



2009

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: adidas Group
COUNTRY: China
FACTORY CODE: 530015138H
MONITOR: Level Works Limited
AUDIT DATE: September 19-20, 2009
PRODUCTS: Outsoles
PROCESSES: Rubber Preparing, Molding,
Vulcanizing, Trimming, Inspection, Packing
NUMBER OF WORKERS: 387



CONTENTS:

Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses..... 3

Forced Labor: Other - Forced Labor..... 5

Freedom of Association: Right to Freely Associate 6

Freedom of Association: Employer Interference and Control..... 8

Freedom of Association: Employer Interference/Constitution, Elections, Administration,
Activities and Programs 9

Freedom of Association: Other - Freedom of Association and Collective Bargaining..... 10

Child Labor: Young Worker Identification System..... 11

Non-Discrimination: Medical Examination 12

Code Awareness:..... 13

Code Awareness:..... 14

Health and Safety: Evacuation Requirements and Procedure 16

Health and Safety: Safety Equipment and First Aid Training..... 17

Health and Safety: Personal Protective Equipment 18

Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance 19

Hours of Work: General Compliance Hours of Work 20

Hours of Work: Rest Day..... 22

Hours of Work: Time Recording System 23

Wages, Benefits and Overtime Compensation: 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)

Noncompliance

Explanation: In accordance with the PRC Labor Law article 72, employing unit and workers must participate in social insurance and pay social insurance premiums in accordance with the law; and according to article 73, labors shall enjoy social insurance benefits under the following circumstances: a) retirement, b) illness or injury, c) disability caused by work-related injury or occupational disease, d) unemployment; and e) childbearing. Therefore, according to this national law, all 5 types of social insurance schemes mentioned above should be provided for all employees of a factory. Not all workers in factory are entitled to 5 types of social insurance schemes. The details as below; all 424 employees have been provided with illness or injury insurance and disability caused by work-related injury or occupational disease insurance, but only 291 out of 424 employees were provided with retirement insurance and unemployment insurance, and no worker was covered with childbearing insurance. (No waiver was provided during the assessment.)

Note: Migrant workers are not allowed to buy childbearing insurance according to local government requirements.

Plan Of Action:

1. To fully meet legal requirement, factory is required to contribute 5 types of social insurance to all employees, the national social security system is always considered the first option, with private insurance as a back up where the national scheme is not available;
2. The factory should submit a progressive plan on how it will be completely achieved with detailed timeline;
3. This action plan should be specified by the 5 types of social insurance individually;
4. The factory should train workers in regard to the legal requirement on social insurance on a regular basis (e.g., on orientation training and annual training), related policy should be posted in a prominent place for workers to read.

Deadline Date: 06/30/2010



Supplier CAP: We have developed a progressive expansion plan for social insurance coverage as following:

1. Currently, all employees have been entitled to work-related injury insurance and medical insurance, we will maintain it in the future;
2. By now 70% of total employees have been provided with pension and unemployment insurance, we will keep 10% increase each year, and plan to clean this issue by the following 2-3 years;
3. We have obtained a valid waiver from the local social insurance bureau as per auditors' comment;
4. For the childbearing insurance issue, the audit report indicates that all 424 employees have been provided with illness (medical) or injury/disability insurance caused by work-related injury or occupational disease. However, the audit report indicated that migrant workers are not allowed to buy childbearing insurance according to the local regulation (remark: most workers of this factory are migrant workers). According to the latest notice (June 1, 2009) from [city name] Social Insurance Bureau (refer to attachment), [city name] municipal government decided to combine medical insurance and maternity insurance. As a result, maternity insurance is not required to be purchased, as people can receive maternity insurance automatically after having received health insurance for 2 years. Based on our review, 45% of employees have been part of the social insurance scheme for 2 years +, therefore these workers would receive childbearing insurance from [city name's] social insurance. For the remaining 55% of workers, the factory will cover their childbearing insurance internally. Therefore, all workers either receive childbearing insurance from social insurance scheme (45%) or through the factory's internal coverage (55%).

Supplier CAP Date: 12/04/2009

Action Taken: January 13, 2010, based on document review:

1. All employees have been provided with work-related injury insurance and medical insurance.
2. Based on December 2009 social insurance payment receipt reviewed, 70% of total employees have been provided with pension and unemployment insurance.
3. A valid waiver from the local social insurance bureau has been provided for reviewing.
4. For childbearing insurance, all workers either receive childbearing insurance from social insurance scheme (45%) or through the factory's internal coverage (55%).

**Plan
Complete:**

**Plan
Complete
Date:**

Forced Labor: Other - Forced Labor

Other

Noncompliance

Explanation: The factory did not have a written policy related forced labor.

**Plan Of
Action:**

1. The factory is required to complete a written anti-forced labor policy;
2. This policy should be posted in a prominent place for workers to read;
3. The forced labor policy should be written into Employee Handbook;
4. The forced labor policy should be trained to all employees on regular basis.

**Deadline
Date:** 03/31/2010

**Supplier
CAP:**

1. We have established a written anti-forced labor policy;
2. This policy has been posted on the bulletin board of each workshop/department;
3. This anti-forced labor policy will be included in the updated Employee Handbook starting from March 2010;
4. This policy will be trained to new employees during their orientation training and to all old workers annually.

**Supplier CAP
Date:** 12/04/2009

Action Taken: January 13, 2010, based on visual inspection and document review, written anti-forced labor policy has been made and posted in a prominent place (bulletin board) for workers' reading.

Plan Complete:

Plan Complete Date:

Freedom of Association: 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)

Noncompliance

Explanation: *FLA Comment:* The Chinese constitution guarantees Freedom of Association (FOA); 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 FOA, 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. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of Oct. 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. Trade unions also have an enhanced role in dispute resolution. In Dec. 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. Factory is encouraged to set up Trade Union or Worker Representative Committee to enhance the Freedom of Association;

2. Factory should enhance their 2-way communication system between management and employees, for example: a) factory can set up a grievance council or worker-management dispute resolution committee, b) however, members should be chosen by workers themselves, c) the committee will collect and investigate grievances ensuring these grievances can be resolved in a timely and proper manner.

Deadline Date: 03/31/2010

Supplier CAP: 1. A Trade Union has been established in the factory;
2. We will encourage workers to elect their representatives by themselves as auditor recommended during last FLA audit, and this election will be done in March 2010;
3. We will nominate some management staff to work with workers' representatives to form a grievance council;
4. This grievance council will hold a meeting once every month.

Supplier CAP Date: 12/04/2009

Action Taken: January 13, 2010, based on management interview, factory will encourage workers to elect their representatives in or around March 2010.

Plan Complete:

Plan Complete Date:



Freedom of Association: Employer Interference and Control

FOA.3 Employers shall refrain from any acts of interference with workers' organizations, including acts which are designed to establish or promote the domination, financing or control of workers' organizations by employers. (S)

Noncompliance

Explanation: Workers' representatives of the trade union should be approved by the factory management.

Plan Of Action: Workers' representative candidates should be fully elected by workers themselves without factory management's approval.

Deadline Date: 03/31/2010

Supplier CAP: The factory will encourage workers to elect their representatives in March 2010, and ensure workers' representative candidates will be fully elected by workers themselves without factory management's approval during next round of election.

Supplier CAP Date: 11/10/2009

Action Taken: January 13, 2010, based on management, the next round of election for workers representatives will be held in or around March 2010.

Plan Complete:

Plan Complete Date:



Freedom of Association: 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)

Noncompliance

Explanation: 1. Workers' representatives of trade union in the factory were not elected by workers, but designated by factory management.

2. All the workers' representatives of the trade union were management or office staff, and did not include production workers.

Plan Of Action: The factory is required to update a new workers' representative election policy/procedure which will ensure workers' representative candidates are fully elected by workers themselves instead of being designated by factory management in the next round of elections.

Deadline Date: 03/31/2010

Supplier CAP: We will encourage workers to elect their representatives in March 2010, and ensure workers' representative candidates will be fully elected by workers themselves without factory management's approval during next round of elections.

Supplier CAP Date: 11/10/2009

Action Taken: January 13, 2010, based on management, the next round of elections for workers' representatives will be held in or around March 2010.

Plan Complete:

Plan Complete Date:



Freedom of Association: Other - Freedom of Association and Collective Bargaining

Other

Noncompliance

Explanation: There was no written policy on freedom of association in this factory.

Plan Of Action:

1. The factory is required to make a written freedom of association policy, where key elements such as the right of employees to join and organize associations and collective bargaining should be included;
2. FoA policy should be posted in a prominent place for workers to read;
3. FoA policy should be included during induction training for new employees and annual factory policy training for current employees.

Deadline Date: 03/31/2010

Supplier CAP:

1. We have established a written freedom of association policy;
2. This policy has been posted in a prominent place for workers' reading;
3. This policy will be trained to new employees during orientation training and old workers annually.

Supplier CAP Date: 12/04/2009

Action Taken: January 13 2010, based on visual inspection, written freedom of association policy has been posted in a prominent place (bulletin board) for workers' reading.

Plan Complete:

Plan Complete Date:

Child Labor: Young Worker Identification System

CL.8 Employers shall have a system for identifying work stations and operations that are inappropriate for young workers according to applicable laws. (P)

Noncompliance

Explanation: There was no juvenile worker identification system in the factory.

Plan Of Action:

1. The factory is required to set up and complete juvenile workers identification/monitoring system and then implement it strictly;
2. The juvenile workers monitoring/tracking system should include a written policy/procedure indicating: a) how to control juvenile workers' working hours, b) provision of regular health exams to avoid any harm to worker's health, c) avoiding dangerous or heavy work positions, d) setting up of a separate file to document points A, B and C.
3. Training on these juvenile policies/procedures should be provided to managers, supervisors, and staff to be implemented during daily activities.

Deadline Date: 03/31/2010

Supplier CAP:

1. We have completed the juvenile workers identification/monitoring policy/procedure and implemented it;
2. This policy/procedure will be trained to all management staff and we have nominated some staff to strictly monitor working condition and working hours of juvenile workers;
3. Juvenile workers will be provided with physical examination once every 6 months if applicable.

Supplier CAP Date: 12/04/2009

Action Taken: January 13, 2010, as per document review, currently, no juvenile worker was employed in this factory.

Plan Complete:

Plan
Complete
Date:

Non-Discrimination: Medical Examination

D.11 Employers are allowed to require routine medical examination for fitness as a condition of recruitment or continued employment. Such examination shall, however, be strictly limited to assess general fitness, and not include testing for any disease or illness, such as HIV/AIDS, that does not have an immediate effect on a person's fitness and/or is not contagious. (P)

Noncompliance

Explanation: The factory required its employees to do a serology index of hepatitis B examination before employment. Furthermore, the serology index of hepatitis B was used as a condition of recruitment. If the applicants failed the examination, they were not hired by factory.

Plan Of Action: 1. The factory is required to cancel the examination in regard to serology index of hepatitis B for all kind of physical tests.

Deadline Date: 03/31/2010

Supplier CAP: 1. We have canceled the examination in regard to the serology index of hepatitis B during recruitment activities;
2. This will be written in the new employee handbook and published in March 2010.

Supplier CAP Date: 12/04/2009

Action Taken: January 13, 2010, based on document review, factory has canceled this item in their policy.

Plan
Complete:

**Plan
Complete
Date:**

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.

Noncompliance

Explanation: No Adidas Code of Conduct posted in the factory.

Plan Of Action:

1. adidas Open Letter to Workers is required to be posted in a prominent place for workers' reading. The Open Letter to Workers contains the SEA Team's contact information should workers have the need to file grievances or complaints.
2. Verbal training on the content of the Open Letter and the adidas-Group workplace standards should be provided to all managers, supervisors, and workers during induction training and annual factory policy refreshing course.
3. All trainings should be recorded and kept for reviewing.

Deadline Date: 03/31/2010

Supplier CAP:

1. adidas' COC has been posted in each workshop.
2. It will be trained to each new employee during orientation training and all old workers annually.

Supplier CAP Date: 12/04/2009

Action Taken: January 13, 2010, based on visual inspection, adidas Workplace Standard has been posted in the production area for workers' reading.

**Plan
Complete:**

**Plan
Complete
Date:**

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.

Noncompliance

Explanation: There was no confidential noncompliance reporting mechanism which allows factory workers to contact the company directly.

**Plan Of
Action:** 1. The factory should enhance their 2-way communication system between management and employees, for example, a) factory can set up a grievance council or worker-management dispute resolution committee, b) however, members of this committee should be chosen by workers themselves, c) the committee will collect and investigate grievances ensuring these grievances can be resolved in a timely and proper manner, d) factory has been provided with adidas SEA Worker Hotline poster which includes adidas SEA contact information (e.g., the hotline telephone number, e-mail address, postbox address and our confidentiality policy), factory should post it in a prominent place of the workplace for workers to be able to read it; through provided information, workers can directly approach adidas SEA team via phone call, letter or e-mail.

**Deadline
Date:** 03/31/2010



- Supplier CAP:**
1. We will establish 2-way communication channel by forming a grievance council;
 2. This grievance council will meet together on a monthly basis dealing with the grievances or at any time when necessary;
 3. All grievance dealing results will be posted in a prominent place for workers' reading;
 4. The members of this council will be composed of workers' representatives and management staff;
 5. Workers will be encouraged to elect their representatives and arrange this election in March 2010; we will ensure workers' representatives candidates will be fully elected by workers themselves without factory management nominating during next round of election;
 6. adidas SEA Worker Hotline poster has been posted on the wall of the dormitory building for workers to read it; we will train all employees on this through annual vocational training.

Supplier CAP 12/04/2009

Date:

Action Taken: January 13, 2010, based on visual inspection and management interview, the grievance council will be set up on March 2010 while adidas SEA worker hotline poster has been posted on the wall of the dormitory building. The hotline poster contains SEA field team contact information (phone/e-mail/address). Based on worker interview results, workers said that they know how to complain to adidas SEA.

Plan

Complete:

Plan

Complete

Date:



Health and Safety: 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)

Noncompliance

Explanation: No evacuation plan was posted in the workshops or dormitories.

Plan Of Action: The factory is required to prepare an evacuation plan and then post it in the workshops and dormitories.

Deadline Date: 03/31/2010

Supplier CAP: We have made 16 evacuation plans and posted them in all the workshops and dormitories.

Supplier CAP Date: 12/04/2009

Action Taken: January 13, 2010, based on visual inspection, evacuation plans have been posted in all necessary areas.

Plan Complete:

Plan Complete Date:



Health and Safety: 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)

Noncompliance

Explanation: There were no first aid kits installed in the workshops or dormitories.

Plan Of Action: 1. The factory is required to install one first aid kit for every 100 workers.
2. The kits must be equipped on the production floor and in the dormitory.

Deadline Date: 03/31/2010

Supplier CAP: We have purchased 12 first aid kits and installed these first aid kits in each department and dormitory.

Supplier CAP Date: 12/04/2009

Action Taken: January 13, 2010, based on visual inspection, first aid kits have been installed in mentioned areas. Additionally, factory nurse provides first aid training upon hiring and on a quarterly basis. First aid training includes information on CPR, how to treat burns, etc.

Plan Complete:

Plan Complete Date:

Health and Safety: 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)

Noncompliance

Explanation: In accordance with the Safety Manufacturing Law article 37, manufacturing units shall provide personal protective equipment to employees. Manufacturing units shall supervise and train employees to ensure they properly wear and use the personal protective equipment. a) No earplugs were provided to workers in Trimming Section and Rubber Preparing Section; b) No face masks were provided to workers in Rubber Preparing Section.

Plan Of Action:

1. The factory is required to purchase and provide correct PPE to workers and train them on how to use PPE.
2. The factory should check and change PPE on a regular basis based on workers' needs.
3. Wearing the correct type of PPE in the working area should be added to the factory's policy and posted as a reminder inside the production area.

Deadline Date: 03/31/2010

Supplier CAP:

1. We have purchased and provided adequate PPE to all the relevant workers;
2. Our management will change PPE for relevant employees according to the PPE's purpose;
3. A regular training will be held quarterly to all related employees on how to use correct type of PPE;
4. Supervisors responsible for regular inspections regarding the condition of PPEs and whether operators have used adequate PPE while in operation;
5. Wearing correct type of PPE in the working area will be added to the factory policy and the reminding posters have been posted inside the workplace.

Supplier CAP Date: 12/04/2009

Action Taken: January 13, 2010, based on visual inspection, all workers wear adequate PPE while in operation.

Plan Complete:

Plan Complete Date:

Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

Noncompliance

Explanation: There was no proper coverage for the electric wiring in the Trimming Section.

Plan Of Action:

1. The factory is required to have qualified personnel regularly inspect all electrical wiring keep the wires in safe and working condition;
2. Inspection records of electrical connections and wiring should be maintained and organized.
3. Workers should be trained on how to identify potential electrical risk in their work position and report to qualified personnel for maintenance on time.

Deadline Date: 03/31/2010

Supplier CAP:

1. Our qualified electrician will check all the electric wiring on a monthly basis and keep the inspection records;
2. The duties of the regular inspection work will be written inside the job description of electrician;
3. One safety officer is responsible for the monitoring work.



Supplier CAP 12/04/2009

Date:

Action Taken: January 13, 2010, based on visual inspection, the aforementioned electric wiring has been covered properly.

Plan Complete:

Plan Complete Date:

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: Based on attendance records, around 10% of workers worked more than 60 hours per week in November 2008 (only for 1 week), and the highest was 70 hours per week. Most of these workers were in Vulcanizing Section.

Plan Of Action:

1. Factory is required to make reasonable work plans to ensure all workers have sufficient time to rest.
2. HR department should be responsible for monitoring working hours to ensure workers' hours of work do not surpass legal limits.
3. The factory should set up a system to monitor and control working hours (excessive working hour application, energy control, etc.).
4. The factory should find a methodology to increase the production efficiency in order to reduce working hours.

Deadline 03/31/2010

Date:



- Supplier CAP:**
1. Our production manager has been responsible for making production planning based on our real work capacity principle ensuring each worker's work overtime is no more than 3 hours per day, and working hours not more than 60 hours a week;
 2. Working hours monitoring/control will be written inside the job description of the HR department and be implemented accordingly;
 3. Overtime application procedure and energy control have been introduced to control the working hours;
 4. We will analyze our production process and find a methodology to increase our production efficiency.

Supplier CAP 12/04/2009

Date:

Action Taken: January 13, 2010, based on document review and workers interview, no worker had worked exceeding 60 hours/week since last FLA audit.

Plan Complete:

Plan Complete Date:



Hours of Work: 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)

Noncompliance

Explanation: In accordance with the PRC Labor Law article 38, the employing unit shall guarantee that its staff and workers have at least 1 day off in a week. Based on attendance records, around 10% of workers worked 12 consecutive days without 1 day off in November 2008, most of these workers were in Vulcanizing Section.

Plan Of Action: The factory is required to make a reasonable work planning as per factory real work capacity ensuring all workers have sufficient time to rest (1 day off in 7 at least, work no more than 60 hours in a given week, etc.). When making a production plan, the planner should always consider the factor of production lead time too tight and late arrival of raw material.

Deadline Date: 02/28/2010

Supplier CAP: 1. We will arrange production planning based on our real work capacity principle ensuring each worker has 1 day rest at least in a given week.
2. Working hours monitoring/control will be written inside the job description of the HR department and be implemented accordingly.

Supplier CAP Date: 11/10/2009

Action Taken: January 13, 2010, based on document review and workers interview, all workers have 1 day of rest in 7 since last FLA audit.

Plan Complete:

Plan Complete Date:

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: 1. In accordance with the Provisional Regulations for the Payment of Wages article 6, employing units shall record in writing the amount of wages paid to workers, date of the payment, names and signatures of the persons who receive wages, and the units shall keep them for 2 years or more for examination. Employing units shall provide workers with a copy of his/her payroll when they pay wages. The factory did not keep the attendance records for resigned workers.

2. The provided attendance records were incomplete. There was no in or out time indicated in provided barcode attendance records and there was no in/out time indicated for meal breaks. The factory used manual attendance records for recording workers' overtime work and for calculating overtime wages. The manual attendance records were found without exact in or out time. Furthermore, the overtime hours showed in barcode attendance records were not matching with manual attendance records on some occasions.

Plan Of Action: 1. The factory is required to strictly follow the Provisional Regulation for the Payment of Wages, article 6, to keep the payment records and attendance records of all employees (including resigned workers) for 2 years or more for checking;

2. Each clock in and clock out time should be indicated in the barcode attendance records, while in and out time cannot be indicated in the barcode attendance records, the fixed meal break time should be written in the factory policy, posted in prominent place for workers' reading and strictly implemented;

3. The only purpose of the manual attendance records is for reference only and it must match the barcode attendance records, all wages (including overtime wages) must be calculated based on the barcode attendance records.

Deadline Date: 03/31/2010



- Supplier CAP:**
1. We have started keeping all payment records and attendance records (including resigned workers) for 2 years starting from last FLA audit.
 2. Our management has requested all workers to punch their time cards 4 times/day if OT is applicable, the meal break times have been fixed and included in our factory policy and trained to all new workers during their orientation training.
 3. Our manual attendance records are used for our in-line production supervisor's reference only, and it will fully match with the barcode attendance records.

Supplier CAP Date: 12/04/2009

Action Taken: January 13, 2009, based on document review, all time records and payment records are kept for reviewing since last FLA audit.

Plan Complete:

Plan Complete Date:
