



2008

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Mountain Equipment Co-op (MEC)

COUNTRY: Canada

FACTORY CODE: 410013930G

MONITOR: Accordia Global Compliance Group

AUDIT DATE: September 30 – October 1, 2008

PRODUCTS: Apparel

PROCESSES: Cutting, Sewing, Heat Transfer,
Finishing, Packing

Company Comment: MEC conducted its most recent internal audit in 2007. This facility closed in fall of 2009. As a result, MEC is no longer sourcing from this facility. All workers were given written notice of the factory's closing and were offered a bonus to stay working until the final day of production. Workers from this factory moved into other local factories or into other service jobs. There will be no further remediation efforts.



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*Denotes a Notable Feature



Wages, Benefits and Overtime Compensation: Payment for All Hours Worked

WBOT.7 Workers shall be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work. (S)

Noncompliance

Explanation: Company practice requires workers to complete their repair work after they clock out. Workers do not receive any compensation for this time worked. Monitor interviewed a sample of 20 workers where it was disclosed that practice of off-clock work exists. Management confirmed this practice during cross checking information from worker interviews. Monitor noted company policy was consistent with practice put into place within facility. Facility management was unaware that their practice violated the FLA's Workplace Code of Conduct and agreed to address the problem immediately.

Plan Of Action: MEC notified factory to correct this practice and to verify it has been done. Factory is to develop proper payroll practices to ensure employment standards are met.

Deadline Date: 04/24/2009

Supplier CAP: Factory is to stop practice immediately and to review its work hours policy and procedures to indicate that all repairs to be done within regular hours. Work done anytime outside of regular work hours is to be compensated as overtime. Factory will develop necessary procedures to ensure employment standards are met. Workers are to be notified of changes and of employment standard.

Supplier CAP Date: 05/29/2009

Action Taken: Requirement noted to factory and it has acknowledged our request.

Plan Complete:

Plan Complete Date:

Child Labor: Child Labor

CL.2 Employers shall not employ children younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15. (S)

Noncompliance

Explanation: 2 children (ages 12 and 13) hired during summer. This is allowed according to British Columbia Employment Standards Act Part 2 (9): (1) A person must not employ a child under 15 years of age unless person has obtained written consent of child's parent or guardian. (2) A person must not employ child under 12 years of age without director's permission. In this case, both children had parent's consent. However, this is a violation of FLA's Workplace Code of Conduct under Child Labor Benchmark CL.2, which states that employers shall not employ children younger than 15 (or 14 where law of country of manufacture allows) or younger than age for completing compulsory education in the country of manufacture where such age is higher than 15.

Plan Of Action: [Factory name] agreed to obtain written authorization from parents to hire children. Work conditions and employment terms involving children must conform to British Columbia government standards.

Deadline Date: 04/24/2009

Supplier CAP: MEC will work with factory to ensure factory adheres to employment standards and to FLA Code. Factory will draft policy and procedure to not hire children.

Supplier CAP Date: 04/24/2009

Action Taken: Factory agreed to MEC request, including developing appropriate procedures and policies. Factory is shutting down in 2009. Last shipment of orders will be in Fall 2009. MEC will visit factory during school break in 2009 to verify child employment procedures are enforced.

Plan Complete: Yes

Plan Complete Date: 04/24/2009



Comments: Monitor raised finding related to 2 instances of employment of Child Labor by factory. Monitor found in employment records, documentation on 2 young female workers employed during summer months of 2008. 1 worker was 12; the other was 13 at time of hire. Company management felt they were within legal parameters for hiring young workers, since they obtained parental permission and were not employing these 2 persons when school was in session. Management readily admitted to monitor the hiring of these workers, and also claimed they were approached by the parents of the 2 workers, who asked a "favor," if company would provide them with work during summer months when school was not in session. The company agreed. This action points to lack of awareness of FLA and MEC Code requirements related to prohibition of child labor.

Non-Discrimination: Sex-Based Wage Discrimination

D.4 There shall be no differences in remuneration for men and women workers for work of equal value. Remuneration (wages, compensation) includes the basic minimum or prevailing industry wage and any additional payments to be made directly or indirectly, whether in cash or in-kind, by the employer to the worker and arising out of the workers' employment. Such additional payments include wage differentials or increments based on seniority or marital status, cost of living allowances, housing or residential allowances, family allowances, benefits in-kind such as the allotment and cleaning of work clothes or safety equipment, and social security benefits. (S)

Notable Feature

Explanation: Monitor reviewed payroll records, conducted close inspection of facility to observe workers performing job tasks, and also interviewed workers to assess the existence of discriminatory labor practices in factory. Analysis of a sample of 25 workers' payroll records conducted by monitor to determine if gender or age discrimination in pay is apparent. Monitor found no indication of wage/pay variations between male/female workers or between workers whose ages varied. Pay was based on piece rate performance for 75% of workforce. There did not appear to be any workers segregated or assigned to working less desirable or lower paying jobs based on physical characteristics. All workers were of Chinese ethnicity in factory. Worker interviews did not reveal any other types of employment practices that would be considered discriminatory in hiring, maintaining employment or terminating workers. Company does maintain a documented and communicated policy against discrimination.

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: Monitor conducted confidential discussions to gather information from workers on employment practices. A translator (certified by provincial courts) was utilized to provide translations from Chinese to English. Workers interviewed indicated they are not aware of either the FLA or MEC Codes of Conduct. Facility management informed us MEC has given workers some literature and provided some kind of training. Facility could not provide any records of training and interviews with workers show they have not received any oral or written communications regarding code.

Plan Of Action: MEC provided labor rights training in 2007. MEC paid for half of workers' salaries during training. Payment to participating factories via corporate check can be made available upon request. Factory's management to internalize MEC's Code of Conduct by communicating code standards in written and verbal form. Factory management to create and implement training work plan that: a) describes factory's commitment to preparing employees for jobs by increasing their knowledge of workplace regulations; b) defines training obligations, types of training needed (job related, workplace rules, including MEC's Code of Conduct standards) and training opportunities for employees to gain knowledge and skills needed to do their jobs and awareness of their rights and responsibilities; c) assign someone responsible for managing education and training implementation and obligations. Furthermore, factory management to train workers on MEC's Code of Conduct during orientation and regularly (as appropriate).

Deadline Date: 08/28/2009

Supplier CAP: Factory will develop and implement worker training sessions on MEC Code of Conduct and basic workers' rights. MEC will assist factory with subject, materials and handouts.

Supplier CAP Date:

Action Taken:

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: MEC Code of Conduct is posted in facility in language of workers (Chinese); it provides a phone number for reporting concerns by workers. However, phone number is one in China. As well, there is an email address provided to allow contact with MEC. Email may not be considered an efficient noncompliance reporting mechanism, as workers may not have access or knowledge of how to use a computer and/or email account.

Plan Of Action: MEC QA staff visit factory regularly and will monitor factory for compliance to CAP and for any grievances from workers. QA staff speaks the workers' language.

Deadline Date: 05/08/2009

Supplier CAP: Factory shall make itself and workers available to MEC QA staff. MEC will provide greater visibility to workers so as to inform workers there is a channel for communication. MEC continues to operate email/grievance box for Canadian factories.

Supplier CAP Date: 05/08/2009

Action Taken: Factory is in agreement.

**Plan
Complete:**

Plan 05/08/2009

Complete

Date:

Health and Safety: General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

Noncompliance

Explanation: Monitor interviewed management and workers to determine existence and effectiveness of Joint (worker/management) Health and Safety Committee to assess and improve occupational health and safety. There were no indications that such committee exists, based on management and worker statements. There is a legal requirement based on Workers' Compensation Act that requires employers to establish Joint H&S Committee in any workplace that regularly employs 20 or more workers (full and part time).

Plan Of Action: MEC originally requested factory to introduce H&S Committee involving workers. In light of these likely protracted discussions and imminent shuttering of factory, MEC has withdrawn this request. MEC will continue to monitor and work with factory over the next 6 months to ensure factory is meeting its broader EHS requirements.

Deadline 05/28/2009
Date:

Supplier CAP: Factory is required to maintain a safe and clean work environment. MEC will monitor this factory (at minimum 2 times in the next 6 months) to ensure compliance.

Supplier CAP 05/08/2009
Date:

Action Taken: Communicated position with factory and factory is in agreement.

Plan
Complete:

**Plan
Complete
Date:**

Health and Safety: Written Health and Safety Policy

H&S.3 Employers are required to develop, maintain and regularly review a written health and safety policy. The policy must, at the very least, be aimed at complying with legal minimum safety and health standards, regulations and procedures. (P)

Noncompliance

Explanation: Monitor interviewed management and reviewed documentary evidence of company policies that state intentions and direction of management for operation of factory. Management did not confirm existence of documented policy for occupational health and safety that would typically cover statements on how they would manage health and safety and to whom responsibilities would lie to carry out health and safety practices. Monitor found facility has not developed written health and safety policy based on management interview, as well as not being presented with documented policy at time of request.

**Plan Of
Action:** Request factory to adopt the required policies.

**Deadline
Date:** 02/09/2009

**Supplier
CAP:** Factory management has adopted WorkSafe BC Occupational Health & Safety Regulations and suggested policies.

**Supplier CAP
Date:** 02/20/2009

**Action
Taken:** Completed. To be verified in summer 2009. (Although this may be moot, because the factory is shutting down in fall 2009).

**Plan
Complete:**

Plan 02/20/2009
Complete
Date:

Health and Safety: 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)

Noncompliance

Explanation: Fire safety, including practices covering inspection of equipment, such as fire extinguishers, are requirement of code, as well as local regulations. Fire extinguishers are to be visually inspected for their presence, physical condition, presence of locking pin, adequate charge indicator, signage and proof of annual testing and inspection. Fire extinguisher inspections on all units found to be out of date, beyond a 12 month period. Last fire extinguisher inspections completed in July 2007.

Plan Of City bylaws require factory to be inspected annually by a fire and safety service provider.
Action: Upon successful inspection, factory will receive a certificate. Otherwise, factory could lose its business license and insurance coverage. Upon next inspection, MEC will ask factory to ensure inspector reviews extinguishers.

Deadline 04/24/2009
Date:

Supplier Have extinguisher inspected.
CAP:

Supplier CAP 05/22/2009
Date:

Action To be done.
Taken:

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: Monitor assessed factory's compliance with requirement to conduct annual fire drills covering all areas of facility. Based on management and employee interviews, fire drills have not ever been conducted at facility, although management stated they verbally inform workers where to go in event of a fire. This practice not deemed to be compliant with spirit and intent of code provisions, since all elements of evacuation are not covered (accounting for workers after evacuation, handling of vital shutdown of equipment, designation of management responsibilities, etc.)

Plan Of Action: Factory to provide proper training on evacuation.

Deadline Date: 04/24/2009

Supplier CAP: Factory to provide proper training.

Supplier CAP Date: 04/24/2009

Action Taken: Training provided

Plan Complete:



Plan 02/20/2009
Complete
Date:
