

## FLA Audit Profile

<b>Factory Code</b>	<b>250015982G</b>
<b>Country</b>	<b>China</b>
<b>FLA Affiliate</b>	<b>Concept One</b>
<b>Monitor</b>	<b>Global Standards</b>
<b>Audit Date</b>	<b>November 28-29, 2008</b>
<b>Products</b>	<b>Bags</b>
<b>Processes</b>	<b>Cutting, sewing, material preparation, checking, packing</b>
<b>Number of Workers</b>	<b>391</b>



**FAIR LABOR**  
ASSOCIATION™

### Table of Findings:

Wages, Benefits and Overtime Compensation: A. Holidays, Leave, Legal Benefits and Bonuses	3
Wages, Benefits and Overtime Compensation: B. Minimum Wage	4
Wages, Benefits and Overtime Compensation: I. Premium/Overtime Compensation	5
Wages, Benefits and Overtime Compensation: L. Voluntary Wage Deductions	6
Wages, Benefits and Overtime Compensation: S. Posting Notices	7
Forced Labor: B. Freedom in Employment	7
Forced Labor: D. Employment Terms/Prohibitions	8
Forced Labor: I. Employment Records	9
Forced Labor: O. Personal Worker Identification and Other Documents	10
Forced Labor: R. Other - Forced Labor	11
Freedom of Association: B. Right to Freely Associate	12
Freedom of Association: E. Employer Interference/Constitution, Elections, Administration, Activities and Programs	13
Freedom of Association: Z. Grievance Procedure	13
Freedom of Association: ZB. Other - Freedom of Association and Collective Bargaining	14
Harassment or Abuse: B. Discipline/Progressive Discipline	15
Harassment or Abuse: C. Discipline/Review of Disciplinary Action	15
Harassment or Abuse: F. Discipline/Worker Awareness and Participation of Workers	16
Harassment or Abuse: H. Discipline/Monetary Fines and Penalties	17

**250015982G – China: Concept One**

Harassment or Abuse P. Punishment of Abusive Workers/Supervisors/Managers _____	18
Harassment or Abuse: Q. Other - Harassment or Abuse _____	18
Child Labor: M. Other - Child Labor _____	19
Non-Discrimination: O. Other - Non-Discrimination _____	20
Miscellaneous: A. Code Awareness _____	20
Miscellaneous: A. Code Awareness _____	21
Miscellaneous: A. Code Awareness _____	22
Health and Safety: B. Document Maintenance/Worker Accessibility and Awareness _____	22
Health and Safety: E. Health and Safety Management System _____	23
Health and Safety: H. Permits and Certificates _____	24
Health and Safety: I. Evacuation Requirements and Procedure _____	25
Health and Safety: J. Safety Equipment and First Aid Training _____	26
Health and Safety: K. Personal Protective Equipment _____	27
Health and Safety: M. Chemical Management and Training _____	27
Health and Safety: N. Material Safety Data Sheets/Worker Access and Awareness _____	28
Health and Safety: R. Machinery Maintenance and Worker Training _____	29
Health and Safety: U. Medical Facilities _____	30
Hours of Work: B. Rest Day _____	31
Hours of Work: J. Overtime/Calculation Over Period Longer Than One Week _____	31

## Wages, Benefits and Overtime Compensation: A. Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** The factory does not buy all 5 types of social insurance for all workers. The factory buys 5 kinds of social insurance for 18 (out of 391) employees including several workers. The management said that the factory did not want to force workers to buy social insurance, so they issued a notice on this March 3rd for workers to read, the factory would buy insurance to any workers who wanted to buy it. The content of the notice is: workers cannot enjoy any social insurance fee unless they continuously serve in the factory and pay insurance fee for 15 years, must sign open-ended contracts with the factory after 15 years, female workers work till 55 years old, and male workers till 60 years old. While according to local regulation, all workers are entitled with all 5 kinds of insurance in Fujian province. The factory buys employer responsibility insurance from local private insurance company. Law: Labor Law Article 72, the sources of social insurance funds shall be determined according to the branches of insurance, and an overall increase of social insurance funds shall be practiced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law. Non-compliance 2: Occupational injuries' leaves are not paid according to legal regulation. Employee working time management regulation 5.6.4. The factory pays 60% of workers' basic daily rate for occupational injury leave. Law: Occupational insurance regulation Article 31. Employers shall pay full wage and benefit to workers for occupational injuries leaves. Sources for all non-compliance: records review and management interview. There are no paid legal holidays provided to all workers. There is no paid marriage leave provided to all workers. According to Factory Employee Working Time Management Regulation 5.7.1., only employees who continuously serve in the factory for full 2 years can enjoy paid marriage leave. There is no paid maternity leave provided to all workers. Maternity leave is not paid according to legal regulation. According to Factory Employee Working Time Management Regulation 5.8.1, only female employees who continuously serve in the factory for full 2 years can enjoy paid maternity leave. According to the Regulation 5.8.2, the factory pays 60% of workers' basic daily rate for maternity leave. Law: China Labor law: Section 40. The employing unit shall arrange holidays for laborers in accordance with the law during the following festivals..... Section 51. The employing unit shall pay wages to laborers who observe statutory holidays, take leaves during the periods of marriage or funeral, or participate in social activities in accordance with the law. Section 62. After childbirth, female workers shall be entitled to no less than 90 days of maternity leaves with pay. There is no paid care leave provided to all male workers. Care leave is not paid according to legal regulations. According to Factory Employee Working Time Management Regulation 5.8.3., only male employees who continuously serve in the factory for full 2 years can enjoy paid care leave of 5 days, and 60% of daily wage for over 5 days. Law: Fujian Population and birth-control regulation Article 38, male employees' care leave is 5 to 10 days, employers shall pay full wage for care leave.

**Plan Of** 1: Factory needs to provide correct paid legal holidays to all workers, such as

250015982G – China: Concept One

**Action:** official holiday and sick leave.  
2: Factory needs to provide correct paid marriage leave to all workers.  
3: Factory needs to provide paid maternity leave to female workers.  
4: Factory also needs to provide correct paid annual leave to all eligible workers.

**Deadline Date:** 06/30/2009

**Supplier CAP:** 1. We will provide the payment for legal holidays to all workers. 2. We will provide full payment for marriage leave to all workers. 3. We will provide maternity leave to all workers. 4. We will provide annual leave to all workers.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** 1. According to our internal visit on 2009-6-4: The factory has provided the payment for all legal holidays and leave to all workers. Source: Record review and management interview.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

**Wages, Benefits and Overtime Compensation: B. Minimum Wage**

WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** A very small amount of workers who work slowly may receive wages that are less than minimum wage. The management explained that basic wage in the factory was 600RMB. If workers' total piece rate salary was lower than 600RMB, the factory would compensate the balance to workers, which is still lower than the local minimum wage of 650RMB. Source: records review and management interview

**Plan Of Action:** Factory needs to pay no lower than the local minimum wage as the local laws require at anytime.

**Deadline Date:** 06/30/2009

**Supplier CAP:** All Workers will receive at least the minimum wage as the laws require, even the actual piece rate wages do not reach the minimum wage.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to our internal visit on 2009-6-4: The factory provided at least the minimum wage (RMB650) to the workers. Source: Records review and management interview.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

## Wages, Benefits and Overtime Compensation: I. Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** Overtime wages are not paid to workers as per the legal requirement. Piece rate at night and in daytime are the same. Source: records review and management interview Law: China Labor law. Article 44: The employing unit shall, according to the following standards, pay laborers remunerations higher than those for normal working hours under any of the following circumstances: 1. to pay no less than 150 percent of the normal wages if the extension of working hours is arranged; 2. to pay no less than 200 percent of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and 3. to pay no less than 300 percent of the normal wages if the extended hours are arranged on statutory holidays.

**Plan Of Action:** Factory needs to pay overtime wages as per the law: 150% for the OT on normal days, 200% for the OT on rest days, and 300% for the OT on statutory holidays.

**Deadline Date:** 06/30/2009

**Supplier CAP:** We will pay OT wages to workers according to legal regulation: 1.to pay no less than 150 percent of the normal wages if the extension of working hours is arranged on normal days 2.to pay no less than 200 percent of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken 3.to pay no less than 300 percent of the normal wages if the extended hours are arranged on statutory holidays.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to our internal visit on 2009-6-4: The factory provided the OT wages as per the law requirement. Source: Records review and management interview.

Plan  
 Complete:  
 Plan  
 Complete  
 Date:  
 Action  
 Verified:  
 Action  
 Verified Text:  
 Action  
 Verified  
 Date:  
 Comments:  
 Confidential  
 Comments:

## Wages, Benefits and Overtime Compensation: L. Voluntary Wage Deductions

WBOT.14 Voluntary wage deductions for savings clubs, loan payments, etc. can only be made with the express and written consent of workers and shall be documented in employee files. All such voluntary deductions shall be credited to proper accounts and funds shall not be held illegally or inappropriately by employers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** The factory directly deducts fines, deposit money (10 RMB) for swipe cards and loans from workers' wages without workers' written agreement. Source: records review and management interview Law: Wage payment temporary regulation Article 15: Employers can only deduct fees on below from workers' wages: income tax, insurance fee

**Plan Of Action:** 1. Factory can not deduct any fines & deposit money from the workers' wages without written agreement. 2. The management should be aware of legal regulations.

**Deadline Date:** 06/30/2009

**Supplier CAP:** We will cancel all fines for workers.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to our internal visit on 2009-6-4: The fines have been canceled. Source: Records review and management interview.

Plan  
 Complete:  
 Plan  
 Complete  
 Date:  
 Action  
 Verified:  
 Action  
 Verified Text:  
 Action

Verified  
Date:  
Comments:  
Confidential  
Comments:

## Wages, Benefits and Overtime Compensation: S. Posting Notices

WBOT.23 All notices that are legally required to be posted in the factory work areas shall be posted. All legally required documents, such as copies of legal code or law, shall be kept at the factory and available for inspection. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** No labor or health and safety laws and regulations are posted in the facility. Source: factory walkthrough and management interview Law: Article 4, China Employment Contract Law: Rules and regulations, and decisions on material matters, that have a direct bearing on the immediate interests of Employees shall be made public or be communicated to the Employees by the Employer.

**Plan Of Action:** 1. Factory needs to post the labor, health and safety laws/regulations on the bulletin board. 2. The management should be aware of them.

**Deadline Date:** 08/01/2009

**Supplier CAP:** 1. We will post the laws/regulations of labor, health & safety on our bulletin board. 2. The management will learn more about it.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

## Forced Labor: B. Freedom in Employment

F.2 All workers shall have the right to enter into and to terminate their employment freely. (P)

**250015982G – China: Concept One**

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According Factory Employee Recruitment Management Regulation 5.2.1, workers need to submit resignation application 30 days in advance, and fill in "resignation confirmation sheet" after receiving approval. Source: records review and management interview Law: China Employment Contract Law: Article 37. An Employee may terminate his employment contract upon 30 days' prior written notice to his Employer. During his probation period, an Employee may terminate his employment contract by giving his Employer three days' prior notice. Article38. An Employee may terminate his employment contract if his Employer: (2) Fails to pay labor compensation in full and on time; (3) Fails to pay the social insurance premiums for the Employee in accordance with the law.

**Plan Of Action:** 1: All workers should have the right to terminate their employment contracts upon 30 days prior written notice to the factory. 2: All workers in the probation period can terminate their employment contracts upon 3 days prior notice. 3: All workers can terminate their employment contracts if the employer: a. fails to pay the labor compensation in full and on time; b. fails to pay the social insurance premiums as per the law.

**Deadline Date:** 06/30/2009

**Supplier CAP:**

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to our internal visit on 2009-6-4: All workers can terminate his/her employment contract as the laws require. Source: Review records and management interview.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

**Forced Labor: D. Employment Terms/Prohibitions**

F.4 There can be no employment terms (including in contracts or any other instruments or in any formal or informal recruitment arrangements) which: specify that employees can be confined or be subjected to restrictions on freedom of movement; allow employers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or in any way punish workers for terminating employment. (P)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
-------------------	-------------------	--------------------	----------------	--------------



**250015982G – China: Concept One**

11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)
------------	----------	--	---------------------	--------------

**Explanation:** According to Factory Employee Recruitment Management Regulation 5.1, workers who are absent from work over 3 days will be considered as automatically quitting, and will not receive any unpaid wages. Source: records review and management interview Law: China Employment Contract Law: Article 25. With the exception of the circumstances specified in Articles 22 and 23 hereof, an Employer may not stipulate with an Employee provisions on the bearing of liquidated damages by the Employee.

**Plan Of Action:** Factory can not hold workers' wages already earned and this practice should be corrected.

**Deadline Date:** 06/30/2009

**Supplier CAP:** Workers who are absent from work over 3 days will be considered as automatically quitting, and we will pay the unpaid wages to the workers.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to our internal visit on 2009-6-4: Workers can get the unpaid wages when quitting. Source: Review record and management interview.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

**Forced Labor: I. Employment Records**

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** There are no contracts signed with new workers since the factory moved to new facility in this September. Source: records review, workers interview and management interview Law: China Employment Contract Law: Article 10. To establish an employment relationship, a written employment contract shall be concluded. 2: Many columns in the contracts are left blank, such as work location and pay day. Source: records review and management interview Law: China Employment Contract Law Article 17. An employment contract shall specify the

following matters: (1) The name, domicile and legal representative or main person in charge of the Employer; (2) The name, domicile and number of the resident ID card or other valid identity document of the Employee; (3) The term of the employment contract; (4) The job description and the place of work; (5) Working hours, rest and leave; (6) Labor compensation; (7) Social insurance; (8) Labor protection, working conditions and protection against occupational hazards; and (9) Other matters which laws and statutes require to be included in employment contracts. 3: The factory does not keep terminated or ended employment contracts on file. Source: records review and management interview Law: China Employment Contract Law: Article 50. The Employer shall keep terminated or ended employment contracts on file for not less than two years, for reference purposes.

**Plan Of Action:** 1 & 2: Factory should sign the contracts with all workers as per the laws and fill out all necessary columns. 3. Factory should keep the contracts for those who left factory at least two years.

**Deadline Date:** 06/30/2009

**Supplier CAP:** 1. All workers will sign the contracts with factory. 2. We will make the contracts as the laws to contain: (1) The name (2) The term of the employment contract; (3) The job description and the place of work; (4) Working hours, rest and leave; (5) Labor compensation; (6) Social insurance; (7) Labor protection, working conditions and protection against occupational hazards; and (8) Other matters which laws and statutes require to be included in employment contracts. 3. We will keep the terminated or ended employment contracts on file at least 2 years.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** 1. According to our internal visit on 2009-6-4: all workers have signed the contracts with the factories. Source: Review record and workers interview. 2. According to the photos sent by the factory on 2009-6-25: The factory has made the contacts as the law requires. Source: photos.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

---

## Forced Labor: O. Personal Worker Identification and Other Documents

F.15 Workers shall retain possession or control of their passports, identity papers, travel documents or any other personal legal documents. Employers shall not retain any such documents to restrict workers' access to them for any reason whatsoever; including in order ensuring that workers shall remain in employment in the factory. (S) Employers may obtain copies of original documents for record-keeping purposes.

## 250015982G – China: Concept One

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** Copies of ID papers/cards are missing from some workers' personnel files.  
Source: records review and management interview

**Plan Of Action:** Factory needs to keep all workers' personnel files completely.

**Deadline Date:** 06/30/2009

**Supplier CAP:** All workers' ID copies are recorded.

**Supplier CAP  
Date:** 06/25/2009

**Action Taken:** According to our internal visit on 2009-6-4: the factory has recorded all workers' ID copies. Source: Review record and management interview.

**Plan Complete:**

**Plan Complete  
Date:**

**Action Verified:**

**Action Verified  
Text:**

**Action Verified  
Date:**

**Comments:**

**Confidential  
Comments:**

---

## Forced Labor: R. Other - Forced Labor

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** There is no policy and procedure on forced labor. Source: records review and management interview

**Plan Of Action:** Factory needs to set up the policy and procedure on forced labor, and post it in the bulletin board to communicate it to the entire workforce.

**Deadline Date:** 08/01/2009

**Supplier CAP:** We will establish the policy and procedure on the forced labor, and will post it in our bulletin board.

**Supplier CAP  
Date:** 08/01/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete  
Date:**

**Action Verified:**

**Action Verified  
Text:**

Action Verified

Date:

Comments:

Confidential

Comments:

## Freedom of Association: B. Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**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 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 does stipulate 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.

**Plan Of Action:** 1. The factory has the trade union, but it should not just be form, it needs to be a functioning union for workers. 2: the representatives should to be elected by members and administrated by them. 3: The factory needs to have the policy and procedure to ensure the right to freely associate. 4. The factory need establish the smooth communicating channel for workers & management.

**Deadline Date:** 06/30/2009

**Supplier CAP:** We will establish the policy and procedure for the trade union. 2: The representatives will be elected by the members freely. 3. We will establish the good communicating channel between workers & management.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to the documents sent by the factory on 2009-6-25: 1. The factory has the policy and procedure for the trade union. 2. The representatives are elected by the members freely. Source: documents.

**Plan Complete:**

**Plan Complete**

**Date:**

Action  
 Verified:  
 Action  
 Verified Text:  
 Action  
 Verified  
 Date:  
 Comments:  
 Confidential  
 Comments:

### Freedom of Association: E. Employer Interference/Constitution, Elections, Administration, Activities and Programs

FOA.5 Employers shall not interfere with the right of workers to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programs. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** The Chairman of the union was appointed by the highest management of the factory. Then the Chairman assigned members of union committee based on employees' performance. Source: records review and management interview

**Plan Of Action:** The chairman of the union should be elected by the workers.

**Deadline Date:** 06/30/2009

**Supplier CAP:** We will elect the chairman of the union by all members freely.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to the documents sent by the factory on 2009-6-25: The chairman of the union is elected by members freely.

**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**  
**Confidential Comments:**

### Freedom of Association: Z. Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or

**250015982G – China: Concept One**

more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** There is no written grievance policy and procedure. Source: records review and management interview

**Plan Of Action:** The factory should have written grievance policy and procedure, and post it in the bulletin board to let all workers know.

**Deadline Date:** 08/01/2009

**Supplier CAP:** We will establish the written grievance policy & procedure and post it in our bulletin board, and we will have the suggestion box for workers for any grievances.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential**

**Comments:**

**Freedom of Association: ZB. Other - Freedom of Association and Collective Bargaining**

Other

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** There is no policy and procedure on freedom of association and collective bargaining. Source: records review and management interview

**Plan Of Action:** The factory should have policy and procedure on freedom of association and collective bargaining, and post it in the bulletin board to communicate to the entire workforce.

**Deadline Date:** 08/01/2009

**Supplier CAP:** We will establish the policy and procedure on freedom of association and collective bargaining, and will post it in our bulletin board.

**Supplier CAP Date:** 08/01/2009

**Action Taken:** Completed the policy and procedure on freedom of association and collective bargaining.

**Plan Complete:**

**Plan Complete**

**Date:**

**Action**

**Verified:**

**Action Verified**

**Text:**

**Action Verified**

**Date:**

**Comments:**

**Confidential**

**Comments:**

### Harassment or Abuse: B. Discipline/Progressive Discipline

H&A.2 Employers shall have a written system of progressive discipline (e.g., a system of maintaining discipline through the application of escalating disciplinary action moving, for instance, from verbal warnings to written warnings to suspension and finally to termination). Any exceptions to this system (e.g., immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** [There is no written system of progressive discipline. Source: records review and management interview](#)

**Plan Of Action:** [The factory should have the written system of progressive discipline, and post it the bulletin board to let all workers know.](#)

**Deadline Date:** [08/01/2009](#)

**Supplier CAP:** [We will establish the written system of progressive discipline, and will post it in our bulletin board.](#)

**Supplier CAP** [08/01/2009](#)

**Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete**

**Date:**

**Action Verified:**

**Action Verified**

**Text:**

**Action Verified**

**Date:**

**Comments:**

**Confidential**

**Comments:**

### Harassment or Abuse: C. Discipline/Review of Disciplinary Action

**250015982G – China: Concept One**

H&A.3 The disciplinary system shall include possibilities for workers to have disciplinary action imposed on them reviewed by someone at a higher managerial position than the manager who imposed the disciplinary action. In addition, such a system shall include the ability of a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. (P)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** The disciplinary system does not allow a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed. Source: records review and management interview

**Plan Of Action:** The disciplinary system should to include the ability of a worker to appeal any opposite action to disciplinary, or have a third party for workers to appeal when the disciplinary action is being imposed, and post it in the bulletin board.

**Deadline Date:** 08/01/2009

**Supplier CAP:** We will establish the disciplinary system that allows a worker to appeal and/or question any disciplinary action against him or her and/or have a third party of his or her choice present when the disciplinary action is being imposed, and post it in our bulletin board.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan**

**Complete:**

**Plan**

**Complete**

**Date:**

**Action**

**Verified:**

**Action**

**Verified Text:**

**Action**

**Verified Date:**

**Comments:**

**Confidential**

**Comments:**

**Harassment or Abuse: F. Discipline/Worker Awareness and Participation of Workers**

H&A.6 Workers must be informed when a disciplinary procedure has been initiated against them. Workers have the right to participate and be heard in any disciplinary procedure against them. Employers shall maintain written records of all disciplinary actions taken. Workers must sign all written records of disciplinary action against them. Such records must be maintained in the worker's personnel file. (P)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)



250015982G – China: Concept One

**Explanation:** Workers do not sign written records of disciplinary action against them. Disciplinary records are not kept in workers' profiles. Source: records review and management interview

**Plan Of Action:** The factory needs to inform the workers when a disciplinary action has been initiated against them, and keep the workers' written records of all disciplinary actions taken.

**Deadline Date:** 08/01/2009

**Supplier CAP:** When disciplinary actions are initiated against the workers, we will inform them and the workers will sign it, and we will keep the records.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

---

### Harassment or Abuse: H. Discipline/Monetary Fines and Penalties

H&A.8 Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** There are monetary fines for factory regulation violations, such as poor performance, inferior products and so on. Through management interview and records review, the auditor found various fines regulations, amounts ranging from 5RMB to several hundred (policy refers to inferior products or financial losses to the factory).

**Plan Of Action:** The factory should eliminate all monetary fines and penalties for workers.

**Deadline Date:** 06/30/2009

**Supplier CAP:** We will cancel all monetary fines and penalties against workers.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to our internal visit on 2009-6-4: All monetary fines and penalties have been canceled. Source: Review record & worker interview.

**Plan Complete:**

**Plan Complete Date:**

Action  
Verified:  
Action  
Verified Text:  
Action  
Verified  
Date:  
Comments:  
Confidential  
Comments:

### Harassment or Abuse: P. Punishment of Abusive Workers/Supervisors/Managers

H&A.16 Management shall discipline anyone (including managers, supervisors or fellow workers) who engages in any physical, sexual, psychological or verbal violence, harassment or abuse, regardless of whether such action was intended as a means to maintain labor discipline. Such discipline could include (combinations of) compulsory counseling, warnings, demotions and termination. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** There is no disciplinary procedure in place for staff who are accused of harassment or abuse. Source: records review and management interview

**Plan Of Action:** The factory should have the disciplinary procedure in place for those who are accused of harassment and abuse.

**Deadline Date:** 08/01/2009

**Supplier CAP:** We will establish the disciplinary procedure for those who handle harassment & abuse, and post it in our bulletin board.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

### Harassment or Abuse: Q. Other - Harassment or Abuse

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent	Global Standards	1 (out of 5)

250015982G – China: Concept One

External  
Monitoring

**Explanation:** There is no policy and procedure on harassment and abuse in the factory. Source: records review and management interview

**Plan Of Action:** The factory should have the policy and procedure on harassment and abuse, and post it in our bulletin board. The management needs to have more awareness about harassment

**Deadline Date:** 08/01/2009

**Supplier CAP:** We will establish the policy and procedure on harassment and abuse, and will post it in our bulletin board.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

---

**Child Labor: M. Other - Child Labor**

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** There is no child labor procedure in the factory. Source: records review and management interview

**Plan Of Action:** The factory should have the child labor procedure, and post it in the bulletin board. The management needs to pay more attention to it.

**Deadline Date:** 08/01/2009

**Supplier CAP:** We will establish the policy and procedure on child labor, and will post it in our bulletin board.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified**

Date:  
 Comments:  
 Confidential  
 Comments:

### Non-Discrimination: O. Other - Non-Discrimination

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** [There is no policy and procedure on non-discrimination in the factory. Source: records review and management interview](#)

**Plan Of Action:** [The factory needs to establish and post the policy and procedure on non-discrimination on the bulletin board. The management should have more awareness about this issue.](#)

**Deadline Date:** 01/01/2009

**Supplier CAP:** [We will establish the policy and procedure on non-discrimination, and will post it in our bulletin board.](#)

**Supplier CAP**

**Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete**

**Date:**

**Action**

**Verified:**

**Action Verified**

**Text:**

**Action Verified**

**Date:**

**Comments:**

**Confidential**

**Comments:**

### Miscellaneous: A. Code Awareness

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** [There is no Code of Conduct provided to the factory by the Company. Source: records review and management interview](#)

**Plan Of Action:** [We have sent the Code of Conduct to the factory; the factory needs to post it on the bulletin board.](#)

**Deadline Date:** 06/30/2009

## 250015982G – China: Concept One

**Supplier CAP:** We have received the Code of Conduct and will post it on bulletin board.  
**Supplier CAP Date:** 06/25/2009  
**Action Taken:** According to our internal visit on 2009-6-4: The factory has posted the Code of Conduct in the facility. Source: internal visit and photos.  
**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**  
**Confidential Comments:**

---

### Miscellaneous: A. Code Awareness

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** There is no training on Code of Conduct provided to both management and workers. Source: workers interview and management interview  
**Plan Of Action:** We have trained the management on the Code of Conduct. The management will provide training for all workers on the code of conduct.  
**Deadline Date:** 06/30/2009  
**Supplier CAP:** We will train all workers on the Code of Conduct.  
**Supplier CAP Date:** 06/25/2009  
**Action Taken:** According to our internal visit on 2009-6-4: The factory has trained the Code of Conduct to all workers. Source: Review record and Management Interview.  
**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**  
**Confidential Comments:**

---

## Miscellaneous: A. Code Awareness

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** There is no noncompliance reporting mechanism which allows factory workers to contact the Company. Source: records review and management interview

**Plan Of Action:** We have added the principal's contact information of Concept One Shanghai office to the Code of Conduct, which will be posted it on factory's bulletin board, so that the workers can contact us if there is noncompliance.

**Deadline Date:** 06/30/2009

**Supplier CAP:** We have gotten the company's contact and will post it on the bulletin board, and then all of workers can see it.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to the internal visit on 2009-6-4: The factory has posted the company's contact in the facility. Source; Internal visit & photos.

**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**  
**Confidential Comments:**

## Health and Safety: B. Document Maintenance/Worker Accessibility and Awareness

H&S.2 All documents required to be available to workers and management by applicable laws (such as health and safety policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language(s) spoken by the workers if different from the local language. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** No health and safety laws and regulations are kept in the factory. Source: records review and management interview

**Plan Of Action:** The factory needs keep the health and safety laws and regulations, and post it in the bulletin board.

**Deadline Date:** 08/01/2009

**Supplier CAP:** We will collect the health and safety laws and regulations, and will post it in our bulletin board.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

## Health and Safety: E. Health and Safety Management System

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** Written health and safety policy and procedures are not up to standard. The health and safety policy does not contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. Source: records review and management interview.

**Plan Of Action:** The factory should have written policy and procedure for health and safety as the laws require, which should include the framework of employer's responsibilities and worker's rights & duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety awareness, the procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents). The policy and procedures should be posted in the bulletin board. The management need pay more attention to health & safety issues.

**Deadline Date:** 08/01/2009

**Supplier CAP:** 1. We will establish the written health and safety policy and procedure up to standard, and will post it in our bulletin board. 2. We will make the health and safety policy to contain the framework for a comprehensive health and safety management system with designated personnel to regularly inspect and review

health & safety issues.

**Supplier CAP** 08/01/2009

**Date:**

**Action**

**Taken:**

**Plan**

**Complete:**

**Plan**

**Complete**

**Date:**

**Action**

**Verified:**

**Action**

**Verified Text:**

**Action**

**Verified**

**Date:**

**Comments:**

**Confidential**

**Comments:**

## Health and Safety: H. Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** 1: The factory manager and safety director do not have safety qualification certificates. Source: records review and management interview Law: Article 20, Safety production law.....management shall pass tests and receive qualification certificate..... 2: Chemical waste is reclaimed by supplier, but the factory cannot provide quality certificate nor transfer sheets. Source: records review and management interview 3: There is no business operation permit for the store in canteen. Source: records review and management interview

**Plan Of Action:** 1: The factory manager & safety director need to have the safety qualification certificates. 2: The factory needs to obtain quality certificate or transfer sheets for chemical waste. 3: The factory needs to obtain the business operation permit for the store in canteen.

**Deadline** 08/01/2009

**Date:**

**Supplier CAP:** 1. We will have factory manager and safety director to get the safety qualification certificates. 2. We will obtain the transfer sheets for chemical waste. 3. We will obtain the business operation permit for the store in canteen.

**Supplier CAP** 08/01/2009

**Date:**

**Action**

**Taken:**

**Plan**

**Complete:**



Plan  
 Complete  
 Date:  
 Action  
 Verified:  
 Action  
 Verified Text:  
 Action  
 Verified  
 Date:  
 Comments:  
 Confidential  
 Comments:

### Health and Safety: I. Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** 1: No evacuation plan is posted in the facility. 2: No records of fire and evacuation trainings are kept. 3: The doors of canteen are only open inwards. 4: No emergency lights are installed on the second and third floors of production building and in dormitory and canteen. Source: factory walkthrough, records review and management interview

**Plan Of Action:** 1: The factory needs to have an evacuation plan. 2: The factory needs to keep the records of fire and evacuation trainings. 3: The factory needs to change the doors of canteen to be opened outwards. 4: The factory needs to install emergency lights for all production building, dormitory and canteen.

**Deadline Date:** 08/01/2009

**Supplier CAP:** 1. We will make the evacuation plan, and post it in the facility. 2. We will keep the records of fire and evacuation trainings. 3: We will change the doors of canteen to be opened outwards. 4: We will install the emergency lights on the second and third floors of production building as well as in dormitory and canteen.

**Supplier CAP Date:** 08/01/2009

Action Taken:  
 Plan  
 Complete:  
 Plan  
 Complete  
 Date:  
 Action  
 Verified:  
 Action  
 Verified Text:

Action  
Verified  
Date:  
Comments:  
Confidential  
Comments:

## Health and Safety: J. Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** 1: There is no fire extinguisher in garbage room. 2: The way the factory places fire extinguishers at the entrance of the warehouse on the first floor of production building is incorrect (they shall be hung on the wall or place in boxes). One set of fire extinguisher and the fire hose in cutting department on the first floor are blocked. No inspection records for all fire hoses and extinguishers are kept. 3: No training on first aid is provided to workers. 4: There is no appropriate eye-wash equipment on the third floor where workers temporarily brush glue. Source: factory walkthrough, records review and management interview

**Plan Of Action:** 1: The factory needs to add fire extinguishers in garbage room. 2: The factory needs to correct the fire extinguishers' placed way at the entrance of the warehouse on the first floor of production building. All fire hoses & extinguishers can not be blocked. The factory needs to inspect the fire hoses & extinguishers frequently and keep the inspection records. 3: The factory needs to take the training on first aid to workers. 4: The factory needs to install appropriate eye-wash equipment on the third floor where workers temporarily brush glue.

**Deadline Date:** 08/01/2009

**Supplier CAP:** 1. We will add fire extinguishers in garbage room. 2. We will correct the way the factory places fire extinguishers at the entrance of the warehouse on the first floor of production building. 3. We will clear up and make sure the fire hoses & extinguisher not to be blocked. 4. We will check all fire hoses and extinguishers per month and keep the inspection records. 5. We will have training on first-aid for all workers. 6. We will install appropriate eye-wash equipment on the third floor where workers temporarily brush glue.

**Supplier CAP Date:** 08/01/2009

Action  
Taken:  
Plan  
Complete:  
Plan  
Complete  
Date:  
Action  
Verified:  
Action  
Verified Text:

Action  
Verified  
Date:  
Comments:  
Confidential  
Comments:

## Health and Safety: K. Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** 1: No sign of PPE usage is posted in the facility. 2: No masks are provided to workers who temporarily brush glue on the third floor. 3: Ear-plugs not are provided to workers in cutting department. Source: factory walkthrough and management interview

**Plan Of Action:** 1: The factory needs to post the sign of PPE usage. 2: The factory needs to provide the masks to the workers who temporarily brush glue on the third floor. 3: The factory needs to provide the ear-plugs to the workers in cutting department. 4: The factory needs to pay more attention to the personal protective equipment.

**Deadline Date:** 08/01/2009

**Supplier CAP:** 1. We will post the sign of PPE usage. 2: We will provide the masks to the workers who temporarily brush glue on the third floor. 3: We will provide ear-plugs to the workers in cutting department. 4: We will pay more attention to the personal protective equipment.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

## Health and Safety: M. Chemical Management and Training

**250015982G – China: Concept One**

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** 1: Hydraulic oil and sewing machine oil are stored under the stairwell on the first floor of production building. 2: No safety sign is posted on small bottles containing glue on the third floor where workers temporarily brush glue. 3: No training on chemical safety is provided to workers who temporarily brush glue on the third floor. Source: factory walkthrough, workers interview and management interview

**Plan Of Action:** 1: The factory needs to store the Hydraulic oil and sewing machine oil in a separate place. 2: The factory needs to post the safety label on small bottles containing glue on the third floor. 3: The factory needs to provide the training of chemical safety to the workers who temporarily brush glue.

**Deadline Date:** 08/01/2009

**Supplier CAP:** 1. We will remove the Hydraulic oil and sewing machine oil from the stairwell on the first floor of production building. 2. We will post the safety sign on small bottles containing glue on the third floor where workers temporarily brush glue. 3. We will conduct training on chemical safety for the workers who temporarily brush glue on the third floor.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

**Health and Safety: N. Material Safety Data Sheets/Worker Access and Awareness**

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
-------------------	-------------------	--------------------	----------------	--------------

**250015982G – China: Concept One**

11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)
------------	----------	--	---------------------	--------------

**Explanation:** No MSDS is posted in workplace where workers temporarily brush glue on the third floor. Source: factory walkthrough and management interview

**Plan Of Action:** The factory needs to post MSDS in the workplace where workers temporarily brush glue on the third floor.

**Deadline Date:** 08/01/2009

**Supplier CAP:** We will post MSDS in workplace where workers temporarily brush glue on the third floor.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential Comments:**

**Health and Safety: R. Machinery Maintenance and Worker Training**

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** There are no shields for the turning parts of some buttoning machines on the first and third floors. There are no needle guards for sewing machines. Source: factory walkthrough

**Plan Of Action:** 1: The factory needs to add the shields for the turning parts of some buttoning machines on the first and third floors.  
2: The factory needs to add needle guards for all sewing machines.

**Deadline Date:** 06/30/2009

**Supplier CAP:** 1. We will add the shields for the turning parts of some buttoning machines on the first and third floors.  
2. We will install the needle guards for all sewing machines.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to the photos sent by factory on 2009-6-25: the factory has added the shields for the turning parts of all buttoning machines. Source: photos.

**Plan Complete:**

**Plan Complete**

**Date:**

**Action**

**Verified:**

**Action Verified**

**Text:**

**Action Verified**

**Date:**

**Comments:**

**Confidential**

**Comments:**

## Health and Safety: U. Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** No first aid guide is posted nearby first aid box. 3 first aid boxes are all stored in security room during audit. One box of anti-diarrhea medicine was expired. Medicines listed are missing in first aid boxes. Source: factory walkthrough and records review

**Plan Of Action:**  
 1: The factory needs to post the first aid guide near first aid box.  
 2: All production plants need to have a first aid box, and need to make sure all medicine is complete and available.  
 3: The factory needs to add medicine listed on first aid boxes.

**Deadline Date:** 08/01/2009

**Supplier CAP:** 1. We will post the first aid guide near first aid box. 2. We will prepare the first aid boxes in each workshop, and make sure all medicine is complete and available. 3. We will make a medicine list and post it on first aid boxes.

**Supplier CAP Date:** 08/01/2009

**Action Taken:**

**Plan**

**Complete:**

**Plan**

**Complete**

**Date:**

**Action**

**Verified:**

**Action**

**Verified Text:**

**Action**

**Verified Date:**

**Comments:**

**Confidential  
Comments:**

---

### Hours of Work: B. Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** Workers do not have at least one day off in every seven-day period. Based on working time records the factory provided for this October, the auditor found that workers had one day off because of national holiday; and day-time off for 2 days, because there was no electricity, but workers had to work at night instead. The management explained that workers usually had 1 day off per month just the next day after pay day, and had 4 to 5 days off per month in July and August. Source: records review, workers interview and management interview Law: Labor law: Section 38. The employing unit shall guarantee that its staff and workers have at least one day off in a week.

**Plan Of Action:** The factory is required to provide at least one day off in every 7-day period to the workers.

**Deadline Date:** 06/30/2009

**Supplier CAP:** We will provide at least one day off in every 7-day period to the workers.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to our internal visit on 2009-6-4: the factory has provided at least one day off in every 7-days period to the workers. Source: document review, management & workers interview.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

**Confidential  
Comments:**

---

### Hours of Work: J. Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of

**250015982G – China: Concept One**

longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
11/27/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** Workers worked over 3 hours per night (no clear records and not accurately recorded). Workers work over 60 hours per week. It is very difficult for the auditor to tell exactly what department and what percentage of workers in which months work how many excessive OT hours for the following reasons:

- 1) The factory can only provide time records for this October;
- 2) the management explained that workers could choose to work as long OT as they wanted at night, workers could swipe time cards or not for night work, which means time records for this October is not accurate either;
- 3) There is no working time recorded in payroll. The auditor made the conclusion that workers worked over 60 hours per week based on: 1) inaccurate working time summaries for this October (of 2008); 2) the management explained that workers usually had 1 day off per month just the next day after pay day, and had 4 to 5 days off per month in July and August; 3) the management explained that most workers worked from 7pm to 10pm at night, some might work more OT if they wanted, but workers could also not work OT at night if they wanted. Source: records review, workers interview and management interview  
Law: According to Article 41 PRC Labor Code, The employing unit may extend working hours as necessitated by its production or business operation after consultation with the trade union and Laborers, but the extended working hours per day shall generally not exceed one hour; if such extension is needed for special reasons, under the condition that the health of workers is guaranteed, the extended hours shall not exceed three hours per day. However, the total extension in a month shall not exceed thirty six hours.

**Plan Of Action:** 1. The factory needs to keep the complete and accurate records of all work time.  
2: The factory can not have the workers work over 60 hours per week, and the OT hours can not be over 36 hours per month, 3 hours per day.

**Deadline Date:** 06/30/2009

**Supplier CAP:** 1. We will keep the complete records of work time. 2: We will arrange the workers to work overtime for no more than 3 hours /per day & 36 hours /per month, and no more work times than 60 hours /per week. 3. We will keep the complete of OT hours.

**Supplier CAP Date:** 06/25/2009

**Action Taken:** According to our internal visit on 2009-6-4: 1. The factory kept the complete records of work time. 2. The factory arranged the work time as law requires. Source: document review, management & workers interview.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**



Action  
Verified

Date:

Comments:

Confidential

Comments:

---