

Auszug aus FWF-Verbesserungsliste; zwei Punkte wurden ausgespart, da diese die Belange eines HempAge-Großkunden direkt betreffen.

Findings	Does management agree with the findings?	Requirements/Recommendations	Timeframe	Comments from HempAge/chinese partner(HF)
FWF code was not provided to the facility.	Yes	Requirement: Hess Natur shall send the FWF code of conduct in simplified Chinese characters to the supplier. The manufacturing site shall post the code of conduct Prominentviertel at the site for workers to review.	Needs further discussion	The code had been displayed before and was only taken off the wall for the construction work which should have been noticed by the audit team. By now the code has been re-attached to the wall on the main entrance. Or does this code need to be displayed at many places? This has not been mentioned or discussed with the factory people during the audit. Please give further advise.
Management and the workers were not aware of the FWF code and did not receive trainings on the code elements.	Yes	Requirement: Both management and workers shall be trained on FWF CoC.	Needs further discussion	It was planned to have a workers training during this audit. That is why there was no internal training before. It was not the factory owners mistake that this training could not be provided by the FWF. We hope this can be done at another visit of FWF in the future. Otherwise there should be some advise how this should be done internally besides just reading from the code.
Facility does not establish a system to select and inspect the social compliance performance of its subcontractors.	Yes	Requirement: Facility shall establish and maintain appropriate procedures to recruit subcontractors based on their performance on social compliance, including written commitment to conform to client's social requirements; participate in the facility's monitoring activities; promptly implement remedial and corrective action to address any non-conformance identified during the internal audit.	Needs further discussion	Sorry this is too much for us at the time being. Some subcontractors might follow, but many will not. We want to add at this time that the construction work at the factory is also to have less subcontractors in the future. Our plan is to make now also woven garments in the own factory. Only for some special products like jeans we will need to work with subcontractors for a longer time to come.
Overtime compensation for salary workers was not calculated accurately. They were compensated based on local minimum wage, not their exact fixed salary as signed in the labour contract.	Yes	Requirement: Facility shall calculate the overtime premium correctly.	Needs further discussion	This is a difficult point as the salaries are calculated different for some workers. From what we know everything is calculated correctly. If some basic payment is connected with bonus resulting from higher output this can hardly be calculated into overtime. Therefore we like to ask the FWF to discuss this issue directly again with HF management and bookkeeping, to see if there is really a mistake. The management is therefore asking for direct discussion and promise to change if there are really severe mistakes in any of those calculations.
Facility fails to pay 300% of regular wage to workers for the legal holiday working.	Yes	According to Art. 44.3 of PRC Labor Law (Chapter 4, Working Hours, Days of Rest and Holidays): Payment to workers should be no less than 300% of the normal wage if they are required to work during a legal holiday.	Needs further discussion	For the legal holiday the factory is paying 300% - for official national holidays. But this is not for normal working days - this is 150% for working day and 200% for Saturday or Sunday. This is according to the Chinese law. Maybe there was some misunderstanding? The factory usually does not work on Sundays. We provide an official list of legal holidays (29 days) and at those days 300% are paid.
Since inconsistencies were found between production records and time records, it was determined that the facility kept falsified records.	Yes	Requirement: 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.	Needs further discussion	We think you mean the difference between the machine made (time card stamp) and hand made? This difference is because of many problems (failor) with the machine. Therefore a manual handwritten one was reintroduced. But there are not 2 parallel systems with different numbers.
Since inconsistencies were found between production records and time records, it can not be determined whether workers are fully compensated for all overtime working hours.	Yes	Requirement: Calculation of hours worked must include all time that the employer allows or requires the worker to work.	Needs further discussion	This is actually done as described above! The handwritten one is fully correct. Has there been any story by any worker that this might not be correct?
Since inconsistencies were found between production records and time records, it can not be determined whether overtime working hours are in compliance with the legal requirement and FWF standard.	Yes	Requirement: 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.	Needs further discussion	HF is trying to keep this machine working reliable. But for example in the last 2 month the electricity was off at 30% - 50% of all the working time. That is why handwritten was reintroduced and kept for the moment as other reliable solutions require investments which are simply too high at the moment.
Logistic workers (gate keepers, cafeteria staff and cleaning staff) do not register log in/out time.	Yes	Requirement: 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.	Needs further discussion	The gate keepers have no shifts. They live in the factory and are in readiness for 24hour the day - like a janitor or caretaker. The cafeteria and cleaning staffs all got the same working hours every day, there is no possibility for overtime.
Facility does not record reasons for overtime work.	Yes	Recommendation: It is recommended that facility document reasons for overtime hours.	Needs further discussion	For HF there is only one reason for OT: the delivery date for a customer needs to be kept.
Facility does not establish a voluntary overtime system to ensure that all the workers are arranged for overtime work voluntarily.	Yes	Recommendation: It is recommended that facility set up a voluntary overtime system.	Needs further discussion	No worker is forced to overtime! But for a pure voluntary system most of the departments in the factory are much too small and could not be operated this way. Also in a production line the next step depends on the other. So this cannot be changed so easy. Even product quality could not be guaranteed if workers within one line would be switched. We know more workers would like to work more OT, but that is also not possible without the other employees.
Facility does not have fire inspection certificates for all its buildings.	Yes	Requirement: According to Art. 10 of PRC Fire Protection Law: When a construction project which is designed in accordance with the national standards of construction technology for fire protection is completed, it shall be inspected for acceptance by the department for fire protection of the public security organ; if the project is not inspected for acceptance or fails to pass the inspection, it may not be put to	Needs further discussion	HF does not know about a certificate. But there are annual inspections by the fire department of course. The department will act in case of problems, but not issue a certificate when everything is in order.
One fire extinguisher in the weaving workshop was found under pressure.	Yes	Requirement: According to Art. 14.5 of PRC Fire Prevention Law: company should maintain fire protective equipments and the safety signs. The company must check and maintain the equipments regularly.	The facility will remediate this issue immediately.	HF will try to avoid such in the future, but if some technical problem occurs between the regular inspections it is hard for the factory to control.
3 sewing machines were missing needle guards.	Yes	Requirement: According to Art. 32 Factory Safety Regulations: Hazardous parts like conveyor belt, gear, abrasive wheel, flywheel, sewing machine, etc., shall be equipped with protective devices.	The facility will remediate this issue immediately.	HF will also try to improve this. Note RH: I think the number of technical problems found are even compared with European standards very low. I think in most European companies like this the number of such findings would be significantly higher.
There is no ergonomic program in place. Workers were not provided with floor mats or chairs with back support.	Yes	Recommendation: Facility is recommended to build up the ergonomic program, provide a foot mat for workers who have to stand for a long period of time and provide chairs with back support to the workers who have to sit for long periods of time. Facility should also provide information on proper working pose.	Needs further discussion	HF will look into this issue, but we cannot guarantee that all FWF recommendations will be followed. It is depending on the kind of work at this place and maybe also to some Chinese standard how a working place is equipped.
Facility does not register its lift as required by law.	Yes	Requirement: According to Art.25 of The Regulations on Safety Supervision over Special Equipment: Before the special equipment is put into use or within 30 days after it is put into use, the entity using the special equipment shall make registration with the department of safety supervision of the municipality directly under the Central Government or the city divided into districts. The registration mark shall be placed or attached at a notable position on that special equipment.	Needs further discussion	This lift is only for material, but not people. There is a very strict rule for that in the company! That is why it is not covered by this law. Anyway HF will look if an inspection can be done.
Facility does not register its compressor cylinder. Relief valve, pressure gauge and the cylinder are not inspected regularly.	Yes	Requirement: According to Art. 9 of Provisional Regulations of Boiler and Pressure Vessels Safety Monitoring: Company operating with boiler and/or pressure vessels shall register with local authority which is monitoring the safety of the operation of boiler and pressure vessels. Only with operation license, it is allowed to operate such equipments.	Needs further discussion	HF admits that this has not been done properly. They had to pay a fine for this already and are waiting for inspection certificate now. Also a worker will be sent for special training on this according to the inspectors.
Facility does not register one of its steam boilers as required by law. The boiler is not inspected by the local bureau annually.	Yes	Requirement: According to Art. 9 of Provisional Regulations of Boiler and Pressure Vessels Safety Monitoring: Company operating with boiler and/or pressure vessels shall register with local authority which is monitoring the safety of the operation of boiler and pressure vessels. It is allowed to operate such equipments only with an operation license.	Needs further discussion	HF admits that this has not been done properly. They had to pay a fine for this already and are waiting for inspection certificate now. Also a worker will be sent for special training on this according to the inspectors.
One cafeteria employee does not have the required health certificate.	Yes	Requirement: According to Art. 27 of PRC Food Sanitation Law (Chapter 6): Without permit, no person may engage in food production or sale.	The facility will remediate this issue immediately.	This person was employed on short notice and failed to bring that certificate at the time of the inspection. Today the certificate is still missing, but the worker promised to provide it shortly.
64 out of 126 workers are not covered by occupational injury insurance, 76 out of 126 workers are not covered by retirement insurance and child-bearing insurance, 80 out of 126 workers are not covered by medical insurance.	Yes	Requirement: Art. 72 of PRC Labor Law (Chapter 9 Social Security and Benefit): Management and employees must participate in social insurance programs. Art.73 PRC Labor Law: Workers shall be provided with social insurance benefits under the following circumstances: a) retirement; b) illness; c) disability caused by work-related injury or occupational disease; d) unemployment and e) child bearing.  Recommendation: It is recommended that the facility raises the percentage of the workers who are covered by social insurance step by step and finally reach 100%. In addition, facility shall at least ensure that all the workers are covered by occupational injury insurance.	Needs further discussion	Some workers are still under contract with a other former factory they worked with. This is quite common in China when factories close down or a contract is ended early. Also some workers simply do not want this insurance as they need to pay a part for the too. Due to those reasons it will be impossible to reach 100%, like recommended by FWF. HF will try to especially improve the situation with the occupational injury insurance, but because of the reasons mentioned above it will be still difficult to reach full coverage.