



COMPANIES: PVH Corp
COUNTRY: China
ASSESSMENT DATE: 04/29/16
ASSESSOR: FLA China
PRODUCTS: Apparel
NUMBER OF WORKERS: 235

Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element	Violations
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Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory has not hired any disabled workers, which violates the legal requirements that at least 1.5% of the total workforce should comprise of disabled workers. Furthermore, the factory did not contribute to the Employment Security Fund in lieu of employing disabled workers as per local law.
2. Although, the factory has promotion records, they were not based on the result of performance reviews. The factory has just established performance review policy and procedure; however, they have not yet been implemented.
3. There are job descriptions for production positions, but not for positions in the office staff, such as administration and finance.
4. The factory's recruitment advertisements have discriminative clauses that require a) sewing staff to be female or male beyond 30 years old; b) quality control staff to be female; c) Industry Engineering Staff to be between 28 – 40 years old, married and have given birth. Furthermore, there is a question regarding marriage status in the job application form. From the current employee list, all the quality control staff are female. The gender and age for almost the current sewing, quality, and Industrial Engineering positions indicate that the factory practices discriminatory hiring.
5. The factory does not have policies and procedures for Personnel Development, pregnant workers, and child labor.

Local Law or Code Requirement

Regulation on the Employment of Persons with Disabilities (1995), Article 8 and Article 9; Regulation on the Employment of the Disabled in Zhejiang (2003), Article 10; Labor Law of PRC, Article 12; Law of Employment Contract of PRC, Article 19; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.3, and ER.29; Nondiscrimination Benchmarks ND.1, ND.2, and ND.4)

Recommendations for Immediate Action

Remove the discriminatory clauses regarding gender, age, and marriage from all job advertisements and job application forms. Make employment decision solely on candidates' qualifications and abilities.

COMPANY ACTION PLANS

1. a.) Immediate Action: The factory will ask the 2 disabled workers to provide their Disability Certificate for review. In the event that the 2 disabled workers are not considered disabled under the law, the factory will contribute to the Employment Security Fund in lieu of employing disabled workers, as is legally required.

b.) Sustainable Action: The factory will request and keep copies of Disability Certificates, related receipts and review numbers of current disabled workers being hired in order to comply with local law. The factory will also create policies and procedures to recruit more disabled workers.

07/31/2016

Action plan status: Scheduled

2. a.) Immediate Action: The factory will implement the performance review policy and procedure.

b.) Sustainable Action: The factory will provide training on the performance review policy and procedure to relevant employees.

07/31/2016

Action plan status: In progress

Progress update: 03/01/17 : The factory has drafted a performance review policy and procedure.

3. Immediate Action: The factory will draft job descriptions for office staff.

Action plan status: Completed

Progress update: 03/01/17 : Verified by PVH. The factory has drafted job descriptions for office staff.

Completion date: 07/21/16

4. a.) Immediate Action: The factory will remove all discriminatory clauses from recruitment advertisements.

b.) Sustainable Action: The factory will provide training to HR staff to ensure that discriminatory clauses are not included in future recruitment advertisements and reinforce the factory's non-discrimination policy

Action plan status: Completed

Progress update: 03/01/17 : Verified by PVH. The Factory has revised the recruitment advertisements and no discriminative clauses are included in such advertisements.

Completion date: 07/21/16

5. a.) Immediate Action: The factory will establish policies and procedures on personnel development, pregnant workers and child labor.

b.) Sustainable Action: The factory will provide training to workers on policies regarding personnel development, pregnant workers and child labor, on a regular basis.

Action plan status: Completed

Progress update: 03/01/17 : Verified by PVH. The factory established policies for pregnant workers, child labor and Personnel Development.

Completion date: 07/21/16

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

The factory's policies/procedures do not cover all modes of Termination and Retrenchment, as there are no policies and procedures governing retrenchment or retirement. At the time of assessment, there were 27 workers who are likely to retire within 5 years, who will therefore be affected by a missing policy and procedures on retirement.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.32.1)

COMPANY ACTION PLANS

1. a.) Immediate Action: The factory will revise its policies and procedures to ensure that all modes of Termination and Retrenchment are addressed.

b.) Sustainable Action: The factory's policy on termination and retrenchment will be reviewed on a regular basis and appropriate training will be provided to workers.

Action plan status: Completed

Progress update: 03/01/17 : Verified by PVH. The company revised its policies and procedures to ensure all modes of Termination and Retrenchment are addressed.

Completion date: 07/21/16

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory's production planning is based on 48 hours/week, requiring 8 hours' of overtime per week.
2. On average, 75% of the total workforce exceeded 60 hours per week, including overtime. These workers worked a maximum of 68.5 hours per week on a regular basis for the last 12 months (except February 2016, Chinese New Year), including overtime.
3. For the last 12 months (except February 2016, Chinese New Year), 25% of the workers' monthly overtime ranged from 74.5 hours to a maximum of 116 hours, with an average of 98 hours, exceeding the legal monthly overtime limit of 36 hours per month. The highest monthly overtime (116 hours) occurred in August 2015.
4. The factory did not ensure one day off in each seven-day period for the last 12 months (except February 2016, Chinese New Year). 55% of the workers worked 11 - 15 days consecutively, with a maximum of 15 days in August and November 2015.

Local Law or Code Requirement

Labor Law of PRC, Articles 38 and 41; FLA Workplace Code (Employment Relationship Benchmark ER.24; Hours of Work Benchmarks HOW.1.3, HOW.2, and HOW.8.3)

Recommendations for Immediate Action

1. Ensure that workers' weekly hours do not exceed the FLA limit of 60 hours/week. Ensure workers' monthly overtime hours does not exceed the legal limit of 36 hours.
2. Ensure that all workers receive one rest day in every 7-day period.
3. FLA affiliate Company's Sourcing and Social Compliance teams should: a) implement FLA Principles of Fair Labor and Responsible Sourcing and b) accordingly coordinate on the topics mentioned below to help the factory address its excessive overtime hours issue:
 - a. How to provide better order forecasts to the factories;
 - b. Possible workshops/consultancy for the factory on how to improve productivity/quality;
 - c. Clear guidelines on how to extend shipment deadlines in case of contingencies;
 - d. Steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brand's Sourcing and Social Compliance teams);
 - e. Clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks;
 - f. Clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

COMPANY ACTION PLANS

1. a.) Immediate Action: Consultation with the factory's production and business departments will be arranged in order to discuss and create a reasonable production plan.

b.) Sustainable Action: The factory will regularly review working hours and revise production planning if needed.
07/31/2016

Action plan status: Scheduled

2. a.) Immediate Action: The factory will undertake the following actions to address the finding: 1. Consult the production and

business departments to create a reasonable schedule for product orders. 2. Ask that suppliers deliver materials in a timely fashion. 3. Address the staff shortage by hiring more workers.

b.) Sustainable Action: The factory will provide training to both management and workers on working hours policy and work to ensure working hours comply with laws and guidelines.

08/31/2016

Action plan status: Scheduled

3. a.) Immediate Action: The factory will undertake the following actions to address the finding: 1. Consult the production and business department to create a reasonable schedule for product orders. 2. Ask that suppliers deliver materials in a timely fashion. 3. Address the staff shortage by hiring more workers.

b.) Sustainable Action: The factory will provide training to both management and workers on working hours policy and work to ensure working hours comply with laws and guidelines.

12/31/2016

Action plan status: Scheduled

4. a.) Immediate Action: The factory will undertake the following actions to address the finding: 1. Consult the production and business departments to create a reasonable schedule for product orders. 2. Ask that suppliers deliver materials in a timely fashion. 3. Address the staff shortage by hiring more workers.

b.) Sustainable Action: The factory will provide training to both management and workers on working hours policy to comply with the requirement of providing 1 rest day for every (7) seven- day period.

08/31/2016

Action plan status: Scheduled

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

The factory does not have a policy prohibiting retaliation against employees who lodge complaints or grievances. According to written grievance policies/procedures, the factory provides four channels for workers to lodge complaints; through the immediate supervisor, suggestion box, worker representatives and telephone. However, all the interviewed workers were unaware of the suggestion box, worker representatives, and telephone. Furthermore, the workers have no idea about the grievance procedures. The factory management does not track and maintain the workers' grievance records for the past 12 months.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.2.1, ER.16.1, and ER.25.3)

COMPANY ACTION PLANS

1. a.) Immediate Action: The factory will establish a policy prohibiting retaliation against employees who lodge complaints or voice grievances.

b.) Sustainable Action: The factory will provide training to workers on the policy prohibiting retaliation against employees who lodge complaints or grievances during employee orientation. Furthermore, the HR department will regularly check the grievance box and follow up as necessary.

06/30/2016

Action plan status: In progress

Progress update: 03/01/17 : The factory has established a policy prohibiting retaliation against employees who lodge complaints or grievances.

2. a.) Immediate Action: The factory will provide more training to workers so that they are aware of the four channels (immediate supervisor, suggestion box, worker representative, and telephone) available to lodge complaints or voice grievances.

b.) Sustainable Action: The factory will provide training on grievance procedures to workers.

06/30/2016

Action plan status: Scheduled

3. Immediate Action and Sustainable Action: The factory will track and maintain grievance records for the previous 12-month period.

06/30/2016

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

The factory has a trade union established in August 2014 under the ACFTU (All China Federation of Trade Unions). The factory has no criteria and application form for joining the trade union. The interviewed workers were not clear whether or not they are union members, nor did they know who is the current worker representative.

Management occupies all trade union committee member positions. Furthermore, the factory has not ensured that there are multiple candidates for union committee elections, as per local law.

There is no designated office with the necessary equipment for the union to conduct daily meetings in, and for the union representatives to perform their related functions.

The factory pays union dues on behalf of trade union members.

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.

Local Law or Code Requirement

FLA Workplace Code and Benchmarks (Employment Relationship Benchmarks ER.1; Freedom of Association Benchmarks FOA.2, FOA.10, FOA.11, FOA.12, and FOA.15)

COMPANY ACTION PLANS

1. a.) Immediate Action: The factory will provide training to workers on the procedure to join the union and inform them of the current worker representative.

b.) Sustainable Action: The factory will provide regular training to workers, information on the trade union and inform them of the current worker representative.

07/31/2016

Action plan status: Scheduled

2. a.) Immediate Action: The factory will work to recruit more workers for union committee member positions and create procedures for elections that include multiple candidates, nominations by the workers and a secret ballot.

b.) Sustainable Action: The factory will schedule regular meetings to ensure that there are multiple candidates for union committee elections, as per local law.

07/31/2016

Action plan status: Scheduled

3. Immediate Action and Sustainable Action: The factory will provide the union with a designated office in which meetings can be conducted.

07/31/2016

Action plan status: Scheduled

4. Immediate Action and Sustainable Action: The factory will cease paying trade union fees on behalf of members and require union members to remit the dues themselves. This course of action will be phased in over time. Additionally, the factory will train workers to educate them about this change.

07/31/2016

Action plan status: Scheduled

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory does not have an environmental acceptance check for the completed expansion project (production Building 1 and 2) in 2013.
2. The hazardous wastes (mainly the empty chemical containers) are stored with general waste, without being labeled as hazardous and without segregation from other waste streams, as legally required.
3. The factory has not arranged for a licensed waste handler to dispose of its hazardous wastes (empty chemical containers, fluorescent tube).

Local Law or Code Requirement

Law of the People's Republic of China on Appraising of Environment Impacts (2002), Article 25; Prevention and Control Law of Environmental Pollution, Solid Waste (2013), Article 57 and Article 58; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, and HSE.9)

Recommendations for Immediate Action

1. Segregate the hazardous waste from the common solid waste.
2. Arrange for a licensed waste handler to dispose of all hazardous waste.

COMPANY ACTION PLANS

1. a.) Immediate Action: The factory will communicate with the relevant authorities and schedule an environmental acceptance check for the completed 2013 expansion project (Building 1 and 2) on 6/30.

b.) Sustainable Action: The factory will properly maintain all certificates and documents and regularly ensure that they are available for inspection as may be necessary.

07/31/2016

Action plan status: In progress

Progress update: 03/01/17 : Factory has submitted the application materials to local environmental protection monitoring station for applying the environmental acceptance check for the completed expansion project (production Building 1 and 2) on Jun 03, 2016.

2. a.) Immediate Action: The factory will appropriately label hazardous waste and segregate the hazardous waste from other waste streams.

b.) Sustainable Action: The factory will label hazardous waste appropriately, store such waste separately and provide training to relevant workers on hazardous waste segregation.

Action plan status: Completed

Progress update: 03/01/17 : Verified by PVH. The hazardous wastes were stored segregation with label from general waste, as legally required.

Completion date: 07/21/16

3. a.) Immediate Action: Factory will retain a licensed waste handler to dispose of hazardous waste such as fluorescent tubes and empty chemical containers.

b.) Sustainable Action: The factory will maintain all dispose records of hazardous waste and ensure the contracted waste handler's license is valid.

07/31/2016

Action plan status: Scheduled

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The exit signs are not illuminated on any of the five office floors and the first and fourth floors of the production Building 1.
2. The fire hydrant on the 5th floor of the office is blocked by cement and sand buckets.
3. There is no legally required fire safety equipment in the waste storage areas near the dormitory building, such as fire extinguishers.

4. There were many cigarette ends in the waste storage area near production Building 2. Therefore, the smoking area is not separated from the waste storage area, posing a great risk for fire.
5. The office floor has two evacuation routes with two emergency exits. One emergency exit door on the first floor of the office is locked, creating the risk that people in the office cannot escape in an emergency.
6. The evacuation door in the production Buildings 1 and 2 are roll-up doors instead of push-bar doors that open towards the direction of evacuation, which create an evacuation risks during an emergency.

Local Law or Code Requirement

Code of Design on Building Fire Protection and Prevention (2014), Article 8.1.6; Fire Control Law of the People's Republic of China, Article 28; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.5.1)

Recommendations for Immediate Action

1. Repair the exit signs to make sure they are properly illuminated. Establish a system to maintain exit signs to ensure that they are illuminated at all times.
2. Make sure that the fire hydrant on the 5th floor of office is not blocked.
3. Install a fire extinguisher in the waste storage areas.
4. Design and place a dedicated smoking area in the factory campus.
5. Remove the lock on the evacuation route on the first floor of the office building.
6. Replace the rolling gates in the production Buildings 1 and 2 with push-bar doors that open towards the direction of evacuation.

COMPANY ACTION PLANS

1. a.) Immediate Action: All exit signs will be inspected and repaired to ensure illumination.

b.) Sustainable Action: Factory management will provide training to the maintenance worker responsible for ensuring all exit signs are in proper working order and ensure all signs are inspected regularly.

Action plan status: Completed

Progress update: 03/01/17 : Verified by PVH. The Factory has repaired exit signs, all exit signs were available during this audit.

Completion date: 07/21/16

2. a.) Immediate Action: The cement and sand buckets blocking the fire hydrant on the 5th floor will be removed. Staff will be educated on the health and safety requirements to ensure that all fire hydrants remain unblocked.

b.) Sustainable Action: Factory management will regular inspect all fire hydrants to ensure that they are unblocked.

Action plan status: Completed

Progress update: 03/01/17 : Verified by PVH. The factory removed the cement and sand buckets from the fire hydrant on the 5th floor.

Completion date: 07/21/16

3. a.) Immediate Action: Fire extinguishers will be installed in waste storage areas.

b.) Sustainable Action: Factory management will regularly inspect waste storage areas to ensure that a fire extinguisher is present.

Action plan status: Completed

Progress update: 03/01/17 : Verified for PVH. The factory installed fire extinguishers in the waste storage areas near the dormitory building.

Completion date: 07/31/16

4. a.) Immediate Action: The smoking area will be moved away from the waste storage area. Staff will be informed of this move and will only be allowed to smoke in the designated smoking area.

b.) Sustainable Action: The Human Resources department will inform workers of the smoking policy and factory security guards will monitor the area to ensure that no smoking occurs outside the designated smoking area.

07/31/2016

Action plan status: Scheduled

5. a.) Immediate Action: All emergency exit doors will remain open during working hours.

b. Sustainable Action: The factory will provide training to workers and ensure that all emergency exit doors are open during working hours through regular monitoring.

Action plan status: Completed

Progress update: 03/01/17 : Verified by PVH. The office floor has two evacuation routes with two emergency exits and the two emergency exit doors are unlocked during this audit.

Completion date: 07/21/16

6. Immediate Action: The factory will install a fixed device to ensure that all roll-up doors are open during working hours.

Sustainable Action: Factory management will routinely inspect the fixed devices to ensure they are in proper working order. The factory will research replacing the roll-up doors with push bar doors.

06/30/2016

Action plan status: In progress

Progress update: 03/01/17 : The factory fixed some of the evacuation doors and stated that they will gradually install push bar doors in the future.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not arranged for a licensed service provider to conduct the pre-assessment of occupational hazards at the time of the factory's establishment in 2004 and at the time of the completion of the expansion project in 2013. In addition, the factory has not received an assessment of occupational hazards control effectiveness prior to the acceptance checks of a construction project, as required by law.
2. The factory does not provide the legally required pre-job, on-the-job, and pre-departure occupational health examinations for the eligible workers (cleaning process).
3. The factory does not provide the appropriate Personal Protective Equipment (respirator, safety goggles, protective clothing and rubber gloves) for workers in the cleaning process who are exposed to the hazardous chemical – n-hexane (DJW Cleaner).
4. Workers for positions with occupational hazard were not informed in writing about the specific occupational disease hazards that they would be exposed to, and the factory has not posted the legally required occupational hazard notification card on the cleaning process. As per local law, the employer shall inform employees on occupational health hazards in writing during the recruitment process and through the posting of occupational hazard notification cards in working areas with occupational risks. Occupational hazard notification cards include basic information on the kind of occupational hazard, what risk and how to deal with them in case of an emergency issue and daily protection procedures.

Local Law or Code Requirement

Interim Measures for Supervision and Administration of the "Three Simultaneities" for Occupational Health at Construction Projects (2012), Article 10; Law of Prevention and Control of Occupational Diseases (2011), Article 23, Article 34 and Article 36; Norms of Employers' Notification and Warning Signs of Occupational Hazards (2014), Article 4; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.4, HSE.7, HSE.8, and HSE.9)

Recommendations for Immediate Action

1. Consult the local work safety bureau of district-level on the process of conducting an assessment of the current situation of occupational hazards, and contract a licensed technical service institution to conduct an assessment of the current situation of occupational disease hazards.
2. Provide pre-job, on-the-job, pre-departure occupational health examinations for eligible workers. Employees working in hazardous conditions should be provided with pre-job, on-the-job, pre-departure occupational health examinations and appropriate PPE at the employer's expense.
3. Inform workers in writing about the occupational disease hazard they are exposed to and post the occupational hazard notification card on the cleaning process.
4. Provide appropriate PPE, based on the MSDS, for all chemicals.

COMPANY ACTION PLANS

1. a.) Immediate Action: The factory will arrange a licensed service provider to conduct required assessments of occupational hazards, as required by local law.

b.) Sustainable Action: The factory will file and maintain the completed assessment reports with regard to occupational hazards.
07/31/2016

Action plan status: Scheduled

2. a.) Immediate Action: The factory will provide the legally required pre-job, on-the-job, and pre-departure occupational health examination to eligible workers.

b.) Sustainable Action: The factory will maintain occupational health examination reports and review workers information and job descriptions to ensure the necessary workers are provided with the required health examinations.

07/31/2016

Action plan status: Scheduled

3. a.) Immediate Action: The factory will provide the appropriate Personal Protective Equipment to employees working in the

cleaning process who are exposed to hazardous chemicals.

b.) Sustainable Action: The factory will conduct regular inspections to ensure that the appropriate Personal Protective Equipment is provided to workers in the cleaning process who are exposed to hazardous chemicals and train all relevant workers to ensure that Personal Protective Equipment is worn properly.

07/31/2016

Action plan status: In progress

Progress update: 03/01/17 : The factory provided Personal Protective Equipment including a respirator and protective clothing in the cleaning station. The factory will work to provide all other necessary equipment.

4. a.) Immediate Action: The factory will post an occupational hazard card with required information in all relevant worker's stations.

b.) Sustainable Action: During the recruitment process, all workers will be notified in their contract of the specific occupational diseases they would be exposed to as part of their work. Furthermore, the factory will provide relevant workers with occupational hazard training to ensure they know the occupational risks associated with their positions.

Action plan status: Completed

Progress update: 03/01/17 : Verified by PVH. Workers in positions with occupational hazard are informed in writing about the specific occupational disease hazards that they would be exposed to, and the factory has posted the legally required occupational hazard notification card on the cleaning process.

Completion date: 07/21/16

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Workers who lift goods are not trained on proper lifting techniques. Additionally, the factory does not provide lifting belts to workers as proper Personal Protective Equipment PPE.
2. The chairs provided for workers are not ergonomically designed with a backrest and adjustable height.
3. The factory does not provide the anti-fatigue mat for workers in standing positions such as the cutting, ironing, and inspection processes.
4. The factory does not maintain records for any work-related injuries and accidents/incidents, such as minor and near miss cases. For example, workers are not required to register what medical supplies they take from first aid boxes.
5. The factory does not keep food samples for at least 48 hours against the risk of food poisoning, as legally required.

Local Law or Code Requirement

Regulation on Hygienic of Food Industry and Delivery Unit of Group Meals (2005), Article 35; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.3.2, HSE.17, and HSE.19)

Recommendations for Immediate Action

1. Keep food samples for at least 48 hours.
2. Provide the anti-fatigue mat for workers in the cutting, ironing, and inspection processes.

COMPANY ACTION PLANS

1. a.) Immediate Action: The factory will provide lifting belts to those workers who lift goods.

b.) Sustainable Action: The EHS notice will be posted in the factory and workers who lift goods as part of their job will be provided lifting belts and training on proper lifting techniques.

Action plan status: Scheduled

Progress update: 03/01/17 : Workers who lift goods are trained on proper lifting techniques.

2. Immediate Action and Sustainable Action: Ergonomically designed chairs with a backrest and adjustable height will be provided to inspection and sewing department workers.

10/31/16

Action plan status: Scheduled

3. a.) Immediate Action: Anti-fatigue mats will be provided to workers in standing positions such as those in the cutting, sewing and inspection departments.

b.) Sustainable Action: The factory will work to ensure that all workers in standing positions are provided with anti-fatigue mats.

Action plan status: Completed

Progress update: 03/01/17 : Verified by PVH. The factory provided the anti-fatigue mat for workers in standing positions such as the cutting, ironing, and inspection processes.

Completion date: 07/21/16

4. a.) Immediate Action: Records of work related injuries will be maintained and training on the requirement to log medical supplies from first aid boxes will be provided to workers.

b.) Sustainable Action: Reports of all work related injuries/accidents will be maintained and a medical supply register will be regularly monitored.

Action plan status: Completed

Progress update: 03/01/17 : Verified by PVH. The factory maintains work-related injuries records and registered what medical supplies they take from first aid boxes.

Completion date: 07/21/16

5. Immediate Action and Sustainable Action: As legally required, food samples will be kept for at least 48 hours to guard against the risk of food poisoning.

06/30/2016

Action plan status: Scheduled

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Workers are not provided with written documentation that substantiates all the issues covered in orientation briefings.
2. There is no on-going training for regular workers for all Employment Functions, such as Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Grievance System, Workplace Conduct & Discipline, Industrial Relations & Freedom of Association, Health & Safety, Termination & Retrenchment, and Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15, ER.17.1, and ER.26)

COMPANY ACTION PLANS

1. Immediate Action and Sustainable Action: The factory will provide workers with written documentation that substantiates all the issues covered in orientation briefings.

Action plan status: Scheduled

Planned completion date: 07/10/16

2. Immediate Action and Sustainable Action: All workers will be provided training on policies regarding Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, the Grievance System, Workplace Conduct & Discipline, Industrial Relations & Freedom of Association, Health & Safety, Termination & Retrenchment, and Environmental Protection. The factory will also create a yearly training schedule to ensure there is regular training on all employment functions.

06/30/16

Action plan status: Scheduled

Planned completion date: 07/10/16

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory does not conduct a periodic review of its policies and procedures. There is no version number or revision date on the factory's rules to demonstrate that a regular document review is performed.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.30.2, and ER.31.1; Health, Safety & Environment Benchmark HSE.4)

COMPANY ACTION PLANS

- a.) Immediate Action: The factory will regularly review policies and procedures and maintain a record of the document review.
- b.) Sustainable Action: The factory will provide training to workers to ensure policies and procedures are reviewed periodically and a record of these reviews will be maintained.
06/30/16

Action plan status: Scheduled

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory sporadically communicates its policies and procedures to the general workforce for all Employment Functions, such as Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Grievance System, Workplace Conduct & Discipline, Termination & Retrenchment, Industrial Relations & Freedom of Association, Environment Protection, and Health & Safety. While there is an induction process during which all new hires are informed of some of the factory's rules and practices, there is no planned follow-up to communicate updates.
2. The worker integration component is missing from all Employment Functions. Factory has not established and implemented procedures to include workers' input/feedback on the creation, implementation, and revision of its policies and procedures. Therefore, workers are neither systematically integrated nor consulted in the decision-making processes.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.16.1, ER.25, ER.27.2, ER.29.1.1, ER.30.2, and ER.32.5; Compensation Benchmark C.17; Health, Safety & Environment Benchmark HSE.2)

COMPANY ACTION PLANS

1. Immediate and Sustainable Action: The factory will communicate policies and procedures to all workers on Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Grievance System, Workplace Conduct & Discipline, Termination & Retrenchment, Industrial Relations & Freedom of Association, Environment Protection, and Health & Safety on a regular basis and communicate any updates made to factory policies and procedures as may be necessary.
06/30/16

Action plan status: Scheduled

2. a.) Immediate Action: The factory will establish and implement procedures to include worker's and the union committee's input and feedback in the creation, implementation of factory policies and procedures.

- b.) Sustainable Action: Factory will educate and train workers on the practice to include workers' input/feedback in the creation, implementation, and revision of its policies and procedures. Additionally, the factory will create a process to communicate updated policies to workers.
06/30/16

Action plan status: Scheduled

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

Falsified records were identified with regard to the following Employment Functions: Hiring, Compensation, Hours of Work. As a result, assessors were not able to verify compliance in these areas. Assessors discovered the fraudulent records through discrepancies identified between the information gathered through pay and production records and worker interviews. The following issues were observed:

1. The payroll records show workers' signatures. However, all the interviewed workers claimed they did not sign on such records. Furthermore, based on worker interviews, the wages received by all the workers were lower than those shown on the payroll records.
2. The payroll records show that 59 of 195 workers contribute to the five types of social insurances, but the factory could not provide the social insurance receipt for the individual worker contributions, indicating falsified records and that the factory has not contributed to the social security fund, as per legal requirements. The rest of the workers (136) are not registered with any of the social insurance schemes.
3. One worker who joined the factory in 29 March 2013, only contributed to the social security fund from April 2015 to July 2015 (confirmed by the local Social Security Bureau); however, the payroll records provided show that from August 2015 to February 2016, the employee contributed 175.5 CNY (USD 26.88) per month to the social security fund, indicating fraudulent records.
4. Factory did not pay into the legally mandated Housing Provident Fund for any employees.
5. Since the compensation records provided by the factory are false, it could not be verified whether the factory provides and pays for annual leave, sick leave, and public holidays. Also, due to falsified records, the assessors could not verify if seniority was taken into consideration when calculating leave benefits, as per legal requirements.
6. Assessors were unable to verify that termination payouts were paid accurately and authentically, since the payroll records were falsified.
7. Three employees whose names appear in some records were not found in the employee list and time records. During the closing meeting, the factory management stated that two of these workers are not employed at this factory. However, the below evidence conflicts with the employee list and factory management statement, indicating falsified records, which in turn indicate that the workers are employed off-the-books and not provided with any benefits that they are legally entitled to. Due to these inconsistencies, assessors could not verify any information regarding Compensation and Hours of Work for the three workers:
 - a. There are needle replacement records for two aforementioned workers who requested needle replacements on April 18, 2016.
 - b. All three workers appeared on the training records in March 15, 2016 for the topics of Industrial Relationship, Grievance System, and Health & Safety.
 - c. Two of the workers names were also found in Environmental, Health & Safety social responsibility training that occurred on 7 December 2015.
 - d. Although one of the workers appeared in the training records from 7 December 2015, the worker's personnel file indicates that she started working for the factory on 4 March 2016.
 - e. The factory could not provide the Hours of Work records for these three workers, although assessors found that all of them appeared in the training records, and one of them appeared in the needle replacement records.

Local Law or Code Requirement

Regulation on the Housing Provident Fund Management (2002), Article 15; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.2.1, ER.4.1, ER.16.1, ER.19.1, ER.22.2, and ER.23.5; Compensation Benchmarks C.1, C.14.1, C.15, and C.16.1; Child Labor Benchmark CL.1; Hours of Work Benchmarks HOW.11, HOW.14, and HOW.16)

Recommendations for Immediate Action

1. Maintain complete personnel files for all workers.
2. Maintain authentic compensation records, and ensure all the workers are compensated correctly and in a timely manner for their wages and all legally required benefits.
3. Maintain accurate and authentic payout records for all the workers who leave the factory.
4. The FLA affiliate company's sourcing and social compliance teams should provide the training for the factory management on CSR, accountability and transparency to make sure that the transparency issue will not occur in future and is treated with zero tolerance.

COMPANY ACTION PLANS

1. Immediate Action and Sustainable Action: PVH will work directly with the factory to address non-transparency issues to ensure accuracy of records.

Action plan status: In progress

Progress update: 03/01/17 : A call between PVH and the factory owner/ management has been scheduled to discuss all non-transparency issues.

2. a.) Immediate Action: PVH will work directly with the factory to address non-transparency issues to ensure accuracy of records.
- b.) Sustainable Action: The factory will provide training to all workers on wages and benefits and maintain social insurance receipts

in a timely manner. Additionally, commercial injury insurance will be provided to the 209 workers and related social insurance receipts will be maintained. The factory will also maintain social insurance receipts for at least the last 12 months and education will be provided to workers to increase awareness on social insurance types and the factory will aim to increase social insurance coverage gradually.

Action plan status: In progress

Progress update: 03/01/17 : Commercial injury insurance was provided to 100 workers with maximum compensation of RMB 100,000 with expiry on Sep 25, 2016. A call between PVH and the factory owner/ management has been scheduled to discuss all non-transparency issues.

3. Immediate Action: PVH will work directly with the factory to address non-transparency issues to ensure accuracy of records. The factory will investigate this inconsistent information. The factory will also review 12 months payroll & SSI receipts to ensure all information is accurate.

Action plan status: In progress

Progress update: 03/01/17 : The factory explained that the incorrect social insurance was deducted incorrectly. The factory returned the social insurance fee to the worker on June 27th 2016. A call between PVH and the factory owner/ management has been scheduled to discuss all non-transparency issues. A call between PVH and the factory owner/ management has been scheduled to discuss all non-transparency issues.

4. a.) Immediate Action: PVH will work directly with the factory to address non-transparency issues to ensure accuracy of records. The factory will ensure that related benefits are provided to workers and that policies on benefits and termination as well as corresponding records are provided.

b.) Sustainable Action: The factory will ensure that related benefits are provided to workers. The HR department will review all working hour and wage records to ensure accuracy.

Action plan status: In progress

Progress update: 03/01/17 : A call between PVH and the factory owner/ management has been scheduled to discuss all non-transparency issues.

5. Immediate Action and Sustainable Action: PVH will work directly with the factory to address non-transparency issues to ensure accuracy of records.

Action plan status: In progress

Progress update: 03/01/17 : A call between PVH and the factory owner/ management has been scheduled to discuss all non-transparency issues.

6. a.) Immediate Action: PVH will work directly with the factory to address non-transparency issues to ensure accuracy of records. The Human Resources department will appropriately register the three workers in question, maintain their file and inform them to swipe their time card.

b.) Sustainable Action: Training will be provided to HR staff in order to ensure that new workers are hired in accordance with the factory's recruitment policies and procedures. This will ensure that all workers are appropriately registered in the system, employment files are current and employee's working hours and wages are recorded.

Action plan status: In progress

Progress update: 03/01/17 : A call between PVH and the factory owner/ management has been scheduled to discuss all non-transparency issues.

7. a.) Immediate Action: The factory will work to educate workers on the benefits of contributing to the Housing Provident Fund and will work to gradually phase in all workers into the insurance program. Additionally, the factory will begin paying the correct contribution base for all workers at the factory for the 5 types of insurance.

b.) Sustainable Action: The factory will work to educate workers on all available social insurance benefits.

Action plan status: In progress

Progress update: 03/01/17 : A call between PVH and the factory owner/ management has been scheduled to discuss all non-transparency issues.

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

All disciplinary records included three signatures, including the that of the individual subjected to the disciplinary actions. However, all the interviewed workers who had disciplinary records in their personnel files expressed that they were not aware of such disciplinary action and they never signed on the records. Given the unreliability of the records, the assessors were not able to verify whether the written workplace rules on discipline are fairly applied by management.

Local Law or Code Requirement

Recommendations for Immediate Action

Maintain authentic disciplinary records for all the workers, and make sure that the written workplace rules about discipline are fairly applied to all workers.

COMPANY ACTION PLANS

1. Immediate Action and Sustainable Action: Disciplinary action will be communicated by a supervisor to the worker. A signature from both the supervisor and the worker will be required and the disciplinary records will be maintained. Furthermore, the factory will create a procedure to ensure accurate record keeping of disciplinary records.

07/31/2016

Action plan status: Scheduled