

LABOR COMPLIANCE ASSESSMENT IMPROVEMENT PLAN (IP)



The purpose of this IP is to formally communicate to factory management the non-compliance findings from the assessment conducted on the above date, along with recommendations for appropriate remedial actions. The IP is also intended as a communication tool for factory management to communicate the actual remedial actions steps they will be taking, who is responsible, and when they will be completed. If an uncontrollable delay occurs in implementing the IP, it should be communicated in a timely manner to the appropriate contact. Failure to report delays will be considered a failure to implement the IP.

A. FACTORY DETAILS

REPORT No:		Factory Name:	
Date of Assessment:		Chinese Name:	
Agent Name:		Factory Contact:	
Vendor Name:		Contact Title:	
Field Staff:		Factory Address:	
Report Written by:		Factory Phone:	
Report Reviewed by:		Factory Fax:	
		Factory E-Mail:	

B. ASSESSMENT TYPE

INITIAL ASSESSMENT FOLLOW-UP ASSESSMENT: 1 2 3 4

C. OVERALL RESULTS

ACCEPTABLE NEEDS IMPROVEMENT

D. ASSESSMENT SUMMARY

Time frame and Scope:

This initial labor compliance assessment started at 9:00am on November 14th, 2007 and ended at 3:00pm on the same day. Two Level Works field staffs (male) were assigned to verify the overall compliance status of the factory against the Vendor Code of Conduct as well as applicable local laws. The assessment components included opening and ongoing discussions with management regarding factory practices, a review of documentation and records, a health & safety tour, employee interviews and a final closing meeting with management.

Closing Meeting:

The sales department manager and factory owner attended the closing meeting. Level Works staff communicated all the findings in detail to them and allowed them to ask questions and make any needed clarifications. They agreed to sign the draft findings report to confirm their understanding of each finding discussed. For the finding of inconsistent records, they agreed with the findings and signed the Draft Findings Report onsite. The Level Works team thanked them for their cooperation and left the factory at 3:00pm.

General Suggestions:

During the course of the audit, inconsistencies were noted between production records and provided attendance records. Thus, the compliance status regarding minimum wages, overtime wages and overtime hours could not be fully verified in this audit. It is strongly recommended that the factory provides complete and accurate time and wage records for audit representative, this will enable auditors verify relevant issues and provide factory with recommendations for continuous improvements. If factory has real difficulties meeting expectations, it's recommended they be open about such challenges in full transparency.

The factory should also establish a better management system to better control and monitor working hours, including a reliable system to record worker's working times properly. It is also recommended that factory maintains a better system to control Sunday working or to ensure that employees are provided with a rest day within a seven day period. More specific recommendations are difficult to provide without understanding the real practices of the factory due to incomplete provided records.

E. IMPROVEMENT PLAN

Compliance area abbreviations: RK = Record Keeping, Child Labor = CL, Forced Labor = FL, Hours of Work = HW, Wages & Benefits = WB, Health & Safety = HS, Environment = E, Harassment & Abuse = HA, Disciplinary Practices= D, Freedom of Association = FOA, Discrimination = D, Monitoring & Documentation = MD, Sub-contracting = S, Homework = H, Other Laws = OL

No	Area	Compliance Issue	Factory Proposed Action (Yellow area to be filled out by factory in English)	Dates for Completion
1	HS	<p>Subject: Emergency Light Non-conformity: In accordance with Fire Safety of Building Design Regulation (GBJ16-87) article 10.2.9, emergency light shall be installed on wall or ceiling. It was noted that no emergency light was installed in the factory. Recommendations: It is recommended that sufficient emergency lights should be installed in the factory.</p>	<p>Person(s) responsible: Improvement plan:</p>	
2	WB	<p>Subject: Social Insurance Non-conformity: 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</p>	<p>Person(s) responsible: Improvement plan:</p>	

		<p>injury or occupational disease, d) unemployment; and e) child-bearing. Therefore, according to this national law, all five types of social insurance schemes mentioned above should be provided for all employees of a factory.</p> <p>It was noted that only 4 out of 28 workers had participated in five insurance which were, retirement insurance, injury insurance, disability caused by work-related injury or occupational disease insurance, unemployment insurance and child-bearing insurance. There were 24 workers had not participated in any insurance without any written waiver obtained from the local social insurance bureau.</p> <p>Recommendations: It is recommended that factory to ensure all workers participate in the all 5 types of social insurance schemes and therefore receive all of their statutory welfare to comply with the Law. Otherwise, the factory may apply for an official approval from the local social security bureau to seek exemption from certain kind of social insurance schemes.</p>		
3	MD	<p>Subject: Fire Service Inspection Certificate</p> <p>Non-conformity: In accordance with PRC Fire Service Law article 10, fire services department shall conduct inspection of the building when construction is completed. The building shall not be used, if inspection had not been conducted or when such building had not passed the inspection.</p> <p>It was noted that no fire service inspection certificate was provided by the factory.</p> <p>Recommendations: It is recommended that the factory to maintain relevant fire service inspection certificate or equivalent documents for auditor review.</p>	<p>Person(s) responsible:</p> <p>Improvement plan:</p>	
4	MD	<p>Subject: Cargo Lift Inspection Certificate</p> <p>Non-conformity: n accordance with Special Appliance Quality Safety Monitoring Regulation article 28, the operating unit with special appliances should follow the requirements of Quality Technical Monitoring Administration Department, to apply for regularly inspection at the Special Appliance inspection unit one</p>	<p>Person(s) responsible:</p> <p>Improvement plan:</p>	

		<p>month before the expiry date of the safety inspection approval. After the application, the Special Appliance inspection unit shall follow the requirements of the Quality Technical Monitoring Administration Department to carry out the inspection on time. The Special Appliance shall not be used when it has not undergone regularly inspection or if it failed the inspection.</p> <p>It was noted that the factory did not have an inspection certificate of competency on cargo lifts.</p> <p>Recommendations: It is recommended that factory should apply for the regularly inspection for cargo lift in Special Appliance inspection unit.</p>		
5	MD	<p>Subject: Special Operator License</p> <p>Non-conformity Status: In accordance with the PRC Factory Safety and Sanitary Regulations article 74, in any one of the following cases, a factory should provide its workers with working clothes or aprons and, according to needs, provide protection gears, including helmets, gasmasks, gloves, leg guards and shoe covers: 1) Operations that are susceptible to cause burns, scalding or abrasions from moving mechanical parts, 2) Operations under intense radiation heat or low temperature conditions, 3) Operations with a toxic environment, or involving infectious substances or large amount of dusts, 4) Operations that often cause clothes to be worn out, wet or especially dirty.</p> <p>It was noted that workers operating the cargo lift in the factory did not have relevant operators' certificates.</p> <p>Recommendations: It is recommended that all those workers should obtain proper certificates before operating those appliances.</p>	<p>Person(s) responsible:</p> <p>Improvement plan:</p>	
6	MD	<p>Subject: Inconsistent Records</p> <p>Non-conformity: The compliance status of Minimum Wage, Overtime Wage and Overtime Hours Could not be verified due to following reasons: Some inconsistencies between production records and attendance records were detected. The details were set as below: a) based on the daily piece production</p>	<p>Person(s) responsible:</p> <p>Improvement plan:</p>	

records, it was noted that there were material issuing records on 2nd, 9th, 16th, 22nd and 23rd September 2007 (which were Saturdays and Sundays), but provided time records indicated that relevant workers were rest on these days, b) as per warehouse account book, it was noted that there were material counting records on 1st and 2nd September 2007 (which were Saturday and Sunday), but provided time records indicated that relevant worker was rest on both days.

Recommendations: It is recommended that the factory should provide complete and accurate timecard, payroll and employee records to our audit representatives so that working hours, minimum wage, overtime wage and benefits requirements can be verified.

F. BEST PRACTICES

No	Area	Best Practices
1	Nil	Subject: Nil. Description: Nil.

G. SIGNATURE

Factory Representative Name:	
Signature:	
Date:	

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