

Root Causes:

The factory has not yet taken any action on workers' FOA. There was a trade union in the facility; however, it was not independent and there was no evidence indicating that management had encouraged the union to collect employees' suggestions and adopt them when revising factory policies.

Local Law or Code Requirement

COMPANY ACTION PLANS

Action Plan no 1.

Description

9.1 Factory is working to:

- ▮ Revise worker representative election procedure and allow workers to elect the representative without management interference.
- ▮ Arrange the next worker representative election in mid-July 2019

9.3 Factory currently fulfills the National Trade Union regulation. Factory is working on including worker suggestions (voice) when revising factory policies that affects workers.

PREVIOUS FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

The grievance procedure allows workers to raise grievances through a variety of channels; this includes the human resources department, the union committee members, the suggestion and complaint boxes, and directly with supervisors. However, those complaints were not well documented and there has not been regular response to these workers. There were only some records of complaint regarding facilities in the past year. There is no evidence that management reviews complaints and grievances and takes any appropriate action.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1, ER.2 ER.17, and ER.25)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation:

Based on documentation review, worker and management interview, management does not maintain grievance records. Through the interviews, the assessors learned that there were few grievances in recent years, so grievances were handled verbally or through meetings with employees. Since there are no records of these grievances, it is not possible to verify if the management properly reviewed the complaints and took the appropriate action. [ER.2.1, ER.25]

Root Causes:

1. Management lacks awareness on the importance of an effective grievance system within the factory.
2. There is no worker representation or worker integration in the current grievance system; as a result, workers lack trust in the system.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

10.1 Factory will work towards:

- Training management and employees on effective grievance system
- Maintain and review all grievance channels installed at the factory on a regular basis. All grievances received will be recorded and all periodic checks will be recorded.
- Work on incorporating worker representative in the grievance review process.

PREVIOUS FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

Although there is an Environmental, Health and Safety committee in place, the committee is not active. There are no clear responsibilities for each member nor periodic meetings or internal audits conducted by this committee. Currently, the committee only holds meetings at the year end.

The internal safety risk assessment for the production areas is not complete; for example, it does not include the cutting section. Electrical wires and cables in the sewing and cutting areas are not thoroughly inspected to ensure they are free of splices and are well insulated. Overlapping, conjoined, and repaired electrical cables are used to supply power to fans in the production areas. Spliced wires are fixed with electrical tape rather than heat shrink tubing.

The fire brigade training is not effective, some factory brigades are not trained on how to operate fire equipment. For example, a fire brigade does not know how to operate the fire extinguisher.

The factory provided Personal Protective Equipment (PPE) has a selection criteria, but does not have a criteria for PPE replacement.

Two workers in the stain cleaning department are exposed to harmful chemicals; the factory has provided them with mask but did not provide them with goggles, smocks, or aprons.

Lifting belts are not provided for workers who lift goods.

Some machine safety operation instructions are not posted near the relevant workstations; for example, there is no safety operation procedure posted for the heat pressing machines.

The factory has not effectively implemented lock-out/tag-out procedures; the factory does not provide the appropriate locks to maintenance staff.

The emergency action plans do not cover external parties, such as service providers or visitors.

General Health & Safety policy does not cover protection of special categories of workers such as employees with disabilities.

The factory does not protect the food samples in the canteen; for example, there is no mechanism to ensure proper labeling of food samples. In the kitchen, cooked food and raw meat are stored in the same refrigerator.

The ergonomic risk assessment conducted by the factory mostly pertains to PPE selection and use.

The following were observed at the factory: chairs and stools are not adjustable, do not have the proper back support, and are made of an uncomfortable material. Because the chairs are not adjustable many workers were in uncomfortable working positions, there are no attempts at job simplification. Additionally, there is no ergonomics training.

Heat stress and heat related health problems might arise for five workers who work outdoors in hot weather, e.g. the cargo loading surveillance workers. These risks are not included in the current risk assessment study.

Local Law or Code Requirement

General Guide for Safety of Electric User, Article 6.7; Regulation for Chemical Usage Safety in Work Place, Article 14, Article 27; Article 6.7; Law of the People's Republic of China on Production Safety, Article 42; Law of the People's Republic of China on the Food Safety, Article 27; FLA Workplace Code (Employment Relationship Benchmarks ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.7, HSE.14, HSE.17, HSE.19, and HSE.22)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

Based on review of internal documents, management and employees' interview, a monthly Environmental, Health and Safety committee meeting is held with meeting minutes. In addition, factory conducts annual internal audits.

2. Finding Status (Not Remediated)

Explanation:

Based on review of internal risk assessment records, onsite observation, management and employees' interview, the internal safety risk

assessment for the production areas is not complete; for example, it includes cutting section but does not include the button punching machines. Therefore, the factory has not installed protective hand guards on button punching machines. [ER.31.2]

Root Causes:

1. The factory does not collect the complete relevant laws and regulation, study them and transfer to internal CSR management system.
2. The management lacks sufficient knowledge on risk assessment.
3. The factory does not ask the qualified organization to conduct risk assessment.
4. The factory does not effectively involve workers to conduct risk assessment.

3. Finding Status (Not Remediated)

Explanation:

Based on onsite observation, management and employees' interview, overlapping, conjoined, and repaired electrical cables are used to supply power to fans in the sewing workshop. Spliced wires are fixed with electrical tape rather than heat shrink tubing. [HSE.13]

Root Causes:

1. The factory does not collect the complete relevant laws and regulation, study them and transfer to internal CSR management system.
2. The management lacks sufficient knowledge on risk assessment.
3. The original design for electrical wiring is not reasonable.

4. Finding Status (Remediated)

Explanation:

Based on review of the training records and fire brigades' interview the factory has provided the relevant training, and interviews with the fire brigades showed that they understood their responsibility with sufficient knowledge and skill.

5. Finding Status (Remediated)

Explanation:

Based on review of internal documents, management and employees' interview, the factory has developed the criteria for PPE replacement.

6. Finding Status (Remediated)

Explanation:

Based on onsite observation and interview with the worker working in the stain cleaning room, the factory has provided goggles, gloves and aprons for this worker and provided relevant training accordingly, and she is clear about how to use PPE.

7. Finding Status (Remediated)

Explanation:

Based on onsite observation, management and employees' interview, the factory has provided lifting belts for workers who lift goods and that they use them during work.

8. Finding Status (Not Remediated)

Explanation:

Based on onsite observation, management and employees' interview, it was found that the machine safety operation instructions are not posted near about 80% of the relevant workstations; for example, there is no safety operation procedure posted for the button punching machines. [HSE.14.3]

Root Causes:

1. Factory management lacks awareness and understanding on FLA Code and Benchmarks.
2. The factory considers training on safety operation is enough to be in line with FLA Code and Benchmarks.
3. The internal risk assessment and review do not identify this issue.

9. Finding Status (Not Remediated)

Explanation:

Based on documentation review, onsite observation, management and worker interview, it was found that the factory has not effectively implemented lock-out/tag-out procedures; about 20% of electrical panels are not equipped with lock and no tags are provided to maintenance staff. [HSE.1]

Root Causes:

1. Factory management lacks awareness and understanding on FLA Code and Benchmarks.
2. The internal risk assessment and review do not identify this issue.

10. Finding Status (Remediated)

Explanation:

Based on review of internal documents and management interview, the emergency action plans cover external parties, such as service providers or visitors.

11. Finding Status (Remediated)

Explanation:

Based on review of internal documents and management interview, the general Health & Safety policy covers protection of special categories of workers, such as employees with disabilities, young workers, and pregnant employees.

12. Finding Status (Not Remediated)

Explanation:

Based on document review, onsite observation and management interview, the factory has not effectively implemented food sampling; for example, the factory did not keep food samples for the day of September 26, 2018, the food sample container is not equipped with complete cover, and the food samples are stored together with raw meat in the refrigerator. [HSE.22.1]

Root Causes:

1. Factory management lacks awareness and understanding on FLA Code and Benchmarks.
2. The daily internal morning is not effective.
3. The internal review does not identify this issue.

13. Finding Status (Remediated)

Explanation:

Based on review of ergonomic risk assessment records and management interview, an ergonomic risk assessment has been conducted that included location, risk, solution and comments.

14. Finding Status (Partially Remediated)

Explanation:

Based on document review, onsite observation and management interview, it was found that chairs and stools are not adjustable, do not have the proper back support, and are made of an uncomfortable material. Because the chairs are not adjustable many workers were in uncomfortable working positions. The factory has provided ergonomics training for workers. [HSE.17.1]

Root Causes:

1. The original design does not consider ergonomic program for production workshops.
2. This is common practice in this industry.
3. It is high cost for factory to improve this issue.

15. Finding Status (Remediated)

Explanation:

Based on review of risk assessment records, management and employees' interview, the risk assessment includes heat stress and heat related health problems that might arise for the five workers who work outdoors in hot weather, e.g. the cargo loading and surveillance workers.

Local Law or Code Requirement

General Guide for Safety of Electric User, Article 5.1.2; The Food Safety Operation Specifications for Catering Service, Article 7.9.2. FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.13, HSE.14, HSE.17 and HSE.22)

Recommendations for Immediate Action

1. Regularly check and maintain electrical wiring to ensure it is in safe condition.
2. Post safe operation instructions near workstations.
3. Implement the log-out and tag-out procedure.

COMPANY ACTION PLANS

Action Plan no 1.

Description

11.2 Factory is working to:

- ┆ Conduct the internal risk assessment to cover all departments and machinery
- ┆ Maintain the internal risk assessment reports on a periodic basis

11.3 Factory is working to:

- ┆ Conduct review of electrical risk in entire facility
- ┆ Repair and replacing the improper electrical cables and wires

11.8 Factory is working to:

- ┆ Check all machineries to find out which ones are without safety operation instruction
- ┆ Link with machinery suppliers to provide the safety operation instruction
- ┆ Affix the safety operation instruction on to the machine

11.9 Factory is working to:

- ┆ Check all electrical panel to find out which ones are without lock and repair / replace the lock
- ┆ Purchase the appropriate lock and tag and provide to maintenance staff for implementation
- ┆ Conduct the lock-out/tag-out procedure training to the maintenance staff

11.12 Factory is working to:

- ▮ Revise Canteen Hygiene Management Procedure
- ▮ Conduct food safety and food sample labelling training to the kitchen staff
- ▮ Arrange administrative staff to inspect the food sample collection and label every week

11.14 Factory is working to:

- ▮ Review the job positions which are required the ergonomics facility.
- ▮ Discuss with factory top management to see if the production layout is redesigned to implement ergonomic facility and how much of it cost

PREVIOUS FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

The environment management system has company level environmental objectives and targets which cover all five branches of the company. However, there is no factory level environmental objectives or targets. Although there is a procedure that outlines the wastewater treatment process, the water coming out of the compressors are contaminated with oil. Furthermore, this contaminated water is directly discharged into the sewer system instead of being processed through an oil separator. The cooking fumes generated in the factory kitchen are directly discharged into the atmosphere without a filter.

Local Law or Code Requirement

China Law of Prevention and Treatment of Water Pollution, article 29; China Law on the Prevention and Control of Atmospheric Pollution, Article 13; FLA Workplace Code (Employment Relationship Benchmarks ER.31; Health, Safety & Environment Benchmarks HSE.1)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation:

Based on review of internal documents and management interview, the factory has set up its environmental objectives and targets for the year of 2017 and 2018, and the factory has reviewed the target for the year of 2017.

2. Finding Status (Partially Remediated)

Explanation:

Onsite observation notes that the oily contaminated water generated from compressors is collected in one plastic container; however, this container is not installed with a cover, and placed outdoors. This water is then disposed of with the other hazardous waste. [HSE.1]

Root Causes:

1. The internal risk assessment does not identify the oily contaminated water generated from compressors.
2. The internal monitoring system does not cover the contaminated water generated from compressors.

3. Finding Status (Partially Remediated)

Explanation:

Onsite observation finds that the factory has installed a filter system for the cooking fumes generated in the factory kitchen; however, the air emission test report did not include the cooking fumes, therefore the factory could not demonstrate that the system meets the legal emission limit. [HSE.1]

Root Causes:

The factory was not aware of how to prove the emission situation.

Local Law or Code Requirement

China Law of Prevention and Treatment of Water Pollution, Article 29; China Law on the Prevention and Control of Atmospheric Pollution, Article 13. FLA Workplace Code (Health, Safety & Environment Benchmark HSE.1)

Recommendations for Immediate Action

1. Properly collect and store the oily contaminated water generated from compressors.

COMPANY ACTION PLANS

Action Plan no 1.

Description

12.2 Factory is working to:

1. Provide the container with cover to collect the oily contaminated water
2. Assign the maintenance staff to check the container every day. When the container is full, the oily contaminated water is then transferred to the big container stored inside compressor room
3. Contract with the qualified recycle supplier to collect the waste water every 6 months

12.3 Factory is working to conduct air emission test for cooking fumes every year

New Findings and Action Plans

NEW FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The workers are required to ask for leave in advance with written leave application if they do not intend to work overtime on weekends such as Saturdays for some reasons. All interviewed workers said that they could free to choose not to work overtime on weekends and holidays. The management stated that they would revise the factory rules to meet the FLA standards. [HOW.8.2]

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmark HOW.8)

FLA's Recommendations for Sustainable Improvements

1. <!--[endif]-->Revise factory rules and ensure workers' overtime is voluntary.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory is working to:

- ┆ Cancel the leave application for overtime work
- ┆ Revise the factory rule for leave application process
- ┆ Conduct the training to the employees when the revised leave application process is implemented

NEW FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. The factory does not clearly define a responsible person(s) in writing for Termination & Retrenchment. [ER.1]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory is working to:

- ▮ Revise the Termination and Retrenchment policies to include the responsible person
- ▮ Conduct the training to the responsible person to execute the termination and retrenchment processes

NEW FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There's no full-time health and safety representative available in the factory. The factory has 328 employees, which requires that they have at least one health and safety representative. [HSE.1]
2. The factory does not have the safety inspection reports for any of the sixteen safety valves on the steam generators for the ironing process. [HSE.4]
3. No MSDS is available for the polypropylene thread oil and sewing machine oil in the maintenance room. [HSE.10.1]
4. About 90% of the workers only wear disposable masks instead of anti-dust masks in the sewing workshops where cotton dust exits. [HSE.7]
5. There are no safety guards installed any of the nine button punching machines. [HSE.14.1]

Local Law or Code Requirement

Law of the China on Work Safety, Article 21; Safety Valve Safety Technical Monitoring Procedures (TSG ZF001-2006), Article B6.3.1; The Special Appliance Quality Safety Monitoring Regulation, Article 28; Regulation of Chemical Safety Usage in Workplace, Article 12; Law of the China on Work Safety, Article 42; Regulation for Punching Safety Management, Article 8. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.7, HSE.10, and HSE.14)

Recommendations for Immediate Action

1. Provide MSDS for all chemicals being used and stored in the factory.
2. Select and provide proper masks for workers in sewing workshops.
3. Install safety guards on the button punching machines.

COMPANY ACTION PLANS

Action Plan no 1.

Description

3.1 Factory has assigned one full time Health and Safety Representative. He has been trained on December 2018 and granted the certificate. The certificate is valid until 12/23/2021.

Attached is the Health and Safety Representative Certificate

3.2 Factory is working to:

- ▮ Conduct the safety inspection for the sixteen safety valves on the steam generators

- ▮ Maintain inspection records

3.3 Factory has posted a copy of local language MSDS in the maintenance room.

Attached picture showed MSDS are posted in maintenance room.