



Factory Compliance Findings Report

Factory Name : **Guang Zhou Panyu Huafeng Clothing Manufacturing & Washing Co Ltd**
Address: **(Buildings from No.1 to No. 6) No. 60 Zhenxing Road, Dagang Town Nansha District GuangZhou Guangdong China**
Questionnaire Name: **VF-IA Factory Compliance Audit 2018**
Assessment Date : **08 Oct 2018**
Lead Monitors : **Percy Liu - VF Factory Compliance**
Printed By : **Kyle Bogler-General Compliance Manager - Asia**



FACTORY INFORMATION

General Information

Factory Name	Guang Zhou Panyu Huafeng Clothing Manufacturing & Washing Co Ltd
Supply Chain Intermediaries	True Alliance Brands Pty Ltd
Strategic Factory (CD2)	
TRAC Issue Date (CD6)	POWT
TRAC Number (CD7)	NA

Basic information

Other Names	Guang Zhou Panyu Huafeng Clothing Manufacturing & Water Washing Co Ltd, 广州市番禺华丰制衣洗水有限公司
FFC Id	66298
Street	(Buildings from No.1 to No. 6) No. 60 Zhenxing Road, Dagang Town Nansha District
City/Town	GuangZhou
Province/State	Guangdong
Country	China
Postal Code	511400
Phone	(86)-20-84931486
Private Contacts	Ms. Luo Huizhen/Ms Yuki Li (liyuyi_1983@163.com), Mr Andy Yang (andyang@126.com), Angela Ip (angela@606limited.com)

Assessment Information

Assessment Date	08 Oct 2018
Assessment Purpose	Anniversary Audit
Auditor	VF Corporation

Executive Summary

213536	Assessment Closing Comments	10/24/18 - UPDATE: The factory provided sufficient evidence that their
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		<p>uncertified welder has applied for and will take the required training course over the next two months. This issue has been changed to minor and the factory has been upgraded to Accepted. An Anniversary audit will take place in approximately 12 months. ----- -----The factory has completed their Anniversary Audit for brands/coalitions: VF ABO JW Jeanswear - Wrangler and Lee on October 8, 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 1 - Non-Strategic due to major issues in: lack of operation certificate of welding worker. 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 to the following factory representatives: Mr. Luo Huizhen/Production Manager. The next audit will be scheduled by April 8 2019.</p>
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Designation : ACCEPTED - Non-Strategic

FINDINGS AND REMEDIATION ISSUES

Wages & Benefits - Benefits


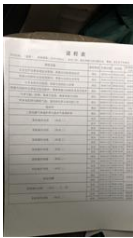

Issue type	Wages & Benefits
Subheader	Benefits
Company Guidelines	P4-2 C The facility must provide legally mandated associate benefits and services.
Details of Failure Found (Explanation)	10/08/2018: The social insurance was counted from April 2014. Up to Sep 2018 and based on the online social insurance account, out of 450 employees, except for 76 workers who were over the retirement age, 343 eligible employees (92%) had participated in retirement, unemployment, medical and work-related injury insurance, 188 eligible employees (50%) had participated in maternity insurance. The average participation rate was 84%. The factory has also provided commercial accident insurance for workers who did not participate in work-related injury insurance. However, all five types of social insurance contribution were based on the local minimum standard, not the employees' actual income. [Legal requirement]
Violation Severity Level	MINOR
Target Date (Deadline Date)	08 Nov 2018
Corrective/Preventive Action	10/08/2018: Maintain the current average social benefit coverage and increase the coverage to 85% of employees by April 2021 to achieve acceptable performance. Contribute the social benefit based on the employees' actual income or obtain the official certification specifying the valid period with the letterhead of the local bureau for the contribution amount.
Responsible Person	Ms. Luo Huizhen
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)	10/08/2018: Out of 20 sampled workers from December 2017, March and August 2018, 4 workers worked over 60 hours and maximum 66 hours per week in December, 6 workers worked over 60 hours and maximum 66 hours per week in March, 5 workers worked over 60 hours and maximum 66 hours per week in August. [Legal requirement]
Violation Severity Level	MINOR
Target Date (Deadline Date)	08 Nov 2018

Date)	
Corrective/Preventive Action	10/08/2018: Work out a working hour reducing plan to ensure that employee hours worked do not, on a regularly scheduled basis, exceed 11 hours per day and 60 hours per week including overtime.
Responsible Person	Ms. Luo Huizhen
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)	10/24/2018 - The factory provided sufficient evidence that their uncertified welder has applied for and will take the required training course over the next two months. This issue has been changed to minor -----10/08/2018: During the factory tour, it was noted that the factory had one welder to conduct welding work in the factory, but this welder did not have an operating certificate. [Legal requirement] Remarks: After the audit, the factory sent the welder to participate in the training of November 2018 to obtain the certificate.
Violation Severity Level	MINOR
Target Date (Deadline Date)	08 Jan 2019
Corrective/Preventive Action	10/08/2018: Adopt policy to ensure the welding operation in the factory must be performed by the competent welder with the valid certificate according to the legal requirement.
Responsible Person	Ms. Luo Huizhen
Photo(s)	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>#1</p> </div> <div style="text-align: center;">  <p>#2</p> </div> <div style="text-align: center;">  <p>#3</p> </div> </div>

Health & Safety - Emergency Evacuation

Issue type	Health & Safety
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Subheader	Emergency Evacuation
Company Guidelines	P7-8 C The facility must have an emergency/evacuation alarm that can be heard in all areas of the facility.
Details of Failure Found (Explanation)	10/08/2018: 5 out of 50 (10%) smoke detectors in both warehouses and dormitory rooms were not mounted to ceiling but the beams. The distance from the ceiling to the smoke detectors was more than 30 centimeters. [VF requirement]
Violation Severity Level	MINOR
Target Date (Deadline Date)	08 Jan 2019
Corrective/Preventive Action	10/08/2018: For facilities without sprinkler systems; in low traffic areas, smoke detectors must be mounted to the ceiling and located every 30'/9m. If detectors are wall or column mounted they must be within 12"/30cm from the ceiling. For battery-operated alarms, the battery must be changed annually, with the date noted in a log.
Responsible Person	Ms. Luo Huizhen
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)	10/08/2018: 2 out of 2 air guns in the workshop did not have a safety nozzle. [VF requirement]
Violation Severity Level	MINOR
Target Date (Deadline Date)	08 Jan 2019
Corrective/Preventive Action	10/08/2018: Provide safety nozzles for all air blow guns to ensure the airflow exits through the side parts when the nozzle tip is dead-ended to avoid serious injury caused by the strong air pressure.
Responsible Person	Ms. Luo Huizhenn
Photo(s)	
Issue type	Health & Safety
Subheader	Factory Floor Safety
Company Guidelines	P7-16 M The facility must ensure all associates wear personal protective equipment (PPE) as needed and the employer provides it at no cost to the associate.
Details of Failure Found	10/08/2018: One of three cutting workers was wearing the broken steel mesh glove



(Explanation)	during the working hours, which could not protect the worker's fingers effectively. The factory supervisor provided a new steel mesh glove for that cutting worker immediately after it was pointed out by the auditor. [VF requirement]
Violation Severity Level	MINOR
Target Date (Deadline Date)	08 Jan 2019
Corrective/Preventive Action	10/08/2018: Provide the appropriate PPE to workers free of charge, and ensure the PPE is maintained in good condition. Workers should be trained in the use of personal protective equipment for their operations, and the PPE should be checked regularly for signs of damage or deterioration, and replaced in time when necessary.
Responsible Person	Ms. Luo Huizhenn
Photo(s)	
Issue type	Health & Safety
Subheader	Factory Floor Safety
Company Guidelines	[P7-23M] The facility must provide clean and sanitary toilet areas in sufficient quantity.
Details of Failure Found (Explanation)	10/08/2018: The trash bins in the restrooms of the production buildings did not have a lid. [VF requirement]
Violation Severity Level	MINOR
Target Date (Deadline Date)	08 Jan 2019
Corrective/Preventive Action	10/08/2018: The factory should provide lidded trash bins in the restrooms of production buildings.
Responsible Person	Ms. Luo Huizhen
Photo(s)	
Issue type	Health & Safety
Subheader	Factory Floor Safety
Company Guidelines	[P7-28 M] The facility must have an effective Bloodborne Pathogen program which complies with legal requirements and/or VF guidelines.
Details of Failure Found (Explanation)	10/08/2018: There was no bloodborne pathogen program in the factory. [VF requirement]
Violation Severity Level	MINOR
Target Date (Deadline Date)	08 Jan 2019
Corrective/Preventive Action	10/08/2018: The facility must have a bloodborne pathogen policy to protect associates who work in areas where they are at risk of exposure to blood or other potentially



infectious materials. Additionally, any trained first aid responder must receive bloodborne pathogen training. This must include written documents to explain the policy along with training provided on a yearly basis. Associates must not share potentially contaminated items including tagging guns and box cutters; these items must be marked for use by a single associate. The disposal of bloodborne pathogen waste must be in accordance with local or national laws.

Responsible Person	Mr. Luo Huizhen
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)	3/22/2017: The extension cords in the cutting section on the 1st floor and the sampling section on the 3rd floor of the 6-storied production building were used for permanent electrical needs. ----- 08/24/2017: Persistent and not improved. ----- 10/08/2018: Persistent and not improved. Moreover, 3 out of 20 electrical switches were not labeled with function. [VF Requirement]
Violation Severity Level	MINOR
Target Date (Deadline Date)	08 Jan 2019
Corrective/Preventive Action	10/08/2018: I) Install the sufficient number of electrical sockets in the cutting section and sampling section. Or provide the adequate length of the electrical cords to replace the need for the extension cords, which should be used only for temporary electrical needs. II) Label all electrical switches with function.
Responsible Person	Mr. Luo Huizhen
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)	1) 10/08/2018: The factory did not have Construction Certification Permits, Registration of Permits for Record, or Fire Safety Certificates for following structures including one flat warehouse attached to the 6-storied production building, one flat spraying room and one flat ironing room between one 2-storied research and development building and the old boiler room, one flat washing section attached to one 3-storied production building, 1 bridge attached between the 6-storied production building and the 3-storied production building, 1 bridge attached between the 3-storied production building and the 5-storied production building, one rain shelter and one new office room attached to the 4-storied office building. The factory had engaged a 3rd party company to conduct a Fire Safety Equipment Inspection on July 5, 2018, the result is PASSED, and the report is valid for



	<p>one year. The factory had also engaged a 3rd party company to conduct structural safety Inspections on those unpermitted buildings. All those unpermitted buildings had achieved Level II, and the reports are valid until December 9, 2019. [Legal requirement] (Minor)</p> <p>===== 2) 10/08/2018: The factory did not have Construction Certification Permits for 4 buildings including one 4-storied office building, one 3-storied production building, one 2-storied research and development building, and one 4-storied dormitory building. The factory had engaged a 3rd party company to conduct structural safety Inspections on those unpermitted buildings. All those unpermitted buildings had achieved Level II, and the reports are valid until June 12, 2020. [Legal requirement] (Minor)</p>
Violation Severity Level	MINOR
Target Date (Deadline Date)	08 Jan 2019
Corrective/Preventive Action	<p>10/08/2018: The factory should obtain the legally required Construction Certification Permit and the Registration of Permits for Record, as well as the Fire Safety Certification Permit, for all structures. Or demolish these unpermitted structures. Or the factory should engage a local and qualified 3rd party inspection specialist to ensure the structural safety and fire safety of the unpermitted structures. (a) The 3rd party should conduct a Structural Safety Inspection of the unpermitted structure and it must achieve level II, classes B and b) for 3 major components of the testing sections in accordance to the national standard in China. (b) The 3rd party should conduct a Fire Safety Equipment Inspection and it must confirm every existing fire safety equipment and facility has a passing rating and/or conclusion of the inspection report must be positive. Example: i) a passing rating, ii) complies with testing requirements, iii) safe, iv) no major and obvious defects and risks and others. This inspection report must be given an expiry date by the 3rd party specialists. Future inspections must be carried out before the inspection report expires. This 3rd party inspection should be entirely funded by the non-compliant vendor, the inspection reports must meet VF's standards, and the burden is on the factory to produce proof of engagement of qualified specialists. A copy of the 3rd party inspection must be kept for auditor review.</p>
Responsible Person	Mr. Luo Huizhen
Photo(s)	

Women's Rights - Women's Rights

Issue type	Women's Rights
Subheader	Women's Rights
Company Guidelines	[P10-1 M] The facility must provide equal opportunities for women as they do for men. These practices must not interfere with women's reproductive rights and compliance with their legal benefits covering maternity.
Details of Failure Found (Explanation)	10/08/2018: There were two pregnant workers in the factory. The registration form of pregnant workers did not have items of date of pregnant, estimated childbearing date and breastfeeding period etc. But there was no non-compliance on women's right. [VF requirement]
Violation Severity Level	MINOR
Target Date (Deadline Date)	08 Jan 2019



Corrective/Preventive Action	10/08/2018: The factory should set up pregnant tracking record including date of pregnant, estimated childbearing date, and breastfeeding period etc, to ensure related benefit is properly performing, such as arranging a suitable job, no overtime work or night shift work arranged to female employees being pregnant after 7 months, and sufficient legal maternity leave etc.
Responsible Person	Mr. Luo Huizhen
Photo(s)	



PHOTO DOCUMENTATION

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