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INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Pou Chen
COUNTRY: China
ASSESSMENT DATE: 09/09/20
ASSESSOR: Openview
PRODUCTS: Footwear
NUMBER OF WORKERS: 3164

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.

FLA Code Element	Number of Violations
Hours of Work	1
Employment Relationship	1
Health, Safety, and Environment	1
Freedom of Association	2

Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not specify the job location accurately in the open-ended employment contracts signed before December 16, 2019. The actual address of the factory is Yichun City Economic Development Zone, while the job location specified in those employment contracts is Yichun City and the counties under their jurisdiction. About 46% of workers signed the open-ended employment contracts with no accurate description of the job location. [ER.10.1]

Local Law or Code Requirement

The China Labor Law, Article 17. FLA Workplace Code (Employment Relationship Benchmark ER.10.1)

Recommendations for Immediate Action

1. <!--[endif]-->Sign a revised employment contract specifying accurate job location with all affected workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The employment contract will be revised; an accurate job location will be specified in the updated employment contract for upcoming new employees.

2. For those 1398 workers who signed the open-ended employment contracts before December 16 in 2019, the supplementary agreement will be signed to specify the accurate job location by December 2020.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. All 14 union representatives were nominated by factory management on October 27, 2014. The Chairman of Labor Union is the Manager Assistant and the Vice Chairman is the Production Manager, both part of the factory management. [FOA.11]

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. [FOA.2, FOA.10]

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.2, FOA.10 and FOA.11)

Recommendations for Immediate Action

1. <!--[endif]-->Ensure union chairman and union representatives are freely elected by all workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The union member convention will be held to elect the new union representatives.
2. 14 new union representatives will be elected by union members.
3. New union chairman and vice chairman will be elected by the 14 new union representatives.

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory has not installed emergency lights at the emergency exit in one-story building used as the polishing area for cutting dies. The building was constructed in 2012 with a building area of 120 square meters. [HSE.5.1]

Local Law or Code Requirement

Recommendations for Immediate Action

1. Install emergency light at the emergency exit in the flat building used for cutting, dies, and polishing.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Install the emergency lights at the emergency exit in the flat building used for cutting, dies, and polishing.

Company Action Plan Update

The emergency exit in the flat building used for cutting, dies, and polishing has been installed in September 2020.