



Factory Compliance Findings Report

FACTORY INFORMATION

General Information

Factory Name	
Supply Chain Intermediaries	
Strategic Factory (CD2)	
TRAC Issue Date (CD6)	06/19/2017
TRAC Number (CD7)	

Basic information

Other Names	
FFC Id	
Street	
City/Town	
Province/State	
Country	
Postal Code	
Phone	
Private Contacts	

Assessment Information

Assessment Date	21 Sep 2018
Assessment Purpose	2nd Developmental
Auditor	VF Corporation

Executive Summary

212952	Assessment Closing Comments	The factory has completed their 2nd Developmental Audit for brands/coalitions: Timberland Licensing - Timberland, and JW Jeanswear Licensing - Lee, Wrangler on September 21, 2018. While
--------	-----------------------------	---

the factory exhibits some aspects of compliance with VF's Global Compliance Principles, areas of non-compliance were noted. The resulting designation is set at DEVELOPMENTAL 3 - Non-Strategic due to major issues in: inadequate weekly rest, and inadequate security practice. The factory is expected to remediate compliance findings in a timely and continuous manner by the next audit date. Audit Findings were communicated in the closing meeting. The next audit will be scheduled by March 21, 2019.

Designation : DEVELOPMENTAL 3 - Non-Strategic

FINDINGS AND REMEDIATION ISSUES

Legal Compliance - Licensing and Permits

Issue type	Legal Compliance
Subheader	Licensing and Permits
Company Guidelines	P1-1 C The facility must be properly licensed, registered, and permitted to perform its current activities in the municipality where it operates.
Details of Failure Found (Explanation)	05/05/2017: As per onsite observation, the audited factory only occupied 1 - 4/F of one 5-storied production building (Building No. 7) within the premises under the address listed. However, the detailed information '1 - 4/F Building No. 7' was not specified in the business license. [Legal requirement] ----- 12/7/2017: Persistent and not improved. [Legal requirement] -----9/21/2018: Persistent and not improved. [Legal requirement]
Violation Severity Level	LOW
Target Date (Deadline Date)	21 Oct 2018
Corrective/Preventive Action	Update the business registration with updated factory address or ask the local authority to issue a certified letter from the local government with official letter-head to prove the existing business registration's factory address matching with the current factory site.
Responsible Person	
Photo(s)	

Wages & Benefits - Benefits

Issue type	Wages & Benefits
Subheader	Benefits
Company Guidelines	P4-2 C The facility must provide legally mandated associate benefits and services.
Details of Failure Found (Explanation)	9/21/2018: The social insurance coverage is counted from May 2017. Up to Sep 2018, for social insurance, 65% (142 out of 219) eligible workers were covered by five kinds of social insurance (Retirement/Unemployment/Medical/Maternity/Work-related injury social insurance); and all the other workers were covered by commercial accident insurance. However, the social insurance contribution of the factory was based on the lowest standard, no matter the worker's monthly earning was higher than it or not. [Legal requirement]
Violation Severity Level	LOW
Target Date (Deadline Date)	21 Oct 2018
Corrective/Preventive	Maintain the current social insurance coverage and increase to 70% coverage in May

Action	2022 to achieve acceptable performance. Obtain the approval certificate from the local government with official letter-head on the use of the lowest base wage for the calculation of social insurance payment.
Responsible Person	
Photo(s)	

Hours of Work - Day of Rest

Issue type	Hours of Work
Subheader	Day of Rest
Company Guidelines	P5-2 M The facility must provide at least one day off out of every seven days.
Details of Failure Found (Explanation)	9/21/2018: As per 20 samples selected from Apr 2018, Jun 2018 and Aug 2018, one day off in 7 days was not arranged for 7 out of 13 weeks for all samples. [Legal requirement]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	21 Oct 2018
Corrective/Preventive Action	Work out a working hour reducing plan to eliminate rest day work to assure that all employees are provided with at least one day off in every seven-day period.
Responsible Person	
Photo(s)	

Hours of Work - Hours of Work

Issue type	Hours of Work
Subheader	Hours of Work
Company Guidelines	P5-1 M The facility must ensure that associate hours worked do not, exceed the lesser of (a) the legal limitations on regular and overtime hours in the jurisdiction in which they manufacture or (b) 60 hours per week including overtime.
Details of Failure Found (Explanation)	9/21/2018: As per 20 samples selected from Apr 2018, Jun 2018 and Aug 2018, all the samples worked exceeding 60 hours a week. The maximum weekly working hours were all 66 in above selected three months. [Legal requirement]
Violation Severity Level	LOW
Target Date (Deadline Date)	21 Oct 2018
Corrective/Preventive Action	Work out a plan to control maximum 11 working hours per day and 60 working hours per week including overtime.
Responsible Person	

Photo(s)	
Health & Safety - Safety Program and Training	
Issue type	Health & Safety
Subheader	Safety Program and Training
Company Guidelines	P7-1 M The facility must have an effective written and posted Health and Safety program that complies with all health/building/electrical/fire safety requirements, has a Health & Safety Committee that includes facility associates and management, which conducts regular meetings, keeps meeting minutes, and is in accordance with local law.
Details of Failure Found (Explanation)	05/05/2017: The factory had provided occupational health check to all eligible workers once a year during employment. However, no occupational health check was provided to workers before joining the factory or while leaving the factory. [Legal requirement] ----- 12/7/2017: Persistent and not improved. [Legal requirement] ----- 9/21/2018: Persistent and not improved. [Legal requirement]
Violation Severity Level	LOW
Target Date (Deadline Date)	21 Dec 2018
Corrective/Preventive Action	Set up management policy and practice to conduct occupational health checks for eligible workers before job assignment, annually during employment, and after employment termination.
Responsible Person	
Photo(s)	
Issue type	Health & Safety
Subheader	Safety Program and Training
Company Guidelines	P7-2 M The facility must ensure all personnel have been trained on health and safety issues.
Details of Failure Found (Explanation)	9/21/2018: The first aider certificate of 1 out of 5 first aiders expired on July 12, 2018, although the rest 4 first aiders are sufficient for the factory. [Legal requirement]
Violation Severity Level	LOW
Target Date (Deadline Date)	21 Dec 2018
Corrective/Preventive Action	Formal First Aid training is recommended for 1% employees (both male and female, available for all working shifts). Training and certification through an agency such as the Red Cross should be obtained, and refresher courses can be repeated at recommended intervals.
Responsible Person	
Photo(s)	

Health & Safety - Emergency Evacuation

Issue type	Health & Safety
Subheader	Emergency Evacuation
Company Guidelines	P7-7 M The facility must have emergency evacuation diagrams posted in conspicuous locations in the native language(s) of the associates.
Details of Failure Found (Explanation)	05/05/2017: The emergency evacuation diagrams were not posted from the viewer's perspective. [VF requirement] -----12/7/2017: Persistent and not improved. All 3 checked emergency evacuation diagrams were not posted from the viewer's perspective. [VF requirement] -----9/21/2018: Persistent and not improved. [VF requirement]
Violation Severity Level	LOW
Target Date (Deadline Date)	21 Dec 2018
Corrective/Preventive Action	Set up procedure to check that the diagrams are up-to-date, corresponding to the designated exit routes marked on the factory floor, drawn from the viewer's perspective, and have a "You Are Here" locator noted.
Responsible Person	
Photo(s)	

Issue type	Health & Safety
Subheader	Emergency Evacuation
Company Guidelines	P7-11 M The facility must ensure aisles are kept clear from obstructions always.
Details of Failure Found (Explanation)	9/21/2018: As per onsite observation, exit routes were not marked with any directional arrow in a highly visible contrasting color paint or tape on the floor in packing area & warehouse. [Legal requirement]
Violation Severity Level	LOW
Target Date (Deadline Date)	21 Dec 2018
Corrective/Preventive Action	Mark arrows which should be fluorescent or luminescent on the floor in the packing area and warehouse to indicate direction for evacuation.
Responsible Person	
Photo(s)	

Health & Safety - Factory Floor Safety

Issue type	Health & Safety
Subheader	Factory Floor Safety



Company Guidelines	P7-15 M The facility must ensure all machinery is equipped with the appropriate operational safety devices.
Details of Failure Found (Explanation)	9/21/2018: No safety device was installed on the nozzle of 1 out of 2 checked air blow guns in inspection section. [VF requirement]
Violation Severity Level	LOW
Target Date (Deadline Date)	21 Dec 2018
Corrective/Preventive Action	The factory should not remove the safety device that installed on the air blow guns.
Responsible Person	
Photo(s)	

Health & Safety - Structural / Electrical Safety

Issue type	Health & Safety
Subheader	Structural / Electrical Safety
Company Guidelines	P7-17 C The facility must be free of electrical hazards.
Details of Failure Found (Explanation)	05/05/2017: Potential electrical safety hazards were detected as follows: (1) No insulation board/plate was installed for electrical box. (2) 50% checked emergency lights, and illuminated signs on top of fire exits used one electrical cable and plug to get the power that would cause the overload of the electrical cable and plug. (3) 1 out of 10 checked electric cords in production building was spliced and taped. (4) There was open space in 1 out of 10 checked electrical panels. [VF requirement] ----- 12/7/2017: Partially improved. No insulation board was installed for 2 out of 5 checked distribution boxes. Around 50% checked emergency lights and illuminated signs above the same fire exit used one electrical cable and plug to get the power that would cause the overload of the electrical cable and plug. Around 5% checked wires were taped, spliced and not protected with conduits. Open space was noted on 2 out of 7 checked electrical panels. [VF requirement] -----9/21/2018: Partially improved. Per onsite observation, all checked electrical panels were installed with inner insulation. All checked emergency lights and illuminated signs above the same fire exit used independent electrical cable and plug to get power. However, 1 out of 5 checked distribution boxes was not installed with the insulated board. Around 5% checked electrical cables were taped, spliced and not protected with conduits. [VF requirement]
Violation Severity Level	LOW
Target Date (Deadline Date)	21 Dec 2018
Corrective/Preventive Action	Adopt electrical safety management policy and assign certified electrician to conduct electrical safety check for all electrical wires and appliances weekly with the documented record. Undertake maintenance or repairing work for below areas: (a) Install the insulated board (Dead-front panel) at the electrical box so that switches, circuit breakers, and other electrical components can be operated without the user being exposed to live parts. (b) All electrical cables that are taped, spliced, and without conduit should be replaced.



Responsible Person	
Photo(s)	
Issue type	Health & Safety
Subheader	Structural / Electrical Safety
Company Guidelines	P7-27 C The facility must not have any major structural/configurations that pose potential hazardous conditions.
Details of Failure Found (Explanation)	9/21/2018: There were 2 cracks (0.5 m in length, 1 mm in width) detected on the wall of the heat-setting section. [Legal requirement]
Violation Severity Level	LOW
Target Date (Deadline Date)	21 Dec 2018
Corrective/Preventive Action	Contact a certified company to conduct a structural survey to cracks in all buildings with the report, and undertake maintenance or repairing measures per the result of the report. The factory should also set up policy and assign a responsible person to conduct a regular check on factory buildings to report any potential structural risk.
Responsible Person	
Photo(s)	

Facility Security - C-TPAT

Issue type	Facility Security
Subheader	C-TPAT
Company Guidelines	P15-1 M The facility must have an effective facility security procedure to guard against the introduction of non-manifested cargo into outbound shipments to the United States.
Details of Failure Found (Explanation)	(1) 05/05/2017: CCTV surveillance records were only maintained for 15 days. [VF requirement] ----- 12/7/2017: Persistent and not improved. CCTV surveillance records were only maintained for 7 days. [VF requirement] -----9/21/2018: Persistent and not improved. The earliest CCTV record was retrospective to August 29, 2018, but only had recorded for working days. No record was maintained for rest days. [VF requirement] [Major] ===== (2) 9/21/2018: Authorized employee list with photos was posted in packing areas and finished product warehouse. However, the visitor was not required for registration during access. [VF requirement] [Major]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	21 Oct 2018
Corrective/Preventive Action	(1) The factory should maintain CCTV records at least for current consecutive 30 days including the rest day. Assign responsible management to conduct daily CCTV system checking to assure the system is properly operating and CCTV records are captured, and undertake maintenance with the record if any system failure is detected during daily checking. ----- (2) Adopt access control policy in packing areas and finished product



warehouse, maintain visitor registration record.

Responsible Person

Photo(s)



PHOTO DOCUMENTATION

Please be reminded by accessing the report you are agreeing to

1. Use this information within the guidelines of the Antitrust and Anticompetition Policy Statement that your company agreed to as part of Membership with the FFC.
2. Not to distribute this information beyond your company without prior consent from the Member that has posted this information.
3. Not to hold the Member that posted this information responsible for inaccurate or incomplete information.

It is essential for the continuation of the sharing platform that each Member strictly complies with these guidelines.