



2008

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Chenfeng Group
COUNTRY: China
FACTORY CODE: 540015862G
MONITOR: Level Works Limited
AUDIT DATE: October 29 – 30, 2008
PRODUCTS: Garments
PROCESSES: Cutting, Sewing, Pressing,
Inspection, Packing
NUMBER OF WORKERS: 363

Due to a 2010 IEV (Independent External Verification) at this factory, all updates after 2008 can be found on the IEV report [here](#).

For an explanation on how to read this report, please visit the FLA website [here](#).



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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: It was noted that only 128 out of 363 employees had participated in all 5 types of social insurance, although factory provided the waiver obtained from the local social insurance bureau. In accordance with PRC Labor Law Article 72, employing unit and workers must participate in social insurance and pay social insurance premiums in accordance with the law. According to Article 73, laborers 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.

Notes: As per the factory management, it was noted that all workers (local and migrant workers from other provinces) could participate in all 5 types of social insurance.

Plan Of Action: 1. The company will communicate the importance of social security to workers. In November 2008, 45 volunteers participated in social security and in December 2008, 173 employees had participated in all 5 types of social security in the factory.

2. By end of June 2009, factory plans to let all local workers participate in social security.

Deadline Date: 06/30/2009

Action Taken:

Plan Complete:

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Minimum Wage

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

Noncompliance

Explanation: The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Sources: Broken Needle Records showed workers from the sewing section had worked on December 29, 2007 and September 13, 2008 (Saturdays); Fabric Issuing Records showed workers had worked on July 28, 2008 (weekday); Daily Production Records in workshops showed there were production outputs on July 28, 2008 and August 24, 2008 (weekday and Sunday). However, these Saturday, Sunday and weekday working hours were not indicated on workers' time attendance records; moreover, there was no information on payroll records to demonstrate these working hours were paid by factory. All interviewees reported that they had 100 RMB for full attendance bonus, while payroll records indicated they had only 30 RMB for full attendance bonus. Corresponding workers were interviewed to corroborate the issue.

**Plan Of
Action:**

1. The factory is required to take accurate and complete records of attendance and payroll and pay workers accordingly.
2. According to the investigation by the person specially assigned for this job from the company, it has the record of production on the date of December 29, 2007 and the attendance record recorded this. The factory shifted the rest day of July 28, 2008 from July 26, 2008. However, the record of the weekend days in the production record (September 13 and 14, 2008), were typing mistakes.
3. Before October 2008, the bonus for the full attendance was 30 RMB. But after October 2008, it was adjusted to 100 RMB. The factory provided the salary record for September, the month during which the audit was conducted.

**Deadline
Date:** 11/20/2008

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**

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: The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Sources: Broken Needle Records showed workers from the sewing section had worked on December 29, 2007 and September 13, 2008 (Saturdays); Fabric Issuing Records showed workers had worked on July 28, 2008 (weekday); Daily Production Records in Workshops showed there were production outputs on July 28, 2008 and August 24, 2008 (weekday and Sunday). However, these Saturday, Sunday and weekday working hours were not indicated on workers' time attendance records; moreover, there was no information showed on payroll records to demonstrate these working hours were paid by factory. All interviewees reported that they had 100 RMB for full attendance bonus, while payroll records indicated they had only 30 RMB for full attendance bonus. Corresponding workers were interviewed to corroborate the issue.



Plan Of Action:

1. Factory is required to keep accurate records and pay workers' all the working hours they work.
2. According to the investigation by person specially assigned for this job from company, it has the record of production on date of December 29, 2007, and attendance record also recorded this. Factory shifted rest day on July 28, 2008 from July 26, 2008. But, the record of weekend days (September 13 and 14, 2008) in the production record, were typing mistakes.
3. Before October 2008, bonus for full attendance was 30 RMB, but from October 2008, it had been adjusted to 100 RMB. Factory provided salary record for September, which was the month of auditing period. So, it is correct to show bonus for full attendance is 30 RMB. But, it is also correct for the workers to state that the bonus is 100 RMB after October because it had been increased to 100 RMB.

Deadline Date: 11/20/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Noncompliance

Explanation: The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Sources: Broken Needle Records showed workers from the sewing section had worked on December 29, 2007 and September 13, 2008 (Saturdays); Fabric Issuing Records showed workers had worked on July 28, 2008 (weekday); Daily Production Records in Workshops showed there were production outputs on July 28, 2008 and August 24, 2008 (weekday and Sunday). However, these Saturday, Sunday and weekday working hours were not indicated on workers' time attendance records; moreover, there was no information showed on payroll records to demonstrate these working hours were paid by factory. All interviewees reported that they had 100 RMB for full attendance bonus, while payroll records indicated they had only 30 RMB for full attendance bonus. Corresponding workers were interviewed to corroborate the issue.

Plan Of Action: 1. Factory is required to correctly calculate the basis of overtime payment and inform the rate to all workers.

2. According to the investigation by the person especially assigned for this job from the company, it has a record of production on the date of December 29, 2007, and the attendance record also recorded this. The factory shifted the rest day on July 28, 2008 from July 26, 2008. But, the record of the weekend days (September 13 and 14, 2008) in the production record, were typing mistakes.

3. Before October 2008, the bonus for the full attendance was 30 RMB, but from October 2008, it had been adjusted to 100 RMB. The factory provided the salary record for September, which was the month of the auditing period. So, it is correct to show the bonus for full attendance is 30 RMB. But, it is also correct for the workers to state that the bonus is 100 RMB after October, because it had already risen to 100 RMB.

Deadline Date: 11/20/2008

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**

Wages, Benefits and Overtime Compensation: Premium/Overtime Compensation

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

Noncompliance

Explanation: The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Sources: Broken Needle Records showed workers from the sewing section had worked on December 29, 2007 and September 13, 2008 (Saturdays); Fabric Issuing Records showed workers had worked on July 28, 2008 (weekday); Daily Production Records in Workshops showed there were production outputs on July 28, 2008 and August 24, 2008 (weekday and Sunday). However, these Saturday, Sunday and weekday working hours were not indicated on workers' time attendance records; moreover, there was no information showed on payroll records to demonstrate these working hours were paid by factory.

All interviewees reported that they had RMB 100 for full attendance bonus while payroll records indicated they had only RMB 30 for full attendance bonus. Corresponding workers were interviewed to corroborate the issue.

Plan Of Action:

1. Factory is required to pay overtime compensation according to Chinese law, which is 150% during workday, 200% during the weekend and 300% during a public holiday.
2. According to the investigation by the person specially assigned for this job from the company, it has the record of production on the date of December 29, 2007, and the attendance record also recorded this. The factory shifted the rest day on July 28, 2008 from July 26. But, the record of the weekend days (September 13 and 14, 2008) in the production record, were typing mistakes.
3. Before October 2008, the bonus for the full attendance was 30 RMB, but from October 2008, it had been adjusted to 100 RMB. The factory provided the salary record for September, when it was being audited. So, it is correct to show the bonus for full attendance is 30 RMB. But, it is also correct for the workers to say the bonus is 100 RMB after October, because it had already risen to 100 RMB.

Deadline Date: 11/20/2008

Action Taken:

Plan Complete:

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

Noncompliance

Explanation: The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Sources: Broken Needle Records showed workers from the sewing section had worked on December 29, 2007 and September 13, 2008 (Saturdays); Fabric Issuing Records showed workers had worked on July 28, 2008 (weekday); Daily Production Records in Workshops showed there were production outputs on July 28, 2008 and August 24, 2008 (weekday and Sunday). However, these Saturday, Sunday and weekday working hours were not indicated on workers' time attendance records; moreover, there was no information on payroll records to demonstrate these working hours were paid by factory. All interviewees reported that they had 100 RMB for full attendance bonus, while payroll records indicated they had only 30 RMB for full attendance bonus. Corresponding workers were interviewed to corroborate the issue.

Plan Of Action:

1. Factory is required to keep accurately calculate and record all the payments.
2. According to the investigation by the person especially assigned for this job from the company, it has a record of production on the date of December 29, 2007, and the attendance record also recorded this. The factory shifted the rest day on July 28, 2008 from July 26, 2008. But, the record of the weekend days (September 13 and 14, 2008) in the production record, were typing mistakes.
3. Before October 2008, the bonus for the full attendance was 30 RMB, but from October 2008, it had been adjusted to 100 RMB. The factory provided the salary record for September, which was the month of the auditing period. So, it is correct to show the bonus for full attendance is 30 RMB. But, it is also correct for the workers to state that the bonus is 100 RMB after October, because it had already risen to 100 RMB.

Deadline Date: 11/20/2008

Action Taken:

**Plan
Complete:**

**Plan
Complete
Date:**

Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Sources: Broken Needle Records showed workers from the sewing section had worked on December 29, 2007 and September 13, 2008 (Saturdays); Fabric Issuing Records showed workers had worked on July 28, 2008 (weekday); Daily Production Records in Workshops showed there were production outputs on July 28, 2008 and August 24, 2008 (weekday and Sunday). However, these Saturday, Sunday and weekday working hours were not indicated on workers' time attendance records; moreover, there was no information on payroll records to demonstrate these working hours were paid by factory. All interviewees reported that they had 100 RMB for full attendance bonus, while payroll records indicated they had only 30 RMB for full attendance bonus. Corresponding workers were interviewed to corroborate the issue.

Plan Of Action:

1. Factory is required to keep accurate and complete payroll record and provide it to the monitor in future audit. Factory should double check the record to avoid typing mistakes.
2. According to the investigation by the person especially assigned for this job from the company, it has a record of production on the date of December 29, 2007, and the attendance record also recorded this. The factory shifted the rest day on July 28, 2008 from July 26, 2008. But, the record of the weekend days (September 13 and 14, 2008) in the production record, were typing mistakes.
3. Before October 2008, the bonus for the full attendance was 30 RMB, but from October 2008, it had been adjusted to 100 RMB. The factory provided the salary record for September, which was the month of the auditing period. So, it is correct to show the bonus for full attendance is 30 RMB. But, it is also correct for the workers to state that the bonus is 100 RMB after October, because it had already risen to 100 RMB.

Deadline Date: 11/20/2008

Action Taken:

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: All factories in China fall short of the ILO standards and FLA Freedom of Association and Collective Bargaining Benchmark on the right to organize and bargain collectively.

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.

Notes: There is 1 trade union in factory, which belongs to ACFTU. Union representatives were selected by workers and representing workers' profits. There was a collective bargaining contract between factory representative and trade union representatives. This is a standard collective bargaining contract set by local Federation of Trade Unions. Workers could appeal their concerns or complaints through factory grievance system.

Plan Of Action: Factory has a labor union, where workers join the union by their own choosing without interference from factory management. There is a smooth communication channel between workers and management in factory, which allows workers to speak out their concerns. For example, cell numbers of management are posted on the dormitories.



Deadline 11/05/2008

Date:

Action

Taken:

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 (PPE) to employees. Manufacturing units shall supervise and train employees to ensure they properly wear and use PPE. It was noted that workers who operated straight knife in cutting section did not use metal chain gloves.

Plan Of Action: The factory is required to conduct a special health and safety training for the workers who work on the straight knife. The factory should appoint a staff member to regularly monitor the use of metal-chain gloves and other health and safety issues.

Deadline 11/10/2008

Date:

Supplier CAP: We had a special health and safety training for workers who work with straight knives.

Supplier 11/10/2008

CAP Date:

Action

Taken:

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: The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Sources: Broken Needle Records showed workers from the sewing section had worked on December 29, 2007 and September 13, 2008 (Saturdays); Fabric Issuing Records showed workers had worked on July 28, 2008 (weekday); Daily Production Records in Workshops showed there were production outputs on July 28, 2008 and August 24, 2008 (weekday and Sunday). However, these Saturday, Sunday and weekday working hours were not indicated on workers' time attendance records; moreover, there was no information showed on payroll records to demonstrate these working hours were paid by factory. All interviewees reported that they had 100 RMB for full attendance bonus, while payroll records indicated they had only 30 RMB for full attendance bonus. Corresponding workers were interviewed to corroborate the issue.

**Plan Of
Action:**

1. Factory is required to ensure that workers can take 1 day of rest during a 7 day period.
2. According to the investigation by the person especially assigned for this job from the company, it has a record of production on the date of December 29, 2007, and the attendance record also recorded this. The factory shifted the rest day on July 28, 2008 from July 26, 2008. But, the record of the weekend days (September 13 and 14, 2008) in the production record, were typing mistakes.
3. Before October 2008, the bonus for the full attendance was 30 RMB, but from October 2008, it had been adjusted to 100 RMB. The factory provided the salary record for September, which was the month of the auditing period. So, it is correct to show the bonus for full attendance is 30 RMB. But, it is also correct for the workers to state that the bonus is 100 RMB after October, because it had already risen to 100 RMB.

**Deadline
Date:** 11/20/2008

**Action
Taken:**

**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: The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of “minimum wage,” “overtime wage” and “overtime hours” could not be verified.

Sources: Broken Needle Records showed workers from the sewing section had worked on December 29, 2007 and September 13, 2008 (Saturdays); Fabric Issuing Records showed workers had worked on July 28, 2008 (weekday); Daily Production Records in Workshops showed there were production outputs on July 28, 2008 and August 24, 2008 (weekday and Sunday). However, these Saturday, Sunday and weekday working hours were not indicated on workers' time attendance records; moreover, there was no information showed on payroll records to demonstrate these working hours were paid by factory. All interviewees reported that they had 100 RMB for full attendance bonus, while payroll records indicated they had only 30 RMB for full attendance bonus. Corresponding workers were interviewed to corroborate the issue.

Plan Of Action:

1. Factory is required to keep accurate and complete payroll records and provide them to the monitor in case of future audits. The factory should double check the records to avoid any recording mistakes.
2. According to the investigation by the person especially assigned for this job from the company, it has a record of production on the date of December 29, 2007, and the attendance record also recorded this. The factory shifted the rest day on July 28, 2008 from July 26, 2008. But, the record of the weekend days (September 13 and 14, 2008) in the production record, were typing mistakes.
3. Before October 2008, the bonus for the full attendance was 30 RMB, but from October 2008, it had been adjusted to 100 RMB. The factory provided the salary record for September, which was the month of the auditing period. So, it is correct to show the bonus for full attendance is 30 RMB. But, it is also correct for the workers to state that the bonus is 100 RMB after October, because it had already risen to 100 RMB.

Deadline Date:



**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**
